RNS Number : 2872V
Pantheon International PLC
06 August 2020

For immediate release

The information contained in this announcement is restricted and is not for publication, release or distribution in the United States of America, Canada, Australia (other than to persons who are both wholesale clients and professional or sophisticated investors in Australia), Japan, the Republic of South Africa or any other jurisdiction where its release, publication or distribution is or may be unlawful.

PANTHEON INTERNATIONAL PLC (the "Company" or "PIP")

ANNUAL REPORT FOR THE YEAR ENDED 31 MAY 2020

The full Annual Report and Accounts can be accessed via the Company's website at www.piplc.com or by contacting the Company Secretary by telephone on +44 (0)1392 477500.

Pantheon International Plc (the "Company" or "PIP")

Pantheon International Plc, a FTSE 250 investment trust that provides access to a global and diversified portfolio of private equity assets, today publishes its Annual Report and Accounts for the year ended 31 May 2020.

ANNUALISED PERFORMANCE AS AT 31 MAY 2020

	1 yr	**3 yrs**	**5 yrs**	**10 yrs**	**Since inception (1987)**
NAV per share	4.0%	9.6%	13.0%	12.0%	11.6%
Ordinary share price	-7.2%	4.8%	10.0%	14.8%	10.9%
FTSE All-Share, TR	-11.2%	-2.9%	1.3%	6.1%	7.1%
MSCI World, TR (Sterling)	7.4%	6.2%	9.9%	11.1%	7.8%

Share price relative performance

Versus FTSE All-Share, TR	**+4.0%**	**+7.7%**	**+8.7%**	**+8.8%**	**+3.8%**
Versus MSCI World, TR (Sterling)	**-14.6%**	**-1.4%**	**+0.1%**	**+3.7%**	**+3.1%**

HIGHLIGHTS - TWELVE MONTHS ENDED 31 MAY 2020

Performance update

- NAV per share, which includes the immediate impact of the COVID-19 crisis on the valuations of the underlying assets, **grew by 4.0%** to 2,882.8p.
- Net assets at 31 May 2020 **increased to £1,559m** (31 May 2019: £1,499m).
- PIP's share price, which fell sharply with the rest of the listed private equity sector and global stock markets in March, decreased by **7.2%** and the discount widened to **28%.**

Portfolio update

- Assets in the portfolio generated underlying (pre-FX) returns of **3.9%.**
- Distributions received in the twelve months to 31 May 2020 were **£228m**, equivalent to **17%** of the opening attributable portfolio. After funding **£118m** of calls, net cash inflow from the portfolio totalled **£110m**.
- The average age of PIP's funds at the year-end was **5.1 years** (May 2019: 5.2 years), reflecting the careful balance between cash being received from mature funds and value being created from more recent investments.
- **£245m** was committed to **44 new investments** during the year, of which £109m was funded at the time of purchase.

Financial position update

- Multi-currency revolving credit facility **increased from £175m to £300m** during the year; **the facility remains undrawn.**
- PIP's financing cover, which measures the sum of PIP's undrawn commitments of £541m as at 31 May 2020 against its available financing and the value of its private equity portfolio, was **3.6 times.**
- Our long-standing practice of stress testing PIP's investment portfolio and modelling various scenarios has ensured that the Company was prepared for a potential downturn.

Commenting on PIP's performance for the financial year, **Sir Laurie Magnus, Chairman,** said:

"PIP's NAV per share and share price, although impacted towards the year end by the onset of the COVID-19 pandemic, has outperformed the public market benchmarks over multiple periods and since the Company's inception over thirty years ago. The Board believes that PIP has an important niche within the stock market for investors seeking access to the increasing stake being accumulated by private equity in the global economy. It is confident that PIP is well placed to deliver sustainable long-term growth for shareholders, benefitting from the Company's strong financial position and the tilt of its diversified portfolio towards growth sectors such as information technology and healthcare."

For more information please contact:

Vicki Bradley
Pantheon

+44 (0)20 3356 1800

Follow us on LinkedIn: https://www.linkedin.com/company/pantheon-international-plc

A video of the team at Pantheon, discussing PIP's financial year is available on our website at www.piplc.com.

Important Information

A copy of this announcement will be available on the Company's website at www.piplc.com Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

Strength to deliver sustainable growth

The impact of the COVID-19 crisis, geopolitical challenges and high levels of state indebtedness mean that the outlook is very uncertain. Nevertheless, your Board believes that shareholders should find reassurance in PIP's long-term track record of growth across cycles and its strong financial position

PIP's NAV per share, which mainly reflects valuations as at 31 March 2020 provided by its private equity managers in the immediate aftermath of the sharp fall in global stock markets, increased by 4% to 2,882.8p per share during the 12 months to 31 May 2020. PIP's NAV growth has significantly outperformed the FTSE All-Share and MSCI World indices over multiple periods and since PIP's inception in 1987. While PIP's share price has also outperformed these benchmarks over the medium and long term, it fell sharply with the rest of the listed private equity sector and global stock markets in March, and declined by 7.2% during the year. Although it has recovered somewhat since then, it continues to trade at what the Board and many stock market analysts consider to be an excessive discount to the NAV.

PIP's Strategic Report, within the full Annual Report, has been approved and signed on behalf of the Board. Some of the key highlights of the report are summarised below, but shareholders are encouraged to read the Strategic Report within the Annual Report in its entirety.

IN SUMMARY

PIP's global, diversified portfolio is tilted towards more resilient and growth industry sector models such as information technology and healthcare, which had helped us to weather the Covid-19 storm.

PIP continues to benefit from Pantheon's decades of experience and flexible investment approach.

PIP has entered the crisis in a strong financial position.

KEY STATISTICS

11.6%	Average annual NAV growth since inception
+4.0%	NAV per share growth in the year
-7.2%	Share price decline in the year
£1,559m	Net asset value
£110m	Portfolio net cash flow

NAV performance for the 12 months ended 31 May 2020

As at 31 May 2020, net assets amounted to £1.6bn (May 2019: £1.5bn). Our portfolio, which generated 3.2% of valuation gains and 0.7% of income, was enhanced further by foreign exchange movements of 1.6%, while expenses and taxes deducted 1.5%. The small/mid-market buyout segment, which forms PIP's core area of focus, generated the strongest returns during the 12 months, with growth investments also performing well. The large buyout segment of the portfolio also delivered healthy returns due to the strong exits achieved by our managers. Special situations, which account for just 8% of the overall portfolio, underperformed, principally because of valuation declines in companies with energy exposure, which were significantly impacted by the large falls in energy prices. This decline also weighed on the performance of PIP's secondary investments and its North American portfolio. At the year end, energy assets represented 5% of PIP's portfolio (31 May 2019: 9%). As investments are realised, we would expect to see the energy assets decline further over time as a proportion of the Company's NAV. Venture, which is a relatively small part of PIP's portfolio, contributed positively to performance during the period.

Cash flow and balance sheet liquidity

PIP has experienced several economic cycles during its 33-year history. The Board and Pantheon have had a long-standing practice of stress testing PIP's investment portfolio on various scenarios to ensure that the Company was prepared for a potential downturn.

During the period, PIP received £227.9m in distributions[1], equivalent to a distribution rate[1] of 17% of PIP's opening portfolio value. The value-weighted average uplift on exit realisations[1] in PIP's portfolio was 28% during the 12 months to 31 May 2020, continuing a trend that we have noted during recent years of realising material increases over holding valuations. Calls[1] from existing commitments to private equity funds during the period amounted to £117.6m, equivalent to 23% of PIP's opening undrawn commitments. Overall, PIP generated a net cash inflow of £110.3m during the period before taking account of new investments.

The cash-generating nature of the portfolio relates to the maturity of the funds in which PIP invests. The average age of PIP's funds at the year end was 5.1 years (May 2019: 5.2 years; May 2018: 5.7 years), compared to the typical private equity fund life of around 12 years during which the full cycle of capital calls, investment and cash returns to investors takes place. In this way, there is a balance between cash being received from mature funds and value being created from more recent investments.

PIP's strong net available cash[1] position of £121m at the year end is supported by its wholly undrawn multi-currency revolving credit facility that was increased from £175m to £300m during the year. The additional facility amount of £125m has been provided by a new partner in the lending syndicate, State Street Bank and Trust Company, along with the existing facility provided by Lloyds Bank Corporate Markets plc and NatWest Markets plc. The facility, which has been denominated as to US$269.8m and €101.6m to match the principal currencies in which the Company's undrawn commitments are denominated, was equivalent to £310m as at 31 May 2020 and remains in place until June 2022 with an option, by further agreement, to extend the maturity date by a year to June 2023.

Repayment of the unlisted Asset Linked Note ("ALN"), which was issued with an initial principal value of £200m in October 2017, is made only from the cash distributions that, prior to maturity, have been received from a reference portfolio of older investment assets, mainly dating from 2006 and earlier. The ALN matures on 31 August 2027 and, as at 31 May 2020, had a remaining value of £65m, of which £7.6m represents the net cash flow for the three months to 31 May 2020, due for repayment on 31 August 2020.

Altogether at the year end, PIP had liquid resources of £431m. PIP's financing cover, which measures the sum of PIP's undrawn commitments of £541m as at 31 May 2020 against its available financing and the value of its private equity portfolio[2], was 3.6 times[1]. The Board is confident that the tight control of PIP's undrawn commitments relative to its available financing will enable PIP to finance its future calls even if distributions were to decline for a period.

[1] See the Alternative Performance Measures section within the full Annual Report for definition.

[2] The Board considers the value of the investment portfolio in the financing cover as it manages PIP's commitments into new investments to ensure that these are sufficiently covered by expected future distributions from the investment portfolio. Historically the undrawn commitments have been mainly funded from distribution receipts from the investment portfolio.

Portfolio positioning and new commitments

The portfolio has held up well so far following the onset of the COVID-19 crisis, primarily as a result of a favourable tilt towards information technology, healthcare and other resilient sectors, and away from the travel, entertainment and hospitality sectors which have been hard hit. Prior to the crisis, our managers had already been investing in businesses which were connected to remote working and online services as well as those focused on medical care and pharmaceutical products.

New investment activity has reduced significantly since March. The Company's deal flow was, however, for most of the 12 months to 31 May 2020, with commitments amounting to £244.5m, of which £109.2m was drawn at the time of purchase. In line with PIP's policy to manage the risk profile through diversification by geography, type, stage and sector, £96.2m was committed to 13 primaries, £74.8m was committed to 16 co-investments and £73.5m was committed to 15 secondaries. PIP is maintaining a cautious, albeit opportunistic, stance towards new investments given the continuing economic uncertainty.

Keeping shareholders informed in exceptional times

PIP is committed to providing its shareholders with regular, transparent, up-to-date information and provides regular monthly updates of its balance sheet liquidity and NAV. The latter is based mainly upon the latest valuation information supplied by its underlying private equity managers but it is generally received a few months after the relevant valuation date, therefore may have been overtaken by subsequent events.

Following the significant fall in global stock markets during March 2020, the Board and Pantheon were concerned that the NAV statements as at 31 March 2020 and 30 April 2020 (which were mainly based on valuations from the underlying private equity managers dated 31 December 2019), could overstate the Company's NAV. Accordingly, at the point of announcing PIP's NAV for March and April 2020, Pantheon and the Board agreed to adjust the NAV published in the statements for March and April downwards to reflect Pantheon's view of the potential impact of the COVID-19 crisis on investment values, based largely on guidance obtained by Pantheon following review meetings with underlying private equity managers. This guidance, which Pantheon obtained from 71% by value of PIP's investment portfolio, proved to be a conservative estimate once actual quarter-end valuations at 31 March 2020 were received. These quarter-end valuations form the basis of the Company's NAV as at the end of the financial year on 31 May 2020.

The Board considers that, in the exceptional circumstances of extreme public market volatility experienced earlier in 2020, it was in shareholders' best interests for Pantheon to make this intervention, which was fully disclosed, when publishing the monthly NAV updates at 31 March 2020 and 30 April 2020. It was only possible to do this because of Pantheon's long-standing relationships with PIP's underlying private equity managers and reflects the managers' willingness to share their up-to-date view of the likely impact of the COVID-19 crisis on their portfolio companies.

Pantheon's management experience and culture

The Board and Pantheon are committed to ensuring that their underlying private equity managers and investee companies behave responsibly and consider the impact of their actions on the environments and communities in which they operate. The Board believes that a responsible and diligent approach to each investment, a clear focus on inclusivity and an entrepreneurial mindset constitute fundamental features of Pantheon's global management ethos and workforce.

Pantheon's extensive, deep and long-standing relationships with some of the world's best private equity managers and its consequential privileged access to information allows it to source compelling deals for PIP. Pantheon has been able to use this information advantage to act proactively, while also undertaking appropriate due diligence to ensure high standards of behaviour by investee companies in relation to environmental practices, corporate governance and social issues.

PIP benefits from a dedicated team at Pantheon, which is responsible for implementing its investment strategy and developing marketing initiatives to stimulate interest in and demand for its shares. This team is led by Helen Steers who succeeded Andrew Lebus during the period. She has been a Partner at Pantheon since 2004 and closely involved with PIP since 2015. The team is supported by a large and experienced group of investment professionals, many of whom have worked at Pantheon for over 20 years. Integrity, teamwork, transparency and analytic rigour are key hallmarks of Pantheon's culture.

Board changes during the year

At the end of October, the Board welcomed Dame Sue Owen DCB, an economist with over 30 years of senior experience in government, and Mary Ann Sieghart, an established political journalist and broadcaster, as Directors. Their specialist insight and knowledge are a valuable addition to the Board.

Rhoddy Swire, who had been a Director of the Company since its inception in 1987, retired from the Board following the conclusion of the 2019 AGM. Upon conclusion of this year's AGM, Ian Barby, who became a Director in 2005, will also retire from the Board. The Board has benefitted enormously from Ian's contribution over the years. His intellectual rigour and constructive approach will be greatly missed by the Board and we wish him well for the future. David Melvin, who has been a Director of the Company and a member of the Audit Committee since 2015, took over Ian's role as Chairman of the Audit Committee in April and has ably steered the audit process with EY, PIP's newly appointed Auditor, for this financial year end.

Annual General Meeting

The Annual General Meeting ("AGM") this year is being convened on 22 September 2020 in compliance with the UK Government's guidelines concerning arrangements for such meetings while restrictions remain in place in relation to the COVID-19 crisis. A separate circular including the Notice of AGM is being sent to shareholders together with this Report and Accounts. Any shareholder wishing to submit questions to the Board or the Manager is encouraged to do so by following the procedures set out in the circular. The Board very much hopes that the AGM in 2021 can be convened in the normal historical format.

PIP's portfolio is positioned for sustained growth

The outlook for the global economy and equity markets remains uncertain and potentially volatile as a consequence of the COVID-19 pandemic and geopolitical instability.

The Board believes that the Company's investment portfolio is generally well placed to withstand and, in certain cases, to benefit during a period of significant economic and market turmoil. The grounds for this confidence include:

- Pantheon's experience of private equity markets over nearly 40 years, with its deep relationships with the underlying managers of PIP's portfolio, which provide privileged access to information and attractive new investment opportunities;

- The preparations made by Pantheon and many of the underlying private equity managers for a downturn, including taking a cautious approach to the use of debt by investee companies;

- The tilt of PIP's portfolio towards growth sectors of the global economy, including information technology and healthcare, relative to more challenged areas such as the travel, leisure and hospitality segments, with this tilt being more pronounced within the younger vintages of PIP's portfolio;

- PIP's status as an investment trust with permanent capital and its financing cover of 3.6 times, including its available liquid resources and private equity portfolio;

- Pantheon's successful and well-embedded collegial culture, with its emphasis on integrity, teamwork, transparency and analytic rigour;

- The structural trend within capitalist economies for the number of privately-owned companies to grow as the number of public companies declines, which tends to increase the opportunity set for private equity; and

- PIP's track record of sustained outperformance relative to both the FTSE All-Share and MSCI World Indices over multiple periods and since inception.

We know that our underlying private equity managers are starting to identify opportunities arising from the market dislocation and expect this to lead to increased deal activity later in the year, particularly in the secondaries market, and through add-on acquisitions by some companies in which PIP has co-investments. PIP's independent investment approach, investing directly into managers' funds and into co-investments alongside them, provides the flexibility to take advantage of such opportunities. PIP is not a "feeder vehicle" to other funds managed by Pantheon and therefore has the considerable benefit of discretion to vary the pace of its investment activity subject to its view of market conditions and its own financial circumstances in the best interests of shareholders.

The Board is confident that PIP has the necessary credentials to navigate through the current uncertainty, offering shareholders access to exciting investments with compelling prospects for long-term growth.

Sir Laurie Magnus
Chairman
5 August 2020

At a glance as at 31 May 2020

+4.0%	NAV per share growth during the year
-7.2%	Share price decrease in the year
+11.6%	Average annual NAV growth since 1987
£1.6bn	Net asset value
£1.1bn	Market capitalisation
1.23%	AIC ongoing charges[1]

[1] Including financing costs, PIP's total ongoing charges would be 1.38%

We build and manage a carefully diversified portfolio

Investment type[1]
Flexible approach to portfolio construction increases potential for outperformance. See our Business Model below for a description of the different types of investment.

Secondary	36%
Co-investments	35%
Primary	29%

Region[1]
Weighted towards the more developed private equity markets in the USA and Europe while Asia and EM provide access to faster-growing economies.

USA	50%
Europe	31%
Asia and EM[2]	12%
Global[3]	7%

Stage[1]
Well diversified with an emphasis on the small and mid-market buyout and growth stages.

Small/mid buyout	41%
Large/mega buyout	26%

Growth	20%
Special situations	8%
Venture	5%

Maturity[1]

PIP's portfolio has a weighted average fund age of 5.1 years.

2020	1%
2019	8%
2018	14%
2017	15%
2016	18%
2015	15%
2014	5%
2013	3%
2012	3%
2011	4%
2010	1%
2009	1%
2008 and earlier	12%

As at 31 May 2020.

[1] Fund investment type, region, stage and maturity charts in the full Annual Report are based upon underlying fund valuations and account for 100% of PIP's overall portfolio value. Excludes the portion of the reference portfolio attributable to the Asset Linked Note.

[2] EM: Emerging Markets.

[3] Global category contains funds with no target allocation to any particular region equal to or exceeding 60%.

Key Performance Indicators

	What it is	**How we have performed**		**Link to our strategic objectives**	**Examples of related factors that we monitor**
Performance					
5-Year cumulative total shareholder return 61.3%	Total shareholder return demonstrates the return to investors, after taking into account share price movements (capital growth) and, if applicable, any dividends paid during the period.	1 year (7.2%) 3 years (cum) 15.2% 5 years (cum) 61.3%	• PIP's ordinary shares had a closing price of 2,065.0p at the year end. • Discount to NAV was 28% as at the year-end.	• Maximise shareholder returns through long-term capital growth • Promote better market liquidity by building demand for the Company's shares	• Rate of NAV growth relative to listed markets • Trading volumes for the Company's shares • Share price discount to NAV
NAV per share growth during the year 4.0%[1]	NAV per share reflects the attributable value of a shareholder's holding in PIP. The provision of consistent long-term NAV per share growth is central to our strategy. NAV per share growth in any period is shown net of all costs associated with running the Company.	12M to 31 May 2018 10.3% 12M to 31 May 2019 14.7% 12M to 31 May 2020 4.0%	• NAV per share increased by 112.2p to 2,882.8p during the year. • Returns were impacted by the COVID-19 pandemic, with the energy portfolio also impacted by declining energy prices during the period.	• Investing flexibly with top-tier private equity managers to maximise long-term capital growth • Containing costs and risks by constructing a well-diversified portfolio in a cost-efficient manner	• Valuations provided by private equity managers • Fluctuations in currency exchange rates • Ongoing charges relative to NAV growth and private equity peer group • Potential for tax leakage from investments • Effect of financing (cash drag) on performance
Portfolio investment return 3.9%[1]	Portfolio investment return measures the total movement in the valuation of the underlying funds and companies comprising PIP's portfolio, expressed as a percentage of the opening portfolio value, before taking foreign exchange effects and other expenses into account.	12M to 31 May 2018 15.4% 12M to 31 May 2019 12.9% 12M to 31 May 2020 3.9%	• Good performance in the underlying portfolio. • PIP continues to benefit from good earnings growth in its underlying portfolio and from the favourable exit environment during the majority of the financial year.	• Maximise shareholder returns through long-term capital growth	• Performance relative to listed markets and private equity peer group • Valuations provided by private equity managers
Liquidity					
Net portfolio cash flow £110m[2]	Net portfolio cash flow is equal to fund distributions less capital calls to finance	12M to 31 May 2018 £194m	• PIP's portfolio generated £228m of distributions versus £118m of calls.	• Maximise long-term capital growth through ongoing portfolio renewal	• Relationship between outstanding commitments and NAV

	investments, and reflects the Company's capacity to finance calls from existing investment commitments. PIP manages its maturity profile through a mix of primaries, secondaries and co-investments to ensure that its portfolio remains cash-generative at the same time as maximising the potential for growth.	12M to 31 May 2019 £170m 12M to 31 May 2020 £110m	• The Company made new commitments of £245m during the year, £109m of which was drawn at the time of purchase. • PIP's portfolio has a weighted average fund age of 5.1 years[2]	while controlling financing risk	• Portfolio maturity and distribution rates by vintage • Commitment rate to new investment opportunities
Undrawn coverage ratio 107%	The undrawn coverage ratio is the ratio of available financing and 10% of private equity assets to undrawn commitments. The undrawn coverage ratio is an indicator of the Company's ability to meet outstanding commitments, even in the event of a market downturn. Under the terms of its current loan facilities, PIP can continue to make new undrawn commitments unless and until the undrawn coverage ratio falls below 33%.	12M to 31 May 2018 99% 12M to 31 May 2019 90% 12M to 31 May 2020 107%	• The current level of commitments is consistent with PIP's conservative approach to balance sheet management. • In line with historical experience, the Company expects undrawn commitments to be funded over a period of several years.	• Flexibility in portfolio construction, allowing the Company to select a mix of primary, secondary and co-investments, and vary investment pace, to achieve long-term capital growth	• Relative weighting of primary, secondary and co-investments in the portfolio • Level of undrawn commitments relative to gross assets • Trend in distribution rates • Ability to access debt markets on favourable terms

[1] Excludes valuation gains and/or cash flows associated with the Asset Linked Note.[2] Excludes the portion of the reference portfolio attributable to the Asset Linked Note.

Our Business Model

We aim to deliver attractive and consistent returns over the long term.

OUR INVESTMENT PROCESS

1. Investment opportunities are originated via Pantheon's well-established platform
2. Within our diversified portfolio, we back the best managers globally that are able to identify and create value in growing companies
3. Cash generated when those companies are sold is returned to PIP and redeployed into new investment opportunities

INVESTMENT STRATEGIES

Primary
We invest in a new private equity fund when it is established.

· Captures exposure to top-tier, well recognised managers as well as to smaller niche funds that are generally hard to access.
· Targets leading managers predominantly in the USA and Europe, with a focus on funds rarely available in the secondary market.

Secondary
We purchase the interests of an investor in a fund or funds typically late into, or after, the investment period.
· Targets favoured funds at a stage when the underlying assets' performance is visible and the funds are realising investments, returning cash to PIP more quickly.
· One of the advantages of investing in secondaries is that earlier fees will have been borne by the seller so total expenses are lower.

Co-investments
We invest in a portfolio company directly, alongside a private equity fund, during the investment period.

· Invests in the securities of individual companies with attractive characteristics at the invitation of PIP's private equity Managers.
· This boosts performance potential because there are typically very low or no fees, making it a cost-effective way of capitalising on the high value added by PIP's selected managers.

What we do
PIP invests in private equity funds and co-invests (alongside selected private equity managers) directly into private companies worldwide.

An investment in PIP offers shareholders exposure to a growing market worth c.$4tn[1] globally where the best private equity managers might otherwise be inaccessible to shareholders.

We aim to deliver attractive and consistent returns to shareholders over the long term, and at relatively low risk. The Board remains committed to its policy of maximising capital growth and therefore, as in previous years, is not proposing the payment of a dividend.

[1]Preqin July 2020.

Why we do it
Through Pantheon, we have an opportunity to invest with many of the best private equity managers globally based on the trust and experience built up over the more than 40 years during which Pantheon has been making investments.

It is our aim to bring the strong credentials of private equity and its track record of outperforming public markets to a wider set of investors.

It is our mission to generate sustainably high investment returns through a well-managed, institutional grade portfolio built by investing with the best managers globally.

How we do it
PIP's manager, Pantheon, has a well-established platform built on three strategic pillars of investment: primary, secondary and co-investments, with each offering their own merits.

We believe that by combining the three ways of accessing private equity investments, we are able to:

- Build and maintain a well-balanced portfolio in a combination that we monitor and manage with the aim of maximising capital growth;
- Manage the maturity profile of our assets so that our portfolio remains naturally cash-generative on a sustainable basis; and
- Ensure that the vehicle remains as cost-effective as possible for our shareholders by reducing any potential drag on returns.

Private equity managers take controlling or influential positions in companies where they believe they can create value, with a view to exiting their position at a multiple to their original investment. As portfolio companies are sold by the managers, PIP's share of the cash that is generated from those sales is deployed into new investment opportunities.

For more information on the commitments that PIP has made during the year, see the full Annual Report.

What sets us apart
Track record
For 33 years, PIP has been able to adapt quickly and effectively to changing market conditions. This flexible and proactive approach means that PIP is well placed to continue to deliver on its strategic objectives. PIP's NAV has outperformed its benchmark indices over multiple periods and since the Company's inception in 1987.

Culture
Pantheon has a strong culture of collaborative and inclusive teamwork and diversity, as well as a long history of investing its clients' capital responsibly. PIP is supported strongly by a global workforce and a large and experienced team of investment professionals, many of whom have been at Pantheon for over 20
years. In addition, Pantheon's approach is to avoid investments with private equity managers whose own cultures are focused on the profile of an individual and that may encounter key person risk.

Broad and deep relationships
With investments in North America, Europe, Asia and Emerging Markets, PIP provides a carefully constructed, broad-based portfolio for investors. The presence of Pantheon's team of over 341 people in its offices around the world means that they are on the ground locally, working with their extensive networks of relationships with private equity managers and taking advantage of proprietary information flows and access to opportunities. These relationships enable Pantheon to source and respond quickly to the best deal flow in those regions. In addition, through its participation on 451[2] advisory boards globally, Pantheon actively engages with its general partners ("GPs") on portfolio monitoring issues on a continuous basis.

[2]As at 30 June 2020.

Independence
PIP is offered the opportunity to participate in the full range of private equity investments that Pantheon sources, and it invests alongside other Pantheon managed funds into third-party funds and underlying companies rather than as a feeder into Pantheon's other investment vehicles. The Board believes that this offers several benefits to PIP and its shareholders, including:

- Control of investment strategy, overseen by the Board;
- Reduction of financing risk by being able to accept or decline investments offered to it by Pantheon according to its financial resources at the time;
- The flexibility to vary the size of its commitments as appropriate and in line with any adjustments to its investment strategy; and
- Lower cost than investing through intermediate vehicles, due to the elimination of management fees and related expenses.

For more information on PIP's strategic objectives, see below.

Our Strategy

Our investment strategy is to build a resilient portfolio that can deliver long-term outperformance.

At the start of each year, PIP's investment strategy is reviewed by the Board together with the Manager and includes an analysis of how PIP can most profitably deploy capital in the prevailing investment environment. Throughout the year, there is an ongoing dialogue between the Board and the Manager, during which the Manager reports to the Board on progress and highlights any obstacles or changes in market conditions which may impact the Company's ability to achieve its strategic goals. In cases where this may occur, the Manager will propose solutions for which it will seek the support of the Board. Equally, the Board maintains the flexibility to propose amendments to the strategy as it deems necessary.

In addition, the Board also reviews individual investments that exceed exposure limits, which are set at appropriate levels to reflect a diversified approach. At times, the Manager may make recommendations to the Board and seek approval for certain investments that fall outside of any limits expressed in the agreed strategic approach, but which the Manager believes to be a good investment opportunity for PIP. The Board maintains its independence at all times and robustly challenges such recommendations to ensure that they are in the best interests of shareholders. In addition, the Manager reports to the Board on PIP's marketing and investor relations activities, considering new initiatives that could help to increase PIP's profile, confirming its continuing relevance to existing shareholders and to reach potential new shareholders in the Company.

Maintain a diversified approach while increasing potential for outperformance

As Manager of PIP, Pantheon focuses on investing with the best private equity managers worldwide, and thoughtfully constructing and maintaining a cash-generative portfolio that has exposure to different parts of the investment life cycle. PIP's portfolio is carefully diversified by manager, investment type, stage, geography, fund age (vintage) and sector. One of the key advantages of this approach is that it reduces the risk of any individual underperforming company
or fund having a disproportionately material adverse effect on the Company's overall performance. Nevertheless, as a result of the selections made by the Manager through its investment activities, the mix of PIP's portfolio naturally emphasises investments that offer appropriate levels of downside protection as well as the potential for long-term growth.

Investment type: Focus on maturity profile of portfolio and cash generation

Over the last decade, the Company had emphasised secondary investments until 2018 when, as part of the strategic review held in that year, it was agreed by the Board that PIP would benefit from greater flexibility to direct activity across the different investment types during any given year. Primaries, secondaries and co-investments all have attractive characteristics, as highlighted in the Business Model within the full Annual Report, and PIP's transparent investment approach gives it the flexibility to take advantage of prevailing market conditions and maximises control over the Company's financing risk, including its ability to generate positive cash flows. While secondaries should continue to represent a significant portion of PIP's portfolio, it is recognised that over time these three different investment types may take on more equal weightings. In addition, with an increased weighting to co-investments and a primary investment strategy clearly focussed on selected mid-market and growth managers, it is likely that the number of underlying managers and portfolio companies to which the Company is exposed will reduce over time, and will be less than has been the case historically. As a result, the potential for the Company's overall NAV to be impacted by the performance of individual assets should be increased.

The Board recognises that, on occasion, the discounts at which the Company's shares trade may make them an attractive investment proposition for PIP when considered alongside other new investment opportunities. The Manager reports to the Board on a regular basis on the investment market conditions, and on those occasions, the Board may authorise the Company to buy back a specified amount of its own shares. No share buybacks were completed during the year ended 31 May 2020.

The Board believes that there are several benefits to this investment approach: risk is effectively managed through diversification while the improved transparency of PIP's underlying portfolio, and increased investment flexibility, should create a clearer link between the strongest performing companies in the portfolio and the potential to boost NAV growth in the future. Also, Pantheon can remain highly selective and disciplined when assessing deal flow, while at the same time reducing the risk of PIP being excluded from exciting opportunities due to investment constraints.

Investment stage: Focus on mid-market and growth

PIP's portfolio is diversified by stage, which ranges across venture, growth, small/mid and large/mega buyout opportunities, as well as those classified as special situations. While the Company's strategy is to maintain a healthy mix of all stages, Pantheon favours growth and buyout funds, with a particular focus on the mid-market. The mid-market offers distinct characteristics, when compared with large deals, such as:

- More attractively priced assets which tend to have lower levels of leverage than the broader market average;
- Greater visibility of the value drivers and the levers to pull to improve operational efficiency to better drive growth, both organically and through buy-and-build strategies;
- More routes to exit including strategic acquisitions, sales to other private equity managers or initial public offerings ("IPOs").

While late stage venture opportunities remain attractive, it is our view that the return profile of early stage venture can often be too protracted to be suitable for PIP's portfolio. Therefore, any investment activity by PIP in early stage venture funds is focused on investing with top-tier venture managers, mainly through primary fund investments, who are able to spot innovative opportunities with the potential to generate significant outperformance. While special situations include funds with unique characteristics offering potential for outperformance, it is the Board's intention that special situations investments will be only a small minority of the overall portfolio.

Sector and geographical exposure: Focus on niche sectors, inefficiencies and a global outlook

The Board is committed to offering investors a global portfolio with investments in North America, Europe, Asia and Emerging Markets. It takes an active approach towards the weightings of those geographies in response to market conditions but supports the majority of the Company's capital being invested in the US and Europe where the private equity markets are well established.

The Board relies on Pantheon's investment teams around the world that are on the ground locally, to take advantage of proprietary information flows and access to opportunities through their extensive networks of relationships. The Board is confident that these relationships enable Pantheon to source and respond quickly to the best deal flow in those regions to optimise risk-adjusted performance.

It is our objective to seek managers globally that are able to take a thematic approach and focus on high-growth sectors, many of which may not be fully represented by the public markets. In addition, Pantheon has a deliberate strategy of targeting sectors experiencing dislocation, as well as niches where underlying growth is less correlated to GDP growth. Recent examples of this have been technology and healthcare. For more information on the sectors in which PIP is invested, see the full Annual Report.

The Board believes that its oversight of the Manager's activities, while at the same time allowing Pantheon the flexibility that it needs to make the appropriate investment decisions on the Company's behalf, ensures that PIP is able to deliver on its strategic objectives for shareholders over the long term.

Purpose

It is a new requirement for all companies to set out their culture and purpose. The Company's defined purpose is relatively simple: it is to deliver our investment strategy led by a Board that promotes strong governance and a long-term investment approach that actively considers the interests of all stakeholders. The Board believes that, as an investment company with no employees, this is best achieved by working in partnership with Pantheon, our appointed Investment Manager. Further details of the Company's Business Model, including statements on what the Company does and why it does it, can be found in the full Annual Report.

Culture

The Directors agree that establishing and maintaining a healthy corporate culture among the Board and in its interaction with the Manager, shareholders and other stakeholders will support the delivery of its purpose, values and strategy. The Board seeks to promote a culture of openness, debate and integrity through ongoing dialogue and engagement with its service providers, principally the Manager.

PIP has a number of policies and procedures in place to assist with maintaining a culture of good governance, including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares.

The Board assesses and monitors compliance with these policies as well as the general culture of the Board through Board meetings, and in particular during the annual evaluation process which is undertaken by each Director (see the Statement on Corporate Governance in the full Annual Report for further details of the evaluation processes).

The Board seeks to appoint the best possible service providers and evaluates their service on a regular basis as described in the full Annual Report. The Board considers the culture of the Pantheon and other service providers, including their policies, practices and behaviour, through regular reporting from these stakeholders, and in particular during the annual review of the performance and continuing appointment of all service providers.

Our Investment Policy

Our investment policy is to maximise capital growth with a carefully managed risk profile.

The Company's policy is to make unquoted investments. It does so by subscribing to investments in new private equity funds ("Primary investment"), buying secondary interests in existing private equity funds ("Secondary investment"), and acquiring direct holdings in unquoted companies ("Co-investments"), usually either where a vendor is seeking to sell a combined portfolio of fund interests and direct holdings or where there is a private equity manager, well known to the Company's Manager, investing on substantially the same terms.

The Company may, from time, to time hold quoted investments as a consequence of such investments being distributed to the Company from its fund investments as the result of an investment in an unquoted company becoming quoted. In addition, the Company may invest in private equity funds which are quoted. The Company will not otherwise normally invest in quoted securities, although it reserves the right to do so should this be deemed to be in the interests of the Company.

The Company may invest in any type of financial instrument, including equity and non-equity shares, debt securities, subscription and conversion rights and options in relation to such shares and securities and interests in partnerships and limited partnerships and other forms of collective investment schemes. Investments in funds and companies may be made either directly or indirectly, through one or more holding, special purpose or investment vehicles in which one or more co-investors may also have an interest.

The Company employs a policy of over-commitment. This means that the Company may commit more than its available uninvested assets to investments in private equity funds on the basis that such commitments can be met from anticipated future cash flows to the Company and through the use of borrowings and capital raisings where necessary.

The Company's policy is to adopt a global investment approach. The Company's strategy is to mitigate investment risk through diversification of its underlying portfolio by geography, sector and investment stage. Since the Company's assets are invested globally on the basis, primarily, of the merits of individual investment opportunities, the Company does not adopt maximum or minimum exposures to specific geographic regions, industry sectors or the investment stage of underlying investments.

In addition, the Company adopts the following limitations for the purpose of diversifying investment risk:

· No holding in a company will represent more than 15% by value of the Company's investments at the time of investment (in accordance with the requirement for approval as an investment trust which applied to the Company in relation to its accounting periods ended on and before 30 June 2012);

· The aggregate of all the amounts invested by the Company in (including commitments to or in respect of) funds managed by a single management group may not, in consequence of any such investment being made, from more than 20% of the aggregate of the most recently determined gross asset value of the Company and the Company's aggregate outstanding commitments in respect of investments at the time such investment is made.

· The Company will invest no more than 15% of its total assets in other UK-listed closed-ended investment funds (including UK-listed investment trusts).

The Company may invest in funds and other vehicles established and managed or advised by Pantheon or any Pantheon affiliate. In determining the diversification of its portfolio and applying the Manager, diversification requirement referred to above, the Company looks through vehicles established and managed or advised by Pantheon or any Pantheon affiliate.

The Company may enter into derivatives transactions for the purposes of efficient portfolio management and hedging (for example, hedging interest rate, currency or market exposures).

Surplus cash of the Company may be invested in fixed interest securities, bank deposits or other similar securities.

The Company may borrow to make investments and typically uses its borrowing facilities to manage its cash flows flexibly, enabling the Company to make investments as and when suitable opportunities arise, and to meet calls in relation to existing investments without having to retain significant cash balances for such purposes. Under the Company's Articles of Association, the Company's borrowings may not at any time exceed 100% of the Company's net asset value. Typically, the Company does not expect its gearing to exceed 30% of gross assets. However, gearing may exceed this in the event that, for example, the Company's future cash flows alter.

The Company may invest in private equity funds, unquoted companies or special purpose or investment holding vehicles which are geared by loan facilities that rank ahead of the Company's investment. The Company does not adopt restrictions on the extent to which it is exposed to gearing in funds or companies in which it invests.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to a variety of risks and uncertainties. The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the principal risks facing PIP, together with a review of any new risks that may have arisen during the year to 31 May 2020, including those that would threaten its business model, future performance, solvency or liquidity. A summary of the risk management and internal control processes can be found in the Statement on Corporate Governance in the full Annual Report.

Investment risk

Type and Description of Risk	Potential Impact	Risk Management	Outcome for the Year
Impact of COVID-19 on the global economy and underlying portfolio companies.	• COVID-19 has had a wide and adverse impact on businesses around the world, as governments have implemented lockdown measures to halt the spread of the pandemic, and	• Through PIP's close relationships with its GP, it obtained timely valuation indications, with a 71% coverage of the portfolio by value, on the potential impact of the COVID-19 pandemic on underlying portfolio companies.	• Pantheon's risk assessment process reviews potential impacts of corporate

	the full impact on the global economy is still unclear. This could potentially cause portfolio companies to become insolvent and ultimately impact PIP's valuations and cash flows. • The lockdown measures will have different impacts across sectors, with some sectors more vulnerable than others, and some companies could become insolvent and ultimately affect PIP's fund valuations and cash flows.	• As part of Pantheon's prudent approach, a fair value adjustment was made to estimate the impact of COVID-19 on portfolio valuations. This resulted in an 8% decline to net asset valuations reported in March and retained in April 2020. The fair value adjustment was replaced at the year end following receipt of actual 31 March 2020 valuations from the General Partners.	insolvency and valuation declines on performance of the fund and going concern status (refer to Going Concern assessment in the full Annual Report). • Despite the wide-ranging impact of COVID-19, the short-term impact on different sectors appears to have been varied. PIP's diversification and emphasis on sectors with resilient demand, such as information technology and healthcare, could help to mitigate the long-term impact of Covid-19.
Market factors such as interest rates, inflation and equity market performance, can affect the value of investments.	• Impact of general economic conditions on underlying fund and company valuations, exit opportunities and the availability of credit	• Pantheon's investment process incorporates an assessment of market risk. • Investing alongside private equity managers with experience of navigating economic cycles, while achieving diversification by geography, stage, vintage and sector, help to mitigate the effect of public market movements on the Company's performance.	• PIP continued to maintain a diversified approach to portfolio construction. • Exposure to quoted assets was below 10% as at 31 May 2020. • In historical periods of significant public market volatility, private equity market valuations have typically been less affected than public equity market valuations.
Insufficient liquid resources to meet outstanding commitments to private equity funds.	• Investment losses and reputational damage arising from the inability to meet capital call obligations	• PIP has a mature portfolio that is naturally cash generative. • In the event that cash balances and cash distributions are insufficient to cover capital calls, PIP has the ability to draw funds from a credit facility. • Pantheon manages the Company so that undrawn commitments remain at an acceptable level relative to its portfolio assets and available financing. • The Board conducts a comprehensive review of the Company's cash flow modelling on a regular basis; as a result, it has reviewed scenario analysis that reflects the potential impact of COVID-19.	• During the year, PIP increased the size of its loan facility from an initial commitment of £175m to £300m. The loan facility, which is due to expire in June 2022, comprises facilities of US$270m and €102m to match the currencies of the undrawn commitments. Using exchange rates at 31 May 2020, this amounted to a sterling equivalent of £310m. Therefore, the total available financing as at 31 May 2020 stood at £431m, comprising

			£121m in net available cash balances and the undrawn revolving credit facility. Total available financing, along with the private equity portfolio, was greater than outstanding commitments by a factor of 3.6 times.
Lack of suitable investment opportunities to meet strategic diversification objectives.	• Change in risk profile as a result of manager, fund or company exposures that are materially different from the Company's intended strategy.	• Pantheon has put in place a dedicated investment management process designed to achieve the intended investment strategy agreed with the Board. • The Board regularly reviews investment and financial reports to monitor the effectiveness of the Manager's investment processes.	• During the year, PIP has invested within strategic limits for vintage year, geography and stage allocations, as well as within concentration limits for individual managers, funds and companies.
Private equity investments are long term in nature and it may be some years before they can be realised.	• Potential decline in realisation activity which may affect portfolio performance.	• PIP pursues a flexible investment strategy, combining secondary investments which typically have shorter exit horizons, with co-investments and primary commitments.	• The Company's flexible investment strategy has resulted in a portfolio with a healthy mix of likely exit horizons.
Investments in unquoted companies carry a higher degree of liquidity risk relative to investments in quoted securities.	• Illiquidity of underlying assets may have an adverse effect on realisations and portfolio performance.	• As part of its investment process, Pantheon assesses the approach of its managers to company illiquidity as well as projected exit outcomes.	• Robust realisation activity during the year, with distributions of £228m and a distribution rate equivalent to 17% of opening portfolio assets.
Gearing, whether at the vehicle (PIP), fund or company level, could cause the magnification of gains and losses in the asset value of the Company.	• Potential impact on performance and liquidity, especially in the event of a market downturn.	• PIP's Articles of Association and investment policy impose limits on the amount of gearing that the Company can take on. • The principal covenant of the loan facility ensures that the Company is limited to a maximum gearing (excluding the ALN) of 34% of adjusted gross asset value (excluding the ALN). • The Board conducts regular reviews of the underlying balance sheet and long-term cash flow projections, including downside scenarios that reflect the potential effects of significant declines in NAV performance, adverse changes in call/distribution rates and restrained liquidity sourcing in a distressed environment. • As part of its investment process, the Manager undertakes a detailed assessment of the impact of debt at the underlying fund level and underlying company level on the risk-return profile of a specific investment.	• The downside scenario cash flows reviewed by the Board indicate that the Company is able to accommodate a significant period of cash outflows, even if distributions were to decline and remain at historically low levels. • There was no gearing at the Company level as at the end of the financial year. • Debt multiple levels in PIP's underlying companies were 3.9x EBITDA for the small/mid buyout segment of PIP's portfolio, and 5.8x EBITDA for the large/mega buyout segment of PIP's portfolio: see the full Annual Report for further details.
Non-sterling investments expose the Company to fluctuations in currency exchange rates.	• Unhedged foreign exchange rate movements could impact NAV total returns.	• The Manager monitors the Company's underlying foreign currency exposure. • As part of its investment process, the Manager takes currency denominations	• Foreign exchange had a positive impact on performance during

		into account when assessing the risk/return profile of a specific investment. • The multi-currency credit facility is a natural hedge for currency fluctuations relating to outstanding commitments.	the year.
Reliance on the accuracy of information provided by GPs when valuing investments..	• Risk of errors in financial statements and NAV reporting.	• The valuation of investments is based on periodically audited valuations that are provided by the underlying private equity managers. • Pantheon carries out a formal valuation process involving monthly reviews of valuations, the verification of audit reports and a review of any potential adjustments required to ensure reasonable valuations in accordance to fair market value principles under Generally Accepted Accounting Principles (GAAP).	• No material misstatements concerning the valuation and existence of investments during the year.
Possibility that another investor in a fund is unable or unwilling to meet future capital calls.	• Counterparty defaults can have unintended consequences on the remaining investors' obligations and investment exposure	• PIP invests in high quality funds alongside institutional private equity investors. • A considerable proportion of PIP's investments are in funded positions.	• Approximately 45% of new commitments made in the year were funded at the time of acquisition.

Non-investment risk

Type and Description of Risk	Potential Impact	Risk Management	Outcome for the Year
Changes in the Company's tax status or in tax legislation and practice.	• Failure to understand tax risks when investing or divesting could lead to tax exposure or financial loss.	• Pantheon's investment process incorporates an assessment of tax. • The Manager reviews the appropriateness of an investment's legal structure to minimise the potential tax impact on the Company	• Taxes had a minimal effect on overall NAV performance in the year.
PIP relies on the services of Pantheon as its Manager and other third-party service providers.	• Business disruption should the services of Pantheon and other third-party suppliers cease to be available to the Company.	• The Board keeps the services of the Manager and third-party suppliers under continual review. • The Management Agreement is subject to a notice period of two years, giving the Board adequate time to make alternative arrangements in the event that the services of Pantheon cease to be available.	• The Board has approved the continuing appointment of the Manager and other service providers following an assessment of their respective performance during the year. • As a result of the COVID-19 crisis, Pantheon has enacted its business continuity plan, which has resulted in Pantheon staff operating entirely remotely. Pantheon had tested its own business continuity plans as well as those of its third party service providers in advance of this eventuality, and is confident of being able to meet PIP's needs.
High dependency on effective information technology systems to support key business functions and the safeguarding of sensitive information.	• Significant disruption to information technology systems may result in financial losses, the inability to perform business critical-functions, regulatory censure, legal liability and reputational damage.	• Pantheon has a comprehensive set of policies, standards and procedures related to information technology. • Ongoing investment and training to improve the reliability and resilience of Pantheon's information technology processes and systems.	• No material issues to report for the year. • In advance of COVID-19, Pantheon's systems, processes and technologies had been thoroughly tested for this eventuality and, following the global implementation of lockdown measures, are fully operational.
Uncertainty around the Brexit process will have consequences for the Company.	• Market and currency volatility may adversely affect returns. The Company's ability to market its shares to European investors may also be at risk.	• Pantheon has been monitoring policy developments and reviewing aspects of the Company's business that rely on pan-EU arrangements.	• Pantheon has opened an office in Dublin, with Pantheon Ireland authorised to conduct regulated activities within the EU on behalf of Pantheon, ensuring that Brexit will have a minimal impact on Pantheon's ability to operate in Europe.

Retail investors advised by independent financial advisers
The Company currently conducts its affairs so that its shares can be recommended by independent financial advisers to retail private investors in accordance with the FCA's rules in relation to non-mainstream investment products.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

Viability statement

Pursuant to provision C.2.2 of the UK Corporate Governance Code 2016, the Board has assessed the viability of the Company over a three-year period from 31 May 2020. It has chosen this period as it falls within the Board's strategic planning horizon.

The Company invests in a portfolio of private equity assets that is diversified by geography, sector, stage and manager and vintage; it does so via both fund investments and by co-investing directly into companies alongside selected private equity managers. The Company invests significantly in the private equity secondaries market as this allows the Company to maintain a more mature portfolio profile that is naturally cash-generative in any particular year.

The Company seeks to maximise long-term capital growth by investing with top-tier private equity managers that are focused on generating outperformance against the broader private equity market. As an investment trust, the Company's permanent capital structure is well suited to investing in private equity, a long-term asset class. The Company's Manager has a long-standing culture that emphasises collaboration and accountability, facilitating open dialogue with underlying private equity managers that help the Company to anticipate market conditions and maintain a conservative approach to balance sheet management. The resilience of the Company, positioning of the portfolio and durability of the private equity market are detailed within the full Annual Report.

In making this statement, the Directors have reviewed the reports of the Investment Manager in relation to the resilience of the Company, taking account of its current position, the principal risks facing it in a severe low case scenario due to COVID-19, the effectiveness of any mitigating actions and the Company's risk appetite.

Commitments to new funds are restricted relative to the Company's assets and its available liquid financial resources to maintain a reasonable expectation of being able to finance the calls, which arise from such commitments out of cash flow that is internally generated. In addition, the Company has put in place a revolving credit facility to ensure that it is able to finance such calls in the event that distributions received from investments in the period are insufficient to finance calls. The Board reviews the Company's financing arrangements at least quarterly to ensure that the Company is in a strong position to finance all outstanding commitments on existing investments as well as be able to finance new investments.

In reviewing the Company's viability, the Board has considered the Company's position with reference to its investment trust structure, its business model, its business objectives, the principal risks and uncertainties as detailed within the full Annual Report and its present and expected financial position. In addition, the Board has also considered the Company's conservative approach to balance sheet management, which allows it to take advantage of significant investment opportunities, and the appropriateness of the Company's current investment objectives in the prevailing investment market and environment.

The Board regularly reviews the prospects for the Company's portfolio and the opportunities for new investment under a range of potential scenarios to ensure it can expect to be able to continue to finance its activities for the medium-term future. Based on its review, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a three-year period.

On behalf of the Board

Sir Laurie Magnus
5 August 2020

Manager's Review

Our Market

Well-equipped to weather the storm.

Helen Steers, Pantheon Partner and Manager of PIP, discusses how private equity was positioned before the COVID-19 crisis struck, the immediate impact on the industry and some observations about what might come next.

The global spread of COVID-19 has resulted in a health emergency and triggered a simultaneous supply and demand shock. Public markets collapsed in mid-March, stabilised through April and May, and rebounded in early June to recoup some of their losses. At the time of writing, it is impossible to be definitive about the long-lasting effects of the pandemic on our industry, however, it is our view that overall, with its superior governance model and focus on long-term value creation and performance, private equity has the credentials to emerge strongly from the crisis.

Before the start of the crisis, global private equity was in a solid position
Towards the end of 2019, the size of the global private equity market was estimated to be c.US$4.5tn[1] and there had been continued healthy levels of fundraising and investment activity for a number of years. Appetite for private equity had not diminished amongst those institutional investors who allocate to the asset class and indeed, before the crisis, a survey found that 95%[2] of these investors intended to maintain or increase their allocations over the long term. Realisations had also been strong for several years as managers took advantage of the healthy exit markets which were driven by high valuations, acquisitive strategic buyers and supportive debt markets.

However, although no one could have anticipated the trigger or the extent of the human and economic damage that has been wrought globally by COVID-19, our private equity managers, ("GPs"), were already expecting an economic downturn and preparing for it by:

- Fundraising over the past few years while "times were good" and amassing significant war chests.-there is now an estimated US$1.6tn[1] of dry powder (capital raised and available to invest but not yet deployed) globally which equates to just over two years' investment activity;
- Developing their own firms and adding extensive operational and industry sector expertise not only in their investment teams but also in their portfolio management teams, which they expanded to include supply chain/procurement experts, digital marketing expertise and, importantly, enhanced capital markets skills;
- Continuing to invest in businesses with multiple levers for value creation and in growing companies through both organic and acquisitive (buy-and-build) strategies;

[1] Source: Preqin, July 2020.
[2] Source: 2020 Preqin Global Private Equity & Venture Capital Report.

Tapping into a positive structural trend in private equity
The growth of the private markets at the expense of the public markets, which is described earlier in this report, looks set to continue and may even be accelerated by the COVID-19 crisis. Over the past 10 years, the number of publicly quoted companies has been shrinking by just over 2% p.a., while the number of private companies has been growing by just over 8% p.a. The result is that the universe of public companies is becoming smaller, comprising larger, older and slower-growing businesses, while the private markets offer access to smaller, younger companies in niche sectors, many of which are not accessible via the public markets. This presents a wealth of opportunities for an established, long-term investor such as PIP.

Decline in publicly listed companies versus the growth in private equity-backed companies

- Improving their portfolio companies' financial positions and strengthening capital structures through refinancings, which allowed them to benefit from the low interest rate environment and lower financial costs, and to push out debt maturities;

- Preparing extreme "downside cases" and stress-testing recession scenarios for both new and existing investments; and

- Taking advantage of the strong exit conditions to sell portfolio companies.

PIP, which itself has been through several cycles during its 33-year history, is backing experienced PE managers who, having learned the lessons from previous crises, have ensured that they have the capital to back their investee companies and that they have enhanced operational capabilities to give the required support and guidance. PIP entered the crisis with a strong balance sheet and, over recent years, Pantheon carried out continuous stress testing and scenario modelling to ensure that PIP remains well-positioned to withstand potential uncertainty.

Our private equity managers have taken rapid action in response to the crisis
Since the onset of the crisis in the early part of 2020, Pantheon has been in even closer contact with the underlying managers in PIP's portfolio, focusing on topics such as their assessment of both the short-term impact and the longer-term implications of the crisis, the liquidity within their funds and underlying companies, their approach to risk management, and their valuation expectations in the first quarter of the year. Our deep relationships with those managers, and the detailed guidance that we obtained from them, enabled us to give prompt and meaningful information to investors about the immediate impact on PIP's portfolio.

Private equity is characterised by the hands-on approach of the best private equity managers and their ability to respond quickly to market conditions, and we have seen this in action across PIP's portfolio as our underlying managers have:

- Increased the frequency of contact with portfolio company management, demonstrating their heightened governance and sharp attention on finding solutions;

- Focused immediately on critical areas such as, workforce health and safety, the operational impact on each underlying portfolio company (including site closures and personnel affected); disruption to supply chains; impact on demand, bookings and revenue; access to applicable government programmes; funding requirements; financing and cash positions, and any potential breaches to banking covenants;

- Classified their portfolio companies into low, medium and high impact categories. Sector and geography play a large part in this exercise: companies operating in sectors that are well suited to remote working, such as software, are currently generally classified as low impact, while businesses that require a physical presence, for example travel and leisure, or operating in certain virus "hotspots", fall into a high impact category.

Our managers have carried out a bottom-up analysis of their investee companies and, at the end of the first quarter of 2020, portfolio valuations were lower than in the previous quarter. Almost all sectors have been affected by the crisis and performance in certain segments may not reach prior levels for some time. But it should be noted that the majority of PIP's diversified portfolio is tilted towards more resilient industry sectors, for example in segments such as information technology and healthcare. See the full Annual Report for more information on PIP's sector exposure.

We have been pleased to see that our GPs, almost without exception, have increased their focus on environmental, social & governance matters during the crisis, living up to their claims to be responsible investors. This is closely tracked by Pantheon and discussed in more detail in the full Annual Report.

Our private equity managers are well-placed to take advantage of the opportunities
The outbreak of COVID19 has had a dramatic effect on the global economy: material GDP declines are projected for 2020 and beyond across the USA, Europe and Asia, and the timing of the recovery is highly uncertain. The strength of the recent recovery seen in the public markets is perhaps surprising, although this confidence can be traced to unprecedented government and central bank support, the gradual easing of lockdowns and hopes of a vaccine being discovered for the virus.

Primary
While our managers have been so actively focusing on portfolio management, new deals and exits have slowed, and we expect these activities to remain subdued in the near term. Private equity managers are not under pressure to sell their assets and pricing in certain sectors has become more challenging as the lasting effects of COVID-19 are difficult to assess. In addition, there are practical challenges, such as the ability to carry out thorough due diligence on companies and to transact under a lockdown. Having said that, we have seen our managers starting to move from a defensive to a more acquisitive mode and focusing on attractively priced add-on acquisitions for existing platforms or transacting on new deals that have become possible through dislocations in some sectors. We could expect to see some recovery in underlying company growth in the second half of the calendar year as economic lockdowns are eased, but the valuation process will remain complex. The dry powder available in the market will likely drive new deal activity and, in particular, we may see more
restructuring transactions and take-private deals being executed.

Secondary
The secondary market, which had reached its highest ever level in 2019 with US$88bn[1] of total transacted volume, has experienced a low level of deal activity over the past few months due to the wide gap in pricing expectations between buyers and sellers. We expect deal activity to pick up in the second half of 2020 as the pricing mismatch evens out and there is a shift in market participants' expectations. Pre-crisis, we had seen GP-led transactions - where the GPs themselves are actively involved in finding liquidity for investors in their older funds - continuing to grow as a portion of the secondary market, and we expect these to comprise the bulk of the transactions coming to market in the first instance, with more traditional investor driven secondary sales occurring towards the end of the year. Depending on the degree of volatility experienced by investors in the listed markets, the so-called "denominator effect", which could impact on the ability of investors to commit to new funds, may also play a role in producing some interesting secondary opportunities as those investors seek to exit existing investments and rebalance their portfolio allocations. At Pantheon, we have manager relationships that span decades and, through our platform, we are able to identify deals that offer embedded value. Maintaining discipline and selectivity is paramount in this environment and we will continue to use our in-house expertise to choose our investments carefully.

[1] Source: Greenhill Global Secondary Market Trends & Outlook, January 2020

Co-investments
Co-investments, which have become an increasingly large part of PIP's portfolio, continue to be attractive as they are typically free from fees and carried interest, which means that the Investor retains all of the profit from realisations. In the near term, we expect to see follow-on capital opportunities to support underlying portfolio companies and those looking to take advantage of the crisis by expanding and acquiring weaker competitors. It is possible that some co-investors in the market may be less active due to portfolio issues or again as a result of the denominator effect. Pantheon remains an attractive co-investor for several reasons - we do not compete against our managers, we are experienced and reliable, and we have the scale and ability to deploy capital quickly and efficiently. In addition, we can also co-underwrite transactions alongside our managers.

What our experience of the Global Financial Crisis ("GFC") might tell us

While it is tempting to make direct comparisons with what happened in the GFC, the characteristics of the COVID-19 crisis are not exactly the same. Nevertheless, there are some interesting observations that can be made about how private equity performed in previous market cycles. For example, according to market data[2], during the recent bull market years, defined as 2010-2019, the MSCI AC World Index delivered an annualised return of 8.8% p.a. versus 10.4% p.a. on average in private equity. In the most recent bear market, during the GFC in 2007-2009, private equity on average delivered positive annual growth and outperformed the MSCI AC World Index (which posted a -4.4% annualised decline) by more than 14%. We believe that one of the main reasons for this is the active ownership model employed by private equity managers.

[2] Source: Bloomberg, ThomsonOne PE Index as at Q4 2019

Looking ahead

At this stage, we do not know if or when there may be a second wave of the virus across the regions in which we invest, but we continue to be confident that our managers are working hard to preserve value and ensure the best possible outcomes for their portfolio companies as well as for the investors, such as PIP, in their funds. While we are cautious on the near-term outlook, it should be remembered that private equity is long term and flexible in nature. We are alert to the dislocations that can occur in market disruptions, often resulting in attractive pricing and deal flow. PIP's direct investment approach into underlying managers' funds, and alongside them int businesses, means that it can respond quickly and take advantage of compelling opportunities arising in the future.

For more information on the three ways we invest, see the full Annual Report.

Finding opportunities in a fast-growing part of the secondaries market

Over recent reporting periods, PIP has committed to a number of single company secondaries which are individual companies that GPs have carved out from older funds as they do not yet wish to sell them. A long-established, experienced secondary market player such as Pantheon is an attractive investor for these kinds of deals as we can work with managers to shape the deal itself. We believe that the COVID-19 crisis will not have an impact on the long-term appeal of high-quality deals of this type, and we could see a proportionate increase in transactions for single companies, particularly for those relatively unaffected by the crisis. It is important that these deals work for all stakeholders and there must be a clear rationale for why a portfolio company with clear value potential no longer fits the existing fund structure. As with all of the deals that we source for PIP, we will continue to apply a rigorous due diligence process to evaluate and assess their attractiveness for PIP's portfolio.

Performance

Overall, PIP's underlying portfolio continues to deliver robust returns. Despite the initial impact of COVID-19 and the effect of energy price declines on underlying companies in the energy sector, the cash-generative profile of the portfolio, and the portfolio's tilt towards more resilient sectors has helped underpin performance during the year.

Private equity portfolio movements

- Excluding returns attributable to the ALN share of the portfolio, PIP's portfolio generated returns of 3.9% during the year.
- PIP's total portfolio generated investment returns, prior to foreign exchange effects, of 3.6%.

Valuation movements by stage[1]

- PIP experienced strong performance across the key segments within the portfolio.
- Buyout and growth segments performed well, helped by strong exits and valuation gains.
- Venture also performed well.
- The special situations segment, which accounts for 8% of PIP's portfolio by value, underperformed, mainly due to valuation declines in the energy sector.

	Return (%)	Closing portfolio NAV (%)
Small/Mid-Buyout	9.6	41
Venture	8.1	5
Large/Mega-Buyout	6.0	26
Growth	5.6	20
Special situations	(28.1)	8

[1] Portfolio returns include income, exclude gains and losses from foreign exchange movements, and look through feeders and funds-of-funds to the underlying funds. Portfolio returns exclude returns generated by the portion of the reference portfolio attributable to the Asset Linked Note and are calculated by dividing valuation gains by opening portfolio values.

Valuation gains by region

- Strong performance in European investments during the year, driven by favourable exits and sector-specific valuation increases.
- Performance in the USA was impacted by valuation declines in the energy sector.
- The USA performance excluding the energy sector was +2.8%.

	Return (%)	Closing portfolio NAV (%)
Europe	15.4	31
Global	9.0	7
Asia and EM	3.1	12
USA	(2.9)	50

Valuation gains by type

- Strong co-investment performance underpinned by a number of exits at significant uplifts to carrying value.
- Secondary investment performance offset by declining valuation levels for companies in the energy sector. The secondary investment performance excluding energy assets was +4.7%.

	Return (%)	Closing portfolio NAV (%)
Co-investment	8.1	35
Primary	2.3	29
Secondary	0.4	36

Sector Themes

Pantheon assesses deals across a range of sectors and over the past year has seen particularly interesting investment opportunities in information technology and healthcare, as well as attractive deal dynamics in certain consumer and financial sector transactions. PIP is focuses on investing in companies with exposure to sub-sectors where durable long-term demographic or secular trends underpin demand growth. For example, accelerated digitalisation of processes in many end markets is providing a significant tailwind to the technology sector. The move to remote working, necessitated by the COVID-19 crisis, has only emphasised and hastened certain trends. Investing in, or alongside, managers who have the expertise to identify and capitalise on shifting developments gives PIP access to the most promising segments within these sectors.

Company Sectors[1]

Information technology	**25%**
Healthcare	**21%**
Consumer	**16%**
Financials	**12%**
Industrials	**10%**
Communication services	**7%**
Energy	**5%**
Other	**4%**

[1] The company sector chart is based upon underlying company valuations as at 31 March 2020 and accounts for over 100% of PIP's overall portfolio value.

DISTRIBUTIONS

PIP received more than 800[1] distributions in the year, with many reflecting realisations at significant uplifts to carrying value. PIP's mature portfolio should continue to generate significant distributions.

[1] This figure looks through feeders and funds-of-funds.

Distribution by Region and Stage

PIP received £228m in proceeds from PIP's portfolio in the year to 31 May 2020 equivalent to 17%[2] of opening private equity assets. The USA accounted for the majority of PIP's distributions, where market conditions supported a good level of exits, particularly from buyouts.

[2] Including distributions attributable to the Asset Linked Note, the distribution rate for the year was 18%.

Distributions by region

USA	**53%**
Europe	**29%**
Global	**12%**
Asia and EM	**6%**

Distribution by stage

Small/mid buyout	**45%**
Large/mega buyout	**22%**
Growth	**20%**
Venture	**8%**
Special situations	**5%**

Quarterly Distribution Rates

- Strong quarterly distribution rates reflect the maturity of PIP's portfolio.
- Distribution rate equals distributions in the period (annualised) divided by opening portfolio value.
- Distribution rate in quarter to May 2020 impacted by onset of COVID-19 and broader market decline in deals.

Distribution Rates by Vintage

With a weighted average fund maturity of 5.1 years[3], PIP's portfolio should continue to generate significant levels of cash.

[3] Calculation for weighted average age excludes the portion of the reference portfolio attributable to the Asset Linked Note. Fund age refers to the year in which a fund makes its first call or, in the case of a co-investment, the year in which the co-investment was made.

Cost multiples on exit realisations for the year to 31 May 2020[1]

The average cost multiple of the sample was 2.5 times, highlighting value creation over the course of an investment.

Uplifts on exit realisations for the year to 31 May 2020[1]

The value-weighted average uplift in the year was 28%, consistent with our view that realisations can be significantly incremental to returns.

The method used to calculate the average uplift is to compare the value at exit with the value 12 months prior to exit.

[1] See the Alternative Performance Measures section within the full Annual Report for sample calculations and disclosures.

Exit Realisations by Sector and Type

The portfolio benefitted from good realisation activity, particularly in the information technology and healthcare sectors. Trade sales and secondary buyouts represented the most significant source of exit activity during the year. The data in the sample provide coverage for 100% (for exit realisations by sector) and 71% (for exit realisations by type) of proceeds from exit realisations received during the period.

Exit realisation by sector

Information technology	**23%**
Healthcare	**23%**
Consumer	**18%**
Industrials	**10%**
Communication services	**10%**
Financials	**7%**
Others	**3%**

Materials	**3%**
Utilities	**3%**

Exit realisation by type

Trade sale	**51%**
Secondary buyout	**40%**
Public market sale	**5%**
Refinancing and recapitalisation	**4%**

Calls

Calls during the year were used to finance investments in businesses such as software providers, medical laboratories and payment processing companies. In addition, our managers sought to make attractively priced add-on acquisitions for existing platform companies.

Calls by Region and Stage

PIP paid £118m to finance calls on undrawn commitments during the year.

- The calls were predominantly made by managers in the buyout and growth segments.

Calls by region

USA	**51%**
Europe	**31%**
Global	**12%**
Asia & EM	**6%**

Calls by stage

Small/mid buyout	**33%**
Large/mega buyout	**32%**
Growth	**23%**
Special Situations	**11%**
Venture	**1%**

Calls by Sector

A large proportion of calls were for investments made in the information technology, healthcare and financials sectors.

Calls by sector

Information Technology	**39%**
Healthcare	**16%**
Financials	**14%**
Energy	**10%**
Consumer	**10%**
Industrials	**7%**
Communication Services	**2%**
Materials	**1%**
Other	**1%**

Quarterly Call Rate[1]

The annualised call rate for the year to 31 May 2020 was equivalent to 23% of opening undrawn commitments.

[1] *Call rate equals calls in the period (annualised) divided by opening undrawn commitments. All call figures exclude the acquisition cost of new secondary and co-investment transactions.*

New Commitments

Through PIP's access to an active pipeline of high-quality deal flow, it committed £245m to 44 new investments during the year. Of the total commitments made, £109m was drawn at the time of purchase.

New Commitments by Region

The majority of commitments made in the year were to European and US private equity opportunities.

Europe	**51%**
USA	**36%**
Asia and EM	**9%**
Global	**4%**

New Commitments by Stage

The majority of new commitments made in the year were in the buyout and growth segments, with a particular emphasis on small and medium buyouts.

Small/mid buyout	**45%**
Growth	**29%**
Large/mega buyout	**18%**
Venture	**6%**
Special Situations	**2%**

New Commitments by Investment Type

New commitments during the year reflected the attractiveness of opportunities across the spectrum of PIP's investment activity.

Primary	**39%**
Co-investment	**31%**
Secondary	**30%**

New Commitments by Vintage

Primary and co-investment commitments comprised nearly 70% of activity during the year, resulting in the predominance of current vintage investments.

2020	**36%**
2019	**53%**
2018	**1%**
2017	**0%**
2016	**1%**
2015	**0%**

2014	**1%**
2013	**2%**
2012	**0%**
2011	**3%**
2010 and earlier	**3%**

Secondary commitments[1]
£74m committed to 15 secondary transactions during the year.

Secondary investments allow the Company to access funds at a stage when the assets are generating cash distributions.

The private equity secondary market has grown significantly over the last 10 years, both in scale and complexity. Despite strong competition, PIP continues to originate compelling opportunities derived from Pantheon's global platform and its expertise in executing complex secondary transactions over which it may have proprietary access. Over the last 12 months, in addition to traditional secondary transactions, PIP has participated in deals that involve single-asset investments with significant upside potential.

1. Funds acquired in secondary transactions are not named due to non-disclosure agreements.

2020 Examples of Secondary Commitments made during the year:

REGION	STAGE	DESCRIPTION	COMMITMENTS £M	FUNDED %[2]
Europe	Large/Mega	Secondary acquisition of two assets	**11.1**	**81%**
Asia and Emerging Markets	Multiple	Secondary acquisition of Australian buyout fund portfolio	**10.9**	**92%**
Europe	Small/Mid	Secondary acquisition of a pharmaceutical company	**7.5**	**87%**
Europe	Small/Mid	Secondary acquisition of a portfolio of three assets	**7.2**	**69%**
Global	Growth	Secondary acquisition of a 12-asset diversified portfolio	**7.1**	**56%**

2 Funding level does not include deferred payments.

Primary Commitments
£96m committed to 13 primaries during the year.

Investing in primary funds allows PIP to gain exposure to top tier, well recognised managers as well as to smaller niche funds that might not typically be traded on the secondary market.

Our focus remains on investing with high quality managers who have the proven ability to drive value at the underlying company level, and generate strong returns across market cycles. In addition, we target funds with market leading specialisms in high growth sectors such as healthcare and information technology.

2020 Examples of Primary Commitments made during the year

INVESTMENT	STAGE	DESCRIPTION	COMMITMENTS £M
Venture Fund[3]	Venture	US growth equity fund focussed on the technology sector	**18.9**
IK Investments IX	Small/Mid	European mid-market buyout fund	**18.5**
Hg Genesis 9	Small/mid	European mid-market buyout fund focussed on the technology sector	**17.5**
LYFE Capital Fund III	Growth	Asian growth equity fund focussed on the healthcare sector	**11.1**
Index Ventures Growth V	Growth	European growth equity fund	**10.7**

3 The GP does not permit us to disclose this information.

Co-investments
£75m committed to 16 co-investments during the year.

PIP's co-investment programme benefits from Pantheon's extensive primary investment platform which has enabled PIP to participate in proprietary mid-market deals that would otherwise be difficult to access. PIP invests alongside managers who have the sector expertise to source and acquire attractively priced assets and build value through operational enhancements, organic growth and buy-and-build strategies. The healthcare, information technology and financials sectors offered compelling investment opportunities in the period.

New co-investments by Sector	
Information Technology	**50%**
Financials	**18%**
Consumer	**14%**
Industrials	**7%**
Healthcare	**6%**
Telecommunication Services	**5%**

New co-investments by Region	
USA	**47%**
Europe	**47%**
Global	**6%**

Financing our Undrawn Commitments

Prudent balance sheet management supports PIP's long-term investment strategy and underpins its ability to withstand the uncertainty ahead

We manage PIP to ensure that it has enough liquidity to finance its undrawn commitments, which represent capital committed to funds but yet to be drawn by the private equity managers, as well as to take advantage of new investment opportunities. We monitor and closely control the Company's level of undrawn commitments and its ability to finance future calls, the term used to describe the process through which our private equity managers draw down on committed capital. A critical part of this exercise is ensuring that the undrawn commitments do not become excessive relative to PIP's private equity portfolio and available financing. We achieve this by managing PIP's investment pacing as well as constructing its portfolio so that it has the right balance of exposure to primaries, secondaries and co-investments.

Managing our financing cover[1]

PIP's undrawn commitments were £541m as at 31 May 2020 (31 May 2019: £521m).

At 31 May 2020, PIP had net available cash balances of £121m. In addition to these cash balances, PIP also has access to a wholly undrawn £300m multi-currency revolving credit facility agreement ("loan facility"). The loan facility, which is due to expire in June 2022, comprises facilities of US$270m and €102m to match the currencies of the undrawn commitments. Using exchange rates at 31 May 2020, this amounted to a sterling equivalent of £310m.

Therefore, at 31 May 2020, the Company had £431m of available financing which, along with the value of the private equity portfolio, provides comfortable cover of 3.6 times relative to its undrawn commitments.

Another important measure is the undrawn coverage ratio, which is the ratio of available financing and 10% of private equity assets to undrawn commitments. The undrawn coverage ratio is a key indicator of the Company's ability to meet outstanding commitments, even in the event of a market downturn, and was 107% at the year end.

[1] Includes undrawn commitments attributable to the reference portfolio underlying the ALN.

Controlling the composition of our undrawn commitments

Even before the onset of the COVID-19 crisis, we have had a longstanding practice of stress testing PIP's investment portfolio and modelling various scenarios, some of which included an assumption that a higher level of capital than has historically been drawn might be called within the next year regardless of vintage, to ensure that the Company was prepared for a potential downturn. Pantheon's experience of investing in private equity across almost four decades informs the Company's approach to managing its undrawn commitments. As a result of our analysis, we are confident that PIP will be able to finance its future calls, even if distributions were to decline in the near term and remain subdued at historically low levels for a sustained period lasting several months.

Undrawn Commitments by Vintage
The rise in more recent vintages is a result of PIP's primary commitment activity.

Approximately 23% of PIP's undrawn commitments are in funds with vintage years which are 2013 or older. Generally, when a fund is past its investment period, which is typically between five and six years, it cannot make any new investments and only draws capital to fund follow-on investments into existing portfolio companies, or to pay expenses. As a result, the rate of capital calls by these funds tends to slow dramatically.

2020	13%
2019	27%
2018	18%
2017	8%
2016	6%
2015	5%
2014	1%
2013	2%
2010 - 2012	3%
2009	1%
2008	4%
2007	6%
2006 and earlier	6%

Undrawn Commitments by Region
The largest share of undrawn commitments is from investments in the USA and Europe, which highlights the Company's investment focus on more developed private equity markets. PIP's undrawn loan facility is denominated in US dollars and euros to match the predominant currencies of its undrawn commitments.

USA	**46%**
Europe	**36%**
Global	**10%**
Asia and EM	**8%**

Undrawn commitments by Stage
PIP's undrawn commitments are diversified by stage with an emphasis on small and mid-market buyout managers, many of whom have experience of successfully investing across multiple economic cycles.

Small/mid buyout	40%
Large/mega buyout	26%
Growth	20%
Special situations	10%
Venture	4%

Asset Linked Note (ALN)

As part of the share consolidation effected on 31 October 2017, PIP issued an ALN with an initial principal amount of £200m to a single holder (the "Investor"). Repayments under the ALN are made quarterly in arrears and are linked to the ALN share (approximately 75%) of the net cash flow from a reference portfolio which is comprised of interests held by PIP in over 300 of its oldest private equity funds, substantially 2006 and earlier vintages. PIP retains the net cash flow relating to the remaining c.25% of the reference portfolio.

The ALN is unlisted and subordinated to PIP's existing loan facility (and any refinancing), and is not transferable, other than to an affiliate of the Investor. The ALN is expected to mature on 31 August 2027, at which point the Company will make the final repayment under the ALN.

As at 31 May 2020, the ALN was valued at £65m. For more information on the ALN, refer to the full Annual Report.

OTHER INFORMATION
The Largest 50 Managers by Value

RANK	MANAGER	REGION[2]	STAGE	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE[1]
1	Providence Equity Partners	USA	Buyout, Growth	5.9%
2	Essex Woodlands	USA	Growth	4.9%
3	Growth fund[3]	USA	Growth	4.7%
4	Apax Partners SA	Europe	Buyout	2.7%
5	Baring Private Equity Asia Ltd	Asia & EM	Growth	2.7%
6	IK Investment Partners Europe	Europe	Buyout	2.6%
7	Energy & Minerals Group	USA	Special situations	2.4%
8	NMS Management	USA	Buyout	2.3%
9	Warburg Pincus Capital	Global	Growth	2.1%
10	Venture fund[3]	Europe	Venture	1.8%
11	Veritas Capital	USA	Buyout	1.7%
12	Mid-Europa Partners	Europe	Buyout	1.6%
13	ABRY Partners	USA	Buyout	1.6%
14	Ares Management	USA	Buyout	1.6%
15	TPG Capital	USA	Buyout	1.5%
16	LYFE Capital	Asia and EM	Growth	1.4%
17	Parthenon Capital	USA	Buyout	1.4%
18	Hellman & Friedman	USA	Buyout	1.3%
19	H.I.G. Capital	USA	Buyout	1.3%
20	Hg	Europe	Buyout	1.2%
21	Advent International	Global	Buyout	1.2%
22	Quantum Energy Partners	USA	Special situations	1.1%
23	Gemini Israel Venture	Europe	Venture	1.1%
24	Searchlight Capital Partners	Global	Special situations	1.1%
25	Lee Equity Partners	USA	Growth	1.1%
26	BC Partners	Europe	Buyout	1.0%
27	Buyout fund[3]	USA	Buyout	1.0%
28	Francisco Partners	USA	Buyout	0.9%
29	Calera Capital	USA	Buyout	0.9%
30	IVF Advisors	Asia and EM	Buyout	0.9%
31	Equistone Partners Europe	Europe	Buyout	0.9%
32	J.C. Flowers & Co	USA	Buyout	0.9%
33	Oak HC/FT	USA	Growth	0.9%
34	Avenue Broadway Partners	Europe	Buyout	0.9%
35	Clessidra Capital Partners	Europe	Buyout	0.8%
36	PAI Partners	Europe	Buyout	0.8%
37	Shamrock Capital Advisors	USA	Buyout	0.8%
38	ECI Partners	Europe	Buyout	0.8%
39	Yorktown Partners	USA	Special situations	0.8%
40	Growth fund[3]	USA	Growth	0.8%
41	The Vistria Group	USA	Buyout	0.8%
42	ABS Capital	USA	Growth	0.7%
43	Altor Capital Europe	Europe	Buyout	0.7%
44	AION Capital Partners	Asia and EM	Buyout	0.7%
45	Chequers Partenaires	Europe	Buyout	0.7%
46	Horizon Capital	Europe	Buyout	0.7%
47	Apollo Advisors	USA	Buyout	0.7%
48	Abris Capita	Europe	Buyout	0.6%
49	Marguerite	Europe	Special situations	0.6%
50	TPG Asia	Asia and EM	Buyout	0.6%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE[1]				**72.2%**

[1] Percentages look through feeders and fund-of-funds and excludes the portion of the reference portfolio attributable to the Asset Linked Note.
[2] Refers to the regional exposure of funds.
[3] The GP does not permit the Company to disclose this information.

The Largest 50 Companies by Value[1]

	COMPANY	COUNTRY	SECTOR	% of PIP'S NAV
1	EUSA Pharma[2]	United Kingdom	Healthcare	3.9%
2	Education Services Company[4]	Luxembourg	Consumer	1.1%
3	Dermatology Company[2]	USA	Healthcare	1.1%
4	Ophthalmology Company[4]	USA	Healthcare	1.0%
5	Insurance Company[4]	USA	Financials	1.0%

6	Abacus Data Systems[2]	USA	Information Technology	1.0%
7	Energy company[2,4]	USA	Energy	0.9%
8	Vistra[2]	Hong Kong	Financials	0.7%
9	Apollo Education Group[2]	USA	Consumer	0.7%
10	Signature Foods[2]	Belgium	Consumer	0.7%
11	ALM Media[2]	USA	Communication Services	0.7%
12	Visma[2]	Norway	Information Technology	0.7%
13	Tanium[2]	USA	Information Technology	0.7%
14	Nexi[2,3]	Italy	Information Technology	0.7%
15	Colisée[2]	France	Healthcare	0.7%
16	Centric[2]	USA	Consumer	0.6%
17	Atria Convergence Technologies[2]	India	Communication Services	0.6%
18	Clix Capital[2]	India	Financials	0.6%
19	Communications Company[2,4]	France	Communication Services	0.6%
20	Diagnostyka Labs	Poland	Healthcare	0.6%
21	Froneri	United Kingdom	Consumer	0.6%
22	Jfrog	Israel	Information Technology	0.6%
23	Chewy[3]	USA	Consumer	0.6%
24	ZeniMax Media	USA	Communication Services	0.6%
25	Mobilitie[2]	USA	Industrials	0.5%
26	Profi Rom[2]	Romania	Consumer	0.5%
27	Kyobo Life Insurance	South Korea	Financials	0.5%
28	KD Pharma Group	Germany	Healthcare	0.5%
29	Vertical Bridge[2]	USA	Communication Services	0.5%
30	Alion Science and Technology[2]	USA	Industrials	0.5%
31	ENTORIA[2]	France	Financials	0.4%
32	Action	Netherlands	Consumer	0.4%
33	Athenahealth	USA	Healthcare	0.4%
34	Nord Anglia[2]	Hong Kong	Consumer	0.4%
35	Millennium Trust[2]	USA	Financials	0.4%
36	Engencap[2]	Mexico	Financials	0.4%
37	Navitas[2]	USA	Energy	0.4%
38	WalkMe	USA	Information Technology	0.4%
39	Check24	Germany	Communication Services	0.4%
40	Correct Care Solutions[2]	USA	Healthcare	0.4%
41	Southern Dental[2]	USA	Healthcare	0.4%
42	Recorded Future[2]	USA	Information Technology	0.4%
43	Cotiviti	USA	Healthcare	0.4%
44	Confie Seguros[2]	USA	Financials	0.4%
45	CPG International	USA	Industrials	0.4%
46	Arnott Industries[2]	USA	Consumer	0.4%
47	Star Health Insurance[2]	India	Financials	0.4%
48	LogicMonitor[2]	USA	Information Technology	0.4%
49	Winhealth Pharma Group[2]	China	Healthcare	0.4%
50	OWP Butendiek	Germany	Utilities	0.3%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE				**31.9%**

1The largest 50 companies table is based upon underlying company valuations at 31 March 2020 adjusted for known call and distributions to 31 May 2020, and includes the portion of the reference portfolio attributable to the Asset Linked Note.

2 Co-investments/directs.

3 Listed companies.

4 The GP does not permit the Company to disclose this information.

Portfolio Concentration as at 31 May 2020

Approximately 70 managers and 550 companies account for 80% of PIP's total exposure[1].

1 Exposure Is equivalent to the sum of the NAV and undrawn commitments.

THE DIRECTORS

The Directors in office at the date of this report are:

Sir Laurie Magnus* (Chairman)
Susannah Nicklin* (Senior Independent Director)
David Melvin* (Audit Committee Chairman)
Ian Barby*
John Burgess*
John Singer*
Mary Ann Sieghart*
Dame Sue Owen DCB*

** Independent of the Manager*

EXTRACTS FROM THE DIRECTORS' REPORT

Share capital

The rights attaching to the Company's shares are set out in the Company's Articles of Association. Further details can be found in Note 14 of the financial statements.

Authorities given to the Directors at the AGM on 30 October 2019 to allot shares, disapply statutory pre-emption rights and buy back shares will expire at the forthcoming AGM. No shares were issued or bought back during the year.
As at 31 May 2020 and as at the date of this Report, the Company had shares in issue as shown in the table below, all of which were listed on the official list maintained by the Financial Conduct Authority ("FCA") and admitted to trading on the London Stock Exchange. No shares were held in treasury at the year end.

Share Capital and Voting Rights at 31 May 2020	**Number of Shares in issue**	**Voting rights attached to each share**	**Number of shares held in treasury**
Ordinary shares at £0.67 each	54,089,447	1	-
Total voting rights	**54,089,447**	-	-

Going Concern
The Company's business activities, together with the factors likely to affect its future development, performance and position, including its financial position, are set out in the Strategic Report and Manager's Review.

The Directors have made an assessment of going concern, taking into account both the Company's financial position at the Balance Sheet date and the expected performance of the Company, which considers the impact of the COVID-19 pandemic, using the information available up to the date of issue of the financial statements. The Directors have also considered the Company's position with reference to its investment trust structure, its business model, its business objectives, the principal risks and uncertainties as detailed above and its present and projected financial position. As part of the overall assessment, the Directors have taken into account the Manager's culture, which emphasises collaboration and accountability, the Manager's conservative approach to balance sheet management, and its emphasis on investing with underlying private equity managers that are focused on generating outperformance.

At each Board meeting, the Directors review the Company's latest management accounts and other financial information. Its commitments to private equity investments are reviewed, together with its financial resources, including cash held and the Company's borrowing capability. One-year cash flow scenarios are also presented at each meeting and discussed.

PIP's Balance Sheet is managed to ensure that the Company can finance its undrawn commitments, which are themselves carefully controlled relative to its assets and available liquidity. This disciplined approach enables the Company to withstand periods of volatility such as those experienced as a result of the COVID-19 pandemic.

The Directors have considered downside liquidity modelling scenarios with varying degrees of decline in investment valuations, decreased investment distributions, and increased call rates, with the worst being an extreme downside scenario representing an impact to the portfolio that is worse than that experienced during the global financial crisis. This also, included a combined reverse stressed scenario that analyses the factors that would have to simultaneously occur for the Company to be forced into a wind-down scenario, the effectiveness of any mitigating actions and the Company's risk appetite.

In the event of a downside scenario, PIP can take steps to limit or mitigate the impact on the Balance Sheet, namely drawing on the credit facility and pausing on new commitments. In addition, subject to the prevailing market environment, it could raise additional credit or capital, and sell assets to increase liquidity and reduce outstanding commitments.

After due consideration of the Balance Sheet, activities of the Company, its assets, liabilities, commitments and financial resources, the Directors have concluded that the Company has adequate resources to continue in operation for at least 12 months from the approval of the financial statements as at 31 May 2020. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Directors' Responsibility Statement
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Present a true and fair view of the financial position, financial performance and cash flows of the Company;
- Select suitable accounting policies in accordance with United Kingdom GAAP and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules. The Directors have delegated responsibility to the Investment Manager for the maintenance and integrity of the Company's corporate and financial information included on the Company's website (www.piplc.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed above, confirms that to the best of their knowledge:

- The financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The Strategic Report contained in the annual report and financial statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and

uncertainties that it faces.

The UK Corporate Governance Code requires Directors to ensure that the Annual Report and financial statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advises on whether it considers that the Annual Report and financial statements fulfil these requirements. The process by which the Audit Committee has reached these conclusions is set out in the full Annual Report. As a result, the Board has concluded that the annual report and financial statements for the year ended 31 May 2019, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by
Sir Laurie Magnus
Chairman
5 August 2020

NON-STATUTORY ACCOUNTS
The financial information set out below does not constitute the Company's statutory accounts for the year ended 31 May 2020 and period ended 31 May 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the Registrar of Companies, and those for 2020 will be delivered in due course. The Auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The text of the Auditors' report can be found in the Company's full Annual Report and financial statements at www.piplc.com.

Income Statement
Year ended 31 May 2020

		Year ended 31 May 2020			Year ended 31 May 2019		
	Note	**Revenue £'000**	**Capital £'000**	**Total* £'000**	Revenue £'000	Capital £'000	Total* £'000
Gains on investments at fair value through profit or loss	9b	**-**	**72,264**	**72,264**	-	204,473	204,473
(Losses)/gains on financial liabilities at fair value through profit or loss - ALN		**(502)**	**277**	**(225)**	(1,229)	(8,815)	(10,044)
Currency gains on cash and borrowings	16	**-**	**1,403**	**1,403**	-	6,810	6,810
Investment income	2	**11,198**	**-**	**11,198**	13,222	-	13,222
Investment management fees	3	**(17,674)**	**-**	**(17,674)**	(16,584)	-	(16,584)
Other expenses	4	**(730)**	**(1,719)**	**(2,449)**	(5)	(568)	(573)
Return before financing and taxation		**(7,708)**	**72,225**	**64,517**	(4,596)	201,900	197,304
Interest payable and similar expenses	6	**(2,223)**	**-**	**(2,223)**	(2,386)	-	(2,386)
Return before taxation		**(9,931)**	**72,225**	**62,294**	(6,982)	201,900	194,918
Taxation	7	**(1,616)**	**-**	**(1,616)**	(2,594)	-	(2,594)
Return for the year, being total comprehensive income for the year		**(11,547)**	**72,225**	**60,678**	(9,576)	201,900	192,324
Return per ordinary share	8	**(21.35)p**	**133.53p**	**112.18p**	(17.70)p	373.17p	355.47p

* The Company does not have any income or expense that is not included in the return for the period, therefore the return for the year is also the total comprehensive income for the year. The supplementary revenue and capital columns are prepared under guidance published in the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC").

All revenue and capital items in the above statement relate to continuing operations.

The total column of the statement represents the Company's Statement of Total Comprehensive Income prepared in accordance with Financial Reporting Standards ("FRS").

No operations were acquired or discontinued during the period.

There were no recognised gains or losses other than those passing through the Income Statement. The Notes form part of these financial statements.

Statement of Changes in Equity
Year ended 31 May 2020

	Share capital £'000	**Share premium £'000**	**Capital redemption reserve £'000**	**Other capital reserve £'000**	**Capital reserve on investments held £'000**	**Revenue reserve* £'000**	**Total £'000**
Movement for the year ended 31 May 2020							
Opening equity shareholders' funds	**36,240**	**269,535**	**3,325**	**735,104**	**538,653**	**(84,269)**	**1,498,588**
Return for the year	**-**	**-**	**-**	**107,571**	**(35,346)**	**(11,547)**	**60,678**
Closing equity shareholders' funds	**36,240**	**269,535**	**3,325**	**842,675**	**503,307**	**(95,816)**	**1,559,266**

Movement for the year ended 31 May 2019							
Opening equity shareholders' funds	36,257	269,535	3,308	572,278	500,079	(74,693)	1,306,764
Return for the year	-	-	-	163,326	38,574	(9,576)	192,324
Ordinary shares bought back for cancellation	(17)	-	17	(500)	-	-	(500)
Closing equity shareholders' funds	36,240	269,535	3,325	735,104	538,653	(84,269)	1,498,588

The Notes form part of these financial statements.

Balance Sheet
As at 31 May 2020

	Note	**31 May 2020 £'000**	30 May 2019 £'000
Fixed assets			
Investments at fair value	9a/b	**1,495,689**	1,449,634
Current assets			
Debtors	11	**1,259**	3,222
Cash at bank		**130,091**	142,773
		131,350	145,995
Creditors: Amounts falling due within one year			
Other creditors	12	**10,030**	4,682
		10,030	4,682
Net current assets		**121,320**	141,313
Total assets less current liabilities		**1,617,009**	1,590,947
Creditors: Amounts falling due after one year			
Asset Linked Loan	13	**57,743**	92,359
		57,743	92,359
Net assets		**1,559,266**	1,498,588
Capital and reserves			
Called-up share capital	14	**36,240**	36,240
Share premium	15	**269,535**	269,535
Capital redemption reserve	15	**3,325**	3,325
Other capital reserve	15	**842,675**	735,104
Capital reserve on investments held	15	**503,307**	538,653
Revenue reserve	15	**(95,816)**	(84,269)
Total equity shareholders' funds		**1,559,266**	1,498,588
Net asset value per share - ordinary	16	**2,882.75p**	2,770.57p

The Notes form part of these financial statements.

The financial statements were approved by the Board of Pantheon International Plc on 5 August 2020 and were authorised for issue by

Sir Laurie Magnus
Chairman
Company No. 2147984

Cash Flow Statement
Year ended 31 May 2020

	Note	**Year ended 31 May 2020 £'000**	Year ended 31 May 2019 £'000
Cash flow from operating activities			
Investment income received		**10,356**	12,818
Deposit and other interest received		**952**	1,359
Investment management fees paid		**(17,623)**	(16,401)
Secretarial fees paid		**(219)**	(231)
Depositary fees paid		**(219)**	(191)
Legal and professional fees paid		**(1,913)**	(722)
Other cash payments*		**(1,517)**	1,127
Withholding tax deducted		**(1,776)**	(3,407)
Net cash outflow from operating activities	17	**(11,959)**	(5,648)
Cash flows from investing activities			
Purchases of investments		**(239,251)**	(285,326)
Disposals of investments		**267,126**	313,330
Net cash inflow from investing activities		**27,875**	28,004
Cash flows from financing activities			
ALN repayments		**(28,023)**	(44,909)
Ordinary shares purchased for cancellation		**-**	(500)
Loan commitment and arrangement fees paid		**(1,816)**	(3,286)
Net cash outflow from financing activities		**(29,839)**	(48,695)
Decrease in cash in the year		**(13,923)**	(26,339)

Cash and cash equivalents at beginning of the year	**142,773**	162,292
Foreign exchange gains	**1,241**	6,820
Cash and cash equivalents at end of the period	**130,091**	142,773

*Includes interest paid during the year of £31,000 (2019: £25,000).

The Notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies
PIP is a listed public limited company incorporated in England and Wales. The registered office is detailed in the full Annual Report. A summary of the principal accounting policies and measurement bases, all of which have been applied consistently throughout the year, is set out below.

A. Basis of Preparation
The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 May 2020. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when indicated otherwise.

B. Going Concern
The financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value.

COVID-19 presents the biggest risk to the global economy and to individual companies since the 2008 global financial crisis and unprecedented nature of the COVID-19 outbreak has resulted in uncertain financial markets and disruption of global commerce.

The Directors have made an assessment of going concern, taking into account the Company's current performance, financial position and the outlook, which considered the impact of the COVID-19 pandemic, using information available to the date of issue of these financial statements. As part of this assessment the Directors considered:

- Various downside liquidity modelling scenarios with varying degrees of decline in investment valuations, investment distributions, and increased call rates, with the worst being a low case downside scenario representing an impact to the portfolio that is worse than experienced during the global financial crisis. The Company manages and monitors liquidity regularly ensuring it is adequate and sufficient and is underpinned by its monitoring of investments, distributions, capital calls and outstanding commitments. Total available financing as at 31 May 2020 stood at £431m (31 May 2019: £323m), comprising £121m (31 May 2019: £141m) in available cash balances and £310m (31 May 2019: £182m) (sterling equivalent) in undrawn bank facilities.

- PIP's 31 May 2020 valuation is primarily based on reported GP valuations with a reference date of 31 March 2020, updated for capital movements and foreign exchange. As the impacts of COVID-19 are still not fully apparent and there has been significant volatility in asset prices and foreign exchange rates, the Directors have considered the impact that declining valuations could have on the Company's going concern assessment.

- Unfunded commitments - PIP's unfunded commitments at 31 May 2020 were £541m (31 May 2019: £521m). The Directors have considered the maximum level of unfunded commitments which could theoretically be drawn in a 12-month period, the ageing of commitments and available financing available to fund these commitments.

In these scenarios PIP can take steps to limit or mitigate the impact on the Balance Sheet, namely drawing on the credit facility, pausing on new commitments, selling assets to increase liquidity and reducing outstanding commitments if necessary. In addition, subject to market conditions, the Company could also seek to raise additional credit or capital.

Having performed the assessment on going concern, the Directors considered it appropriate to prepare the financial statements of the Company on a going concern basis. The Company has sufficient financial resources and liquidity and is well placed to manage business risks in the current economic environment and can continue operations for a period of at least 12 months from the date of issue of these financial statements.

C. AIC SORP
The financial statements have been prepared in accordance with the SORP for the financial statements of investment trust companies and venture capital trusts issued by the AIC, other than where restrictions are imposed on the Company which prohibit specific disclosures, as noted in the full Annual Report.

D. Segmental Reporting
The Directors are of the opinion that the Company is engaged in a single segment of business, being an investment business.

E. Valuation of Investments
Given the nature of the Company's assets which comprise predominantly unlisted fund investments, while the Company operates a robust and consistent valuation process, there is significant estimation uncertainty in the underlying fund valuations estimated at a point in time. Accordingly, while the Company considers circumstances where it might be appropriate to apply an override, for instance in response to a market crash, this will be exercised only where it is judged necessary to reflect fair value. Similarly, while relevant information relating to but received after the measurement date is considered, the Directors will only consider an adjustment to the financial statements if it were to have a significant impact and is indicative of conditions present at the measurement date. The Company has fully adopted sections 11 and 12 of FRS 102. All investments held by the Company are classified as "fair value through profit or loss". As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, investments are recognised at fair value on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business at the Balance Sheet date. For investments that are not actively traded in organised financial markets, fair value is determined using reliable valuation techniques as described below:

i Unquoted fixed asset investments are stated at the estimated fair value.
In the case of investments in private equity funds, this is based on the net asset value of those funds ascertained from periodic valuations provided by the managers of the funds and recorded up to the measurement date. Such valuations are necessarily dependent upon the reasonableness of the valuations by the fund managers of the underlying investments. In the absence of contrary information the values are assumed to be reliable. These valuations are reviewed periodically for reasonableness and recorded up to

the measurement date. If a class of assets were sold post period end, management would consider the effect, if any, on the investment portfolio.

The Company may acquire secondary interests at either a premium or a discount to the fund manager's valuation. Within the Company's portfolio, those fund holdings purchased at a premium are normally revalued to their stated net asset values at the next reporting date unless an adjustment against a specific investment is considered appropriate.

The fair value of each investment is derived at each reporting date. In the case of direct investments in unquoted companies, the initial valuation is based on the transaction price. Where better indications of fair value become available, such as through subsequent issues of capital or dealings between third parties, the valuation is adjusted to reflect the new evidence. This information may include the valuations provided by private equity managers who are also invested in the Company.

ii Quoted investments are valued at the bid price on the relevant stock exchange.
Private equity funds may contain a proportion of quoted shares from time to time, for example where the underlying company investments have been taken public but the holdings have not yet been sold. The quoted market holdings at the date of the latest fund accounts are reviewed and compared with the value of those holdings at the period end.

iii Deferred payment transactions
The Company may engage in deferred payment transactions. Where the Company engages in deferred payment transactions the Company initially measures the financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the present value and the undiscounted value is amortised over the life of the transaction and shown as a finance cost in the revenue column in the Income Statement.

F. Asset Linked Note
As part of the share consolidation effected on 31 October 2017, the Company issued an ALN with an initial principal amount of £200m to the Investor. Payments under the ALN are made quarterly in arrears and are linked to the ALN share (c.75%) of the net cash flows from a reference portfolio which is consists of interests held by the Company in over 300 of its oldest private equity funds, substantially 2006 and earlier vintages. The Company retains the net cash flows relating to the remaining c.25% of the reference portfolio.

The ALN is held at fair value through profit or loss and therefore movements in fair value are reflected in the Income Statement. Fair value is calculated as the sum of the ALN share of fair value of the reference portfolio plus the ALN share of undistributed net cash flow. The fair value movement is allocated between revenue and capital pro rata to the fair value gains and income generated movements in the reference portfolio.

A pro rata share of the Company's total ongoing charges is allocated to the ALN, reducing each quarterly payment ("the Expense Charge") and deducted from Other Expenses through the revenue account in the Income Statement.

The ALN's share of net cash flow is calculated after withholding taxation suffered. These amounts are deducted from Taxation through the revenue account in the Income Statement.

See Note 13 for further information.

G. Income
Dividends receivable on quoted equity shares are brought into account on the ex-dividend date.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. The fixed return on a debt security is recognised on a time apportionment basis.

Income distributions from funds are recognised when the right to distributions is established.

H. Taxation
Corporation tax payable is based on the taxable profit for the period. The charge for taxation takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not reversed by the Balance Sheet date.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the marginal method.

Dividends receivable are recognised at an amount that may include withholding tax (but excludes other taxes, such as attributable tax credits). Any withholding tax suffered is shown as part of the revenue account tax charge.

I. Expenses
All expenses are accounted for on an accruals basis. Expenses, including investment management fees, are charged through the revenue account except as follows:

- Expenses which are incidental to the acquisition or disposal of an investment are treated as capital costs and separately identified and disclosed in Note 4;

- Expenses of a capital nature are accounted for through the capital account; and

- Investment performance fees.

J. Foreign Currency
The functional and presentational currency of the Company is pounds sterling ("sterling") because this is the primary economic environment in which the Company operates. Also, the Company is registered in England & Wales. Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the revenue or capital column of the Income Statement depending on whether the gain or loss is of a capital or revenue nature. For non-monetary assets these are covered by fair value adjustments. For details of transactions included in the capital column of the Income Statement please see (K) and (L) below.

K. Other Capital Reserve
The following are accounted for in this reserve:

- Investment performance fees;
- Gains and losses on the realisation of investments;
- Realised exchange differences of a capital nature; and
- Expenses of a capital nature.

Capital distributions from investments are accounted for on a reducing cost basis; cash received is first applied to reducing the historical cost of an investment; any gain will be recognised as realised only when the cost has been reduced to nil.

L. Capital Reserve on Investments Held
The following are accounted for in this reserve:

- Increases and decreases in the value of investments held at the year end and the ALN.

M. Investment Performance Fee
The Manager is entitled to a performance fee from the Company in respect of each 12-calendar month period ending on 31 May in each year. The performance fee payable in respect of each such calculation period is 5% of the amount by which the net asset value at the end of such a period exceeds 110% of the applicable "high-water mark", i.e. the net asset value at the end of the previous calculation period in respect of which a performance fee was payable, compounded annually at 10% for each subsequent completed calculation period up to the start of the calculation period for which the fee is being calculated. For the calculation period ended 31 May 2020, the notional performance fee hurdle is a net asset value per share of 3,800.82p. The performance fee is calculated using the adjusted net asset value.

The performance fee is calculated so as to ignore the effect on performance of any performance fee payable in respect of the period for which the fee is being calculated or of any increase or decrease in the net assets of the Company resulting from any issue, redemption or purchase of any shares or other securities, the sale of any treasury shares or the issue or cancellation of any subscription or conversion rights for any shares or other securities and any other reduction in the Company's share capital or any distribution to shareholders.

N. Significant Judgements and Estimates
The preparation of financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the financial reporting date and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. Details of any estimates are provided in section (E) of this Note, in the Valuation of Investments policy and also within the Market Price Risk section in Note 19.

O. Derecognition/Recognition of assets and liabilities
Financial assets and financial liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with FRS 102.

2. Income

	31 May 2020 £'000	31 May 2019 £'000
Income from investments		
Investment income	**10,267**	11,905
	10,267	11,905
Other income		
Interest	**919**	1,320
Exchange difference on income	**12**	(3)
	931	1,317
Total income	**11,198**	13,222
Total income comprises		
Distributions	**10,267**	11,905
Bank interest	**919**	1,320
Exchange difference on income	**12**	(3)
	11,198	13,222
Analysis of income from investments		
Unlisted	**10,267**	11,905
	10,267	11,905
Geographical analysis		
UK	**367**	134
USA	**8,862**	7,344
Other overseas	**1,038**	4,427
	10,267	11,905

3. Investment Management Fees

		31 May 2020			31 May 2019	
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fees	**17,674**	**-**	**17,674**	16,584	-	16,584
	17,674	**-**	**17,674**	16,584	-	16,584

The investment management fee is payable monthly in arrears at the rate set out in the Directors' Report within the full Annual Report.

During the year, services with a total value of £18,102,000 (period to 31 May 2019: £17,046,000), being £17,674,000 (period to 31 May 2019: £16,584,000), directly from Pantheon Ventures (UK) LLP and £428,000 (period to 31 May 2019: £462,000) via Pantheon managed fund investments were purchased by the Company.

The value of investments in and outstanding commitments to, investment funds managed or advised by the Pantheon Group ("Pantheon Funds") are excluded in calculating the monthly management fee and the commitment fee. The value of holdings in investments managed by the Pantheon Group totalled £13,634,000 as at 31 May 2020 (31 May 2019: £18,050,000). In addition, the Manager has agreed that the total fees (including performance fees) payable by Pantheon Funds to members of the Pantheon Group and attributable to the Company's investments in Pantheon Funds shall be less than the total fees (excluding the performance fee) that the Company would have been charged under the Management Agreement had it invested directly in all of the underlying investments of the relevant Pantheon Funds instead of through the relevant Pantheon Funds.

At 31 May 2020, £1,518,000 (31 May 2019: £1,467,000) was owed for investment management fees. No performance fee is payable is payable in respect of the year to 31 May 2020 (31 May 2019: nil). The basis upon which the performance fee is calculated is explained in Note 1(M) and in the Directors' Report within the full Annual Report.

4. Other Expenses

		31 May 2020				31 May 2019
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Secretarial and accountancy services	**246**	**-**	**246**	239	-	239
Depositary fees	**221**	**-**	**221**	211	-	211
Fees payable to the Company's Auditor for the - audit of the annual financial statements - current auditor	**105**	**-**	**105**	-	-	-
- audit of the annual financial statements - previous auditor	**3**	**-**	**3**	55	-	55
Fees payable to the Company's Auditor for - audit-related assurance services - Half-Yearly report	**35**	**-**	**35**	9	-	9
- other non-audit services not covered above -net asset value calculations - previous auditor	**-**	**-**	**-**	27	-	27
Directors' remuneration (see Note 5)	**324**	**-**	**324**	264	-	264
Employer's National Insurance	**32**	**-**	**32**	31	-	31
Irrecoverable VAT	**112**	**-**	**112**	56	-	56
Legal and professional fees	**194**	**1,719**	**1,913**	152	570	722
Printing	**128**	**-**	**128**	92	-	92
Other	**436**	**-**	**436**	327	-	327
ALN issue costs	**-**	**-**	**-**	-	(2)	(2)
ALN Expense Charge (see Note 1 (l))	**(1,106)**	**-**	**(1,106)**	(1,458)	-	(1,458)
	730	**1,719**	**2,449**	5	568	573

The Directors do not consider that the provision of non-audit work to the Company affects the independence of the Auditor.

5. Directors' Remuneration

Directors' emoluments comprise Directors' fees. A breakdown is provided in the Directors' Remuneration Report in the full Annual Report.

6. Interest Payable and Similar Expenses

	31 May 2020 £'000	31 May 2019 £'000
Negative bank interest	**31**	**25**
Loan commitment and arrangement fees	**2,192**	**2,361**
	2,223	**2,386**

On 1 June 2018, the Company agreed a new four year £175m multi-currency revolving credit facility agreement, arranged by Lloyds Bank Corporate Markets plc and NatWest Markets plc. This replaced the 4 year £150m loan facility agreement, with the Royal Bank of Scotland plc and Lloyds Bank Corporate Markets plc, which was due to expire in November 2018.

The terms of the facility are materially the same as those of the previous facility but will expire in June 2022 with an option after one year to extend, by agreement, the maturity date by another year.

Upfront fees of £1.6m are being amortised from 1 June 2018 over the four-year life. A commitment fee of 0.94% per annum is payable quarterly, in respect of the amounts available for drawdown. Interest payable on any drawn down amount is payable for the duration of the draw-down period.

During the year to 31 May 2020, the Company agreed a further £125m accordion facility, with a new partner in the lending syndicate, State Street Bank and Trust Company, increasing the total facility available to £300m. The aggregate loan facility of £300m is split into two tranches of US$269.8m and €101.6m, retranslated to £310m at 31 May 2020. There were no additional fees payable in connection with the accordion facility.

This loan facility provides additional assurance that the Company has the ability to finance its unfunded commitments in the future. At 31 May 2020 and 31 May 2019, the loan facility remained fully undrawn.

7. Taxation

		31 May 2020				31 May 2019
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Withholding tax deducted from distributions	**1,616**	**-**	**1,616**	2,594	-	2,594

Tax charge
The tax charge for the year differs from the standard rate of corporation tax in the UK (19%). The differences are explained below:

Net return before tax	**(9,931)**	**72,225**	**62,294**	(6,982)	201,900	194,918
Theoretical tax at UK corporation tax rate of 19% (31 May 2019: 19%)	**(1,887)**	**13,723**	**11,836**	(1,327)	38,361	37,034
Non-taxable investment, derivative and currency	**-**	**(14,050)**	**(14,050)**	-	(38,469)	(38,469)

gains						
Effect of expenses in excess of taxable income	**-**	**327**	**327**	-	108	108
Expenses disallowable for tax purposes	**-**	**-**	**-**	-	-	-
Carry forward management expenses	**1,887**	**-**	**1,887**	1,327	-	1,327
Irrecoverable withholding tax deducted from distributions	**1,616**	**-**	**1,616**	2,594	-	2,594
	1,616	**-**	**1,616**	2,594	-	2,594

Factors That May Affect Future Tax Charges

The Company is an investment trust and therefore is not subject to tax on capital gains. Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to meet for the foreseeable future) the conditions for approval as an investment trust company.

No deferred tax asset has been recognised in respect of excess management expenses and expenses in excess of taxable income as they will only be recoverable to the extent that there is sufficient future taxable revenue and this is not considered likely. As at 31 May 2020, excess management expenses are estimated to be in excess of £207m (31 May 2019: £195m).

At 31 May 2019, the Company had no unprovided deferred tax liabilities (31 May 2019: £nil).

8. Return per Share

			31 May 2020			31 May 2019
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return for the financial period in £'000	**(11,547)**	**72,225**	**60,678**	(9,576)	201,900	192,324
Weighted average ordinary shares			**54,089,447**			54,104,721
Return per share	**(21.35)p**	**133.53p**	**112.18p**	(17.70)p	373.17p	355.47p

There are no dilutive effects to earnings per share.

9a. Movements on Investments

	31 May 2020 £'000	31 May 2019 £'000
Book cost brought forward	**892,083**	764,575
Opening unrealised appreciation on investments held		
Unlisted investments	**551,852**	509,592
Listed investments	**5,699**	570
Valuation of investments brought forward	**1,449,634**	1,274,737
Movements in year:		
Acquisitions at cost	**239,251**	284,846
Capital distributions - proceeds	**(265,462)**	(314,341)
Capital distributions - realised gains on sales	**107,889**	157,003
(Decrease)/increase in appreciation on investments held	**(35,623)**	47,389
Valuation of investments at year end	**1,495,689**	1,449,634
Book cost at year end	**973,761**	892,083
Closing unrealised appreciation on investments held		
Unlisted investments	**521,565**	551,852
Listed investments	**363**	5,699
Valuation of investments at year end	**1,495,689**	1,449,634
Fair value of investments:		
Unlisted investments	**1,494,944**	1,443,934
Listed investments	**745**	5,700
Valuation of investments at year end	**1,495,689**	1,449,634

9b. Analysis of Investments

	31 May 2020 £'000	31 May 2019 £'000
Sterling		
Unlisted investments	**49,930**	43,155
	49,930	43,155
US dollar		
Unlisted investments	**1,121,246**	1,141,081
Listed investments	**412**	5,698
	1,121,658	1,146,779
Euro		
Unlisted investments	**288,474**	235,188
Listed investments	**333**	-
	288,807	235,188
Other		
Unlisted investments	**35,294**	24,511
Listed investments	**-**	1
	35,294	24,512
	1,495,689	1,449,634
Realised gains on sales	**107,889**	157,003
Amounts previously recognised as unrealised	**5,699**	570

appreciation on those sales		
(Decrease)/increase in unrealised appreciation	**(41,322)**	46,819
Revaluation of amounts owed in respect of transactions	**(2)**	81
Gains on investments	**72,264**	204,473

Further analysis of the investment portfolio is provided in the full Annual Report.

Transaction costs, (incurred at the point of the transaction) that were incidental to (i) the acquisition of investments totalled £nil (31 May 2019: £nil) and (ii) the disposals of investments totalled £14,000 (31 May 2019: £6,000) for the period. In addition, legal fees incidental to the acquisition of investments totalled £1,719,000 (31 May 2019: £568,000) as disclosed in Note 4, and have been taken to the capital column in the Income Statement since they are capital in nature.

9c. Material Investment

At the year end, the Company did not hold any material holdings in an investee undertaking which exceeded 3% of any class of capital.

10. Fair Value Hierarchy

Financial Assets at Fair Value Through Profit or Loss at 31 May 2020

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Unlisted holdings	**-**	**-**	**1,494,944**	**1,494,944**
Listed holdings	**745**	**-**	**-**	**745**
	745	**-**	**1,494,944**	**1,495,689**

Financial Assets at Fair Value Through Profit or Loss at 31 May 2019

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Unlisted holdings	-	-	1,443,935	1,443,935
Listed holdings	5,699	-	-	5,699
	5,699	-	1,443,935	1,449,634

Financial Liabilities at Fair Value Through Profit or Loss at 31 May 2020

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Asset Linked Note	**-**	**-**	**65,386**	**65,386**
	-	**-**	**65,386**	**65,386**

Financial Liabilities at Fair Value Through Profit or Loss at 31 May 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Asset Linked Note	-	-	94,449	94,449
	-	-	94,449	94,449

11. Debtors

	31 May 2020 £'000	31 May 2019 £'000
Amounts owed by investment funds	**305**	1,808
Prepayments and accrued income	**954**	1,414
	1,259	3,222

12. Creditors Amounts Falling Due Within One Year

	31 May 2020 £'000	31 May 2019 £'000
Investment management fees	**1,518**	**1,467**
Amounts owed in respect of transactions	**-**	**339**
ALN repayment to the Investor	**7,643**	**2,090**
Other creditors and accruals	**869**	**786**
	10,030	**4,682**

13. Creditors Amounts Falling Due After One Year - Asset Linked Note

	31 May 2020 £'000	31 May 2019 £'000
Opening value of ALN	**94,449**	131,585
Repayments of net cash flows received	**(28,023)**	(44,909)
Fair value movements through profit or loss	**225**	10,044
Expense charge and ALN share of witholding taxes	**(1,265)**	(2,271)
Closing value of ALN (see Note 1 (F)	**65,386**	94,449
Transfer to creditors due within one year	**(7,643)**	(2,090)
	57,743	92,359

14. Called-up Share Capital

	Shares	31 May 2020 £'000	Shares	31 May 2019 £'000
Allotted, called up and fully paid:				
Ordinary shares of 67p each				
Opening position	**54,089,447**	**36,240**	54,114,447	36,257
Cancellation of shares	**-**	**-**	(25,000)	(17)
Closing position	**54,089,447**	**36,240**	54,089,447	36,240
Total shares in issue	**54,089,447**	**36,240**	54,089,447	36,240

During the period there were no ordinary shares bought back in the market for cancellation. (31 May 2019: 25,000 ordinary shares bought back at total cost, including commission and stamp duty, of £500,000).

Each holder of ordinary shares is entitled, on a show of hands, to one vote and, on a poll, to one vote for each ordinary share held.

15. Reserves

	Share premium £'000	Capital redemption reserve £'000	Other capital reserve £'000	Capital reserve on investments held £'000	Revenue reserve* £'000
Beginning of year	269,535	3,325	735,104	538,653	(84,269)
Net gain on realisation of investments	-	-	107,889	-	-
Increase in unrealised appreciation	-	-	-	(41,045)	-
Transfer on disposal of investments	-	-	-	5,699	-
Revaluation of amounts owed in respect of transactions	-	-	(2)	-	-
Exchange differences on currency	-	-	1,241	-	-
Exchange differences on other capital items	-	-	162	-	-
Legal and professional expenses charged to capital	-	-	(1,719)	-	-
Revenue return for the period	-	-	-	-	(11,547)
End of Year	269,535	3,325	842,675	503,307	(95,816)

* Reserves that are distributable by way of dividends. In addition, the other capital reserve can be used for share buybacks.

16. Net Asset Value per Share

	31 May 2020	31 May 2019
Net assets attributable in £'000	**1,559,266**	1,498,588
Ordinary shares	**54,089,447**	54,089,447
Net asset value per ordinary share - ordinary	**2,882.75p**	2,770.57p

17. Reconciliation of Return Before Financing Costs and Taxation to Net Cash Flow from Operating Activities

	31 May 2020 £'000	31 May 2019 £'000
Return before taxation and finance costs	**64,517**	197,304
Withholding tax deducted	**(1,616)**	(2,594)
Gains on investments	**(72,264)**	(204,473)
Currency gains on cash and borrowings	**(1,403)**	(6,810)
(Decrease)/increase in creditors	**(216)**	398
Decrease in other debtors	**65**	2,754
Losses on financial liabilities at fair value through profit or loss (ALN)	**225**	10,044
Expenses and taxation associated with ALN	**(1,265)**	(2,271)
Net cash outflow from operating activities	**(11,959)**	(5,648)

18. Contingencies, Guarantees and Financial Commitments

At 31 May 2020, there were financial commitments of £541.2m (31 May 2019: £521.0m) in respect of investments in partly paid shares and interests in private equity funds.

Further detail of the available finance cover is provided in Note 19.

19. Analysis of Financial Assets and Liabilities

The primary investment objective of the Company is to seek to maximise long-term capital growth for its shareholders by investing in funds specialising in unquoted investments, acquiring unquoted portfolios and participating directly in private placements. Investments are not restricted to a single market but are made when the opportunity arises and on an international basis.

The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise from its operations, for example sales and purchases awaiting settlement and debtors for accrued income.

The principal risks the Company faces in its portfolio management activities are:

- liquidity/marketability risk;
- interest rate risk;
- market price risk; and

- foreign currency risk.

The Company has little exposure to credit risk. The Manager monitors the financial risks affecting the Company on a daily basis and the Directors regularly receive financial information, which is used to identify and monitor risk.

In accordance with FRS 102 an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given below.

Liquidity Risk
Due to the nature of the Company's investment policy, the largest proportion of the portfolio is invested in unquoted securities, many of which are less readily marketable than, for example, "blue-chip" UK equities. The Directors believe that the Company, as a closed-end fund with no fixed wind-up date, is ideally suited to making long-term investments in instruments with limited marketability. The investments in unquoted securities are monitored by the Board on a regular basis.

There are times when opportunities for the Company to acquire secondary unquoted portfolios of interests or co-investments may be limited due to the cyclical nature of their occurrence. As a result, at times of low investment opportunity, some funds may be held on deposit or invested in gilts and other fixed interest government bonds. It is the nature of investment in private equity that a commitment (see Note 18 for outstanding commitments as at 31 May 2020) to invest will be made and that calls for payments will then be received from the unlisted investee entity. These payments are usually on an ad-hoc basis and may be called at any instance over a number of years. The Company's ability to meet these commitments is dependent upon it receiving cash distributions from its private equity investments and, to the extent these are insufficient, on the availability of financing facilities.

On 1 June 2018, the Company agreed a four-year £175m multi-currency revolving credit facility agreement, arranged by Lloyds Bank and NatWest Markets. This was further extended to £300m on 22 May 2020. This replaced the £150m loan facility agreement which expired in November 2018, of which £nil was drawn down as at 31 May 2020 and 31 May 2019 (see Note 6 for further information).

The principal covenant that applies to the loan facility is that gross borrowings do not exceed 34% of adjusted gross asset value. The covenants were not breached in the year and as at the date of this report. The facility is available should the Company have the requirement to cover any shortfalls in meeting its commitments.

Total available financing as at 31 May 2020 stood at £430.8m (31 May 2019: £323.0m), comprising £121.3m (31 May 2019: £140.7m) in cash balances and £309.5m (31 May 2019: £182.3m) (sterling equivalent) in undrawn bank facilities, compared with uncalled fund commitments of £541.2m. The available financing along with the private equity portfolio exceeded the outstanding commitments by 3.6 times (31 May 2019: 3.4 times).

Interest Rate Risk
The Company may use gearing to achieve its investment objectives and manage cash flows and has access to a multi-currency revolving credit facility for this purpose.

Interest on the revolving credit facility is payable at variable rates determined subject to drawdown. Variable rates are defined as LIBOR or EURIBOR + 2.35%, dependent on the currency drawn. The interest rate is then fixed for the duration that the loan is drawn down. At 31 May 2020, there was the sterling equivalent of £nil funds drawn down on the loan facilities (31 May 2019: £nil). A commitment fee of 0.94% per annum is payable in respect of the amounts available for drawdown in each facility.

Non-Interest Rate Exposure
The remainder of the Company's portfolio and current assets are not subject to interest rate risks.

Financial assets for 2020 and 2019 consisted of investments, cash and debtors (excluding prepayments). As at 31 May 2020, the interest rate risk and maturity profile of the Company's financial assets was as follows:

31 May 2020	Total £'000	No maturity date £'000	Matures within 1 year £'000	Matures after 1 year £'000	Fixed interest average interest rate %
Risk financial assets fair value of no interest rate					
Sterling	**65,420**	**65,420**	-	-	-
US dollar	**1,234,056**	**1,234,056**	-	-	-
Euro	**290,292**	**290,292**	-	-	-
Other	**36,012**	**36,012**	-	-	-
	1,625,780	**1,625,780**	-	-	-

The interest rate and maturity profile of the Company's financial assets as at 31 May 2019 was as follows:

31 May 2019	Total £'000	No Maturity Date £'000	Matures within 1 year £'000	Matures after 1 year £'000	Fixed interest average interest rate %
Rate risk financial assets fair value of no interest					
Sterling	61,807	61,807	-	-	-
US dollar	1,267,221	1,267,221	-	-	-
Euro	238,169	238,169	-	-	-
Other	27,129	27,129	-	-	-
	1,594,326	1,594,326	-	-	-

Financial Liabilities
At 31 May 2020, the Company had drawn the sterling equivalent of £nil (31 May 2019: £nil) of its four- year committed revolving multi-currency credit facility, expiring June 2022, with Lloyds Bank Corporate Markets plc, NatWest Markets plc and State Street Bank and Trust Company. Interest is incurred at a variable rate as agreed at the time of drawdown and is payable at the maturity date of each advance. At the year end, interest of £nil (31 May 2019: £nil) was accruing as the facilities were unutilised.

At 31 May 2020 and 31 May 2019, other than the ALN, all financial liabilities were due within one year and comprised short-term creditors. The ALN is repayable by no later than 31 August 2027..

Market Price Risk
The method of valuation of the fixed asset investments is described in Note 1(E) above. The nature of the Company's fixed asset investments, with a high proportion of the portfolio invested in unquoted securities, means that the investments are valued by the Directors after due consideration of the most recent available information from the underlying investments.

PIP's portfolio is well diversified by the sectors in which the underlying companies operate. This sectoral diversification helps to minimise the effects of cyclical trends within particular industry segments.

If the investment portfolio fell by 20% from the 31 May 2020 valuation, with all other variables held constant, there would have been a reduction of £299,138,000 (31 May 2019 based on a fall of 20%: £289,927,000) in the return before taxation. An increase of 20% would have increased the return before taxation by an equal and opposite amount.

Foreign Currency Risk
Since it is the Company's policy to invest in a diverse portfolio of investments based in a number of countries, the Company is exposed to the risk of movement in a number of foreign exchange rates. A geographical analysis of the portfolio and hence its exposure to currency risk is provided above and in Note 9b. Although it is permitted to do so, the Company did not hedge the portfolio against the movement in exchange rates during the financial period.

The investment approach and the Manager's consideration of the associated risk are discussed in further detail in the Strategic Report of the full Annual Report.

The Company settles its transactions from its bank accounts at an agreed rate of exchange at the date on which the bargain was made. As at 31 May 2020, realised exchange gains of £162,000 (31 May 2019: realised exchange losses of £10,000) and realised gains relating to currency of £1,241,000 (31 May 2019: realised gains of £6,820,000) have been taken to the capital reserve.

The Company's exposure to foreign currency excluding private equity investments is shown below. In relation to this exposure, if the sterling/ dollar and sterling/euro exchange rate had reduced by 10% from that obtained at 31 May 2020, it would have the effect, with all other variables held constant, of increasing equity shareholders' funds by £11,921,000 (31 May 2019: £11,012,000). If there had been an increase in the sterling/dollar and sterling/euro exchange rate of 10% it would have the effect of decreasing equity shareholders' funds by £11,059,000 (31 May 2019: £13,768,000). The calculations are based on the financial assets and liabilities and the exchange rate as at 31 May 2019 of 1.23680 (31 May 2019: 1.2597) sterling/dollar and 1.11185 (31 May 2019: 1.1309) sterling/euro. The Company's investment currency exposure is disclosed in Note 9b.

An analysis of the Company's exposure excluding investments to foreign currency is given below:

	31 May 2020 Assets £'000	**31 May 2020 Liabilities £'000**	31 May 2019 Assets £'000	31 May 2019 Liabilities £'000
US dollar	**112,583**	**310**	118,523	638
Euro	**1,606**	**127**	2,981	122
Swedish krone	**66**	**-**	1,597	-
Norwegian krone	**321**	**-**	569	-
Australian dollar	**331**	**-**	451	-
	124,121	**437**	124,121	760

Fair Value of Financial Assets and Financial Liabilities
The financial assets of the Company are held at fair value. The main financial liability, the ALN, is held at fair value. All other financial liabilities are held at amortised cost, which is not materially different from fair value.

Managing Capital and Reserves
The Company's equity comprises ordinary shares and reserves as described in Note 14 and Note 15. Capital and reserves are managed so as to maximise the return to shareholders while maintaining a capital base that allows the Company to operate effectively in the marketplace and sustain future development of the business.

As at 31 May 2020 and 31 May 2019, the Company had bank debt facilities to increase the Company's liquidity. Details of available borrowings at the period end can be found earlier in this Note.

The Company's assets and borrowing levels are reviewed regularly by the Board of Directors with reference to the loan covenants.

The Company's capital requirement is reviewed regularly by the Board of Directors. The Company does not have any external capital requirements other than the fund commitments of £541.2m, as mentioned in Note 18, the contingent liabilities note. The Company has a large available loan facility to utilise if required, together with large cash balances.

20. Transactions with the Manager and Related Parties
The amounts paid to the Manager, together with the details of the Investment Management Agreement, are disclosed in Note 3. The existence of an Independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Manager is not considered to be a related party.

The Company's related parties are its Directors. Fees paid to the Company's Board are disclosed in the Directors' Remuneration Report, which is provided in the full Annual Report. The Company's National Insurance contribution in relation to Directors' remuneration is disclosed in Note 4.

There are no other identifiable related parties at the year end.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") will be held on Tuesday, 22 September 2020 at 9.30 a.m. Further details of this year's AGM arrangements are set out in the Chairman's Statement above and in the separate circular containing the AGM notice which has been published today.

NATIONAL STORAGE MECHANISM

A copy of the Annual Report and Financial Statements and the separate circular containing the AGM notice will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

ENDS

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this document (or any other website) is incorporated into, or forms part of, this announcement.

LEI: 2138001B3CE5S5PEE928

For more information please visit PIP's website at www.piplc.com or contact:

Helen Steers or Vicki Bradley

Pantheon Ventures (UK) LLP

020 3356 1800