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PANTHEON INTERNATIONAL PLC (the "Company" or "PIP")
ANNUAL REPORT FOR THE TWELVE MONTHS ENDED 31 MAY 2021

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 companies, today publishes its Annual Report and Accounts for the twelve months ended 31 May 2021.

ANNUALISED PERFORMANCE AS AT 31 MAY 2021

	1 yr	3 yrs	5 yrs	10 yrs	Since inception (1987)
NAV per share	19.6%	12.6%	14.7%	12.6%	11.8%
Ordinary share price	31.7%	10.6%	15.9%	13.4%	11.4%
FTSE All Share, Total Return	23.1%	1.9%	7.0%	6.3%	7.5%
MSCI World, Total Return (Sterling)	37.6%	14.9%	16.8%	13.3%	8.6%
Share price relative performance					
Versus FTSE All Share, Total Return	**+8.6%**	**+8.7%**	**+8.9%**	**+7.1%**	**+3.9%**
Versus MSCI World, Total Return (Sterling)	**-5.9%**	**-4.3%**	**-0.9%**	**+0.1%**	**+2.8%**

HIGHLIGHTS - TWELVE MONTHS ENDED 31 MAY 2021

Performance update

- PIP performed strongly during the period as NAV per share **grew by 19.6%** to 3,448.4p.
- Net assets at 31 May 2021 **increased to £1,865m** (31 May 2020: £1,559m).
- PIP's share price **increased by 31.7%** and Total Shareholder Return (5Y) was **109%.**
- The discount to NAV, which the Board believes is unwarranted, was **21%.**

Portfolio update

- Strong (pre-FX) valuation gains of **36.0%** in the portfolio demonstrate the growth orientation of PIP's private equity investments**.**
- PIP's portfolio is tilted towards the more resilient industry sectors such as information technology, healthcare and consumer staples, with very low exposure to those areas that have been hardest hit by the pandemic.
- Distributions received during the year to 31 May 2021 were **£319.0m**, equivalent to a distribution rate of 22**%** of the opening attributable portfolio. After funding **£119.9m** of calls, net cash inflow from the portfolio totalled **£199.1m**.
- PIP actively manages the profile of its portfolio with the objective of receiving cash from the more mature assets as they are realised, thereby releasing funds for investment in new and growing opportunities. The average age of PIP's funds at the financial year end was **5.2 years** (May 2020: 5.1 years).
- PIP has a full deal pipeline and during the period, **£239.5m** was committed to **33 new investments**, of which £75.6m was funded at the time of purchase.

Financial position update

- Undrawn multi-currency revolving **£300m** credit facility amended to extend the term to May 2024, with a further provision that allows the Company to increase its committed facilities to £350m if required.
- PIP's financing cover, which measures the sum of PIP's undrawn commitments of £528m as at 31 May 2021 against its available financing and the value of its private equity portfolio, was **4.1 times.**

Company update

- Senior Independent Director, Susannah Nicklin, will retire from the Board at the conclusion of the Company's 2021 AGM and Mary Ann Sieghart will take over the role of Senior Independent Director.
- Proposed sub-division of PIP's shares to improve accessibility for a range of investors.

Commenting on the full year, **Sir Laurie Magnus, Chairman,** said:

"The Board believes that PIP's actively managed "all weather" portfolio offers an attractive entry point for investors seeking access to high quality, fast growing companies around the world."

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 full year results and a series of case studies showcasing some of our portfolio companies are 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

IN SUMMARY

Strong valuation gains in PIP's underlying portfolio demonstrate the resilience and growth orientation of our private equity investments.

PIP's portfolio is tilted towards the more resilient industry sectors such as information technology, healthcare and consumer staples, with very low exposure to those areas that have been hardest hit by the pandemic.

Proposed sub-division of PIP's shares to improve accessibility for a range of investors.

KEY STATISTICS

31.7%	Share price increase in the year
109%	Total shareholder return (5Y)
19.6%	NAV per share growth in the year
11.8%	Average annual NAV growth since inception
£1,865m	Net asset value
36.0%	Portfolio investment return in the year
£199m	Portfolio net cash flow in the year

Resilience, growth and opportunity

PIP's NAV at 31 May 2021 reached £1.9 billion, equivalent to £34.48 per share, an increase of 19.6% during the year covered by this report.

This increase, which exceeded 30% before foreign exchange adjustments, demonstrates the resilience and growth orientation of our private equity investment portfolio. The valuation gains have included some very impressive results from specific company investments such as JFrog, an end-to-end software solutions provider, and Allegro, Poland's largest online marketplace, both of which had very successful IPO's during the period. As at PIP's financial year end, both JFrog, which listed on the NASDAQ in September, and Allegro, which was the largest European e-commerce IPO in history when it listed on the Warsaw Stock Exchange in November, were held at significant multiples of their respective cost.

Since PIP was formed in 1987, its NAV per share has grown on average by 11.8% per annum, outperforming the FTSE All-Share and MSCI World indices over the same period. The Company has delivered a total shareholder return of 109% over the last five years, with minimal adverse impact from the COVID-19 crisis. Despite this, PIP's shares continue to trade at a material discount to NAV (24% at the time of writing). The Board considers that the Company's consistent, superior performance over 33 years and the value of its Manager's experience and connections is insufficiently recognised in its share price.

Shareholders should note that the returns achieved by PIP are stated in the Annual Report after deducting all charges. Private equity investment management typically incurs higher costs than those generally applicable for managing a conventional listed equity portfolio. PIP's total annual expense ratio, including financing costs, amounted to 1.43% in respect of the year under review. Whilst the Board is vigilant in its efforts to control expenses, it considers that PIP's cost ratio is acceptable when measured in the light of the consistently strong returns delivered by its investment portfolio since the Company's inception.

PIP's Strategic Report within the full Annual Report and Accounts, has been approved by the Board. The full Annual Report includes case studies which showcase some of our investments and also a discussion between two of our Directors, John Singer and John Burgess, covering their perspectives on the private equity sector and PIP in particular. Messrs Burgess and Singer have had very successful careers in the private equity world and shareholders should particularly note their evident confidence in PIP given their respective investments in the Company's shares which have a combined value of approximately £6m**.**

Cash flow and balance sheet liquidity

The Board is managing PIP's balance sheet to ensure that it can comfortably meet the Company's undrawn commitments while at the same time being able to invest for the future. During the financial year, PIP received £319.0m in distributions, equivalent to a distribution rate of 22% of PIP's opening portfolio value. Calls from existing commitments to private equity funds during the period amounted to £119.9m, equivalent to 22% of PIP's opening undrawn commitments. As a result, PIP generated net cash flow of £199.1m before taking into account the funding of new investments.

Repayment of the unlisted £200m Asset Linked Note ("ALN"), which is due to mature on 31 August 2027, is made only from cash distributions received from a reference portfolio of older investment assets. As at 31 May 2021, the ALN had a remaining value of £47m.

During the period, PIP agreed an amendment to its £300m multi-currency revolving credit facility. The entire facility, which was due to expire in June 2022, has been extended to May 2024, with a further provision that allows the Company to increase its committed facilities to £350m if required. The wholly undrawn facility, which has been denominated as to US$269.8m and €101.6m to match the principal currencies in which PIP's undrawn commitments are denominated, was equivalent to £277m by reference to exchange rates prevailing as at 31 May 2021. Including its cash balance of £198m and the credit facility, PIP had available liquid resources of £475m at the period end. PIP's financing cover, which measures the sum of PIP's undrawn commitments of £528m as at 31 May 2021 against its available financing and the value of its private equity portfolio, was 4.1 times.

Portfolio positioning

PIP manages the profile of its portfolio with the objective of receiving cash from the more mature assets as they are realised, thereby releasing funds for investment in new and growing opportunities. The average age of the funds in PIP's portfolio was 5.2 years as at 31 May 2021. The cash-generative nature of its portfolio has enabled PIP to build a strong cash position which can be used to finance new deal activity as well as its outstanding commitments.

The Board regularly reviews its overall investment strategy and has held a number of meetings (in addition to its scheduled board meetings) for this purpose during the past year. The Board and our Manager, Pantheon, remain cautious in an environment of high valuations and potential interest rate rises, but see opportunities to increase PIP's investment pacing to secure exciting opportunities in particular growth sectors. The Board intends that PIP's portfolio should continue to reflect a mix of investment types, geographies and industries which appropriately mitigate risk through diversification while, at the same time, increasing concentration in individual assets to provide a potential boost to NAV growth. The Board is seeking to achieve this by increasing allocations to co-investment and single-asset secondaries opportunities.

The £138.9m committed to seven secondaries during the year to 31 May 2021 included a £108.7m commitment to the Pantheon Secondaries Opportunities Fund ("PSOF"). PSOF seeks to partner with high quality private equity managers to acquire, as single transactions, their most attractive portfolio companies with the goal of jointly participating in such companies' next phase of growth. In addition, PIP invested £52.6m in 19 direct co-investments and committed £48.0m to seven primaries. Overall, during the period, PIP committed £239.5m to 33 new investments, of which £75.6m was drawn at the time of purchase. Since the period end, PIP has committed a further £13.6m to 5 new investments.

PIP's portfolio is tilted towards the more resilient industry sectors such as information technology, healthcare and consumer staples, with very low exposure to those areas that have been hardest hit by the pandemic. Pantheon had already identified many thematic trends, such as the digitalisation of business services and consumer products, which were well underway before the advent of COVID-19 and have been accelerated by the pandemic. Most of PIP's underlying private equity managers are sector specialists with track records in their respective fields. This is an important pre-requisite to ensure effective due diligence and subsequent monitoring of investee companies.

The Board remains alert to opportunities to buy back shares for investment purposes in line with its longstanding policy to consider such purchases in the context of its financial position at the time. No shares were bought back during the period under review. At the forthcoming AGM, the Board will be recommending that shareholders vote in favour of the resolution, put annually, that authorises the Company to undertake share buybacks. The Board believes that retaining the ability to buy back shares is in the best interests of shareholders as a whole.

Pantheon management experience and culture

Pantheon's large, global team of experienced investment professionals are able to utilise their extensive networks of relationships with many of the world's best private equity managers to ensure that PIP has a pipeline of high quality deals. These relationships, which can provide Pantheon with valuable and privileged information, are not built overnight but have been cultivated over many years. The private equity managers themselves benefit from Pantheon's open and collaborative approach to sharing market observations and in helping to shape transactions. In addition, they have worked with Pantheon in formulating the important environmental, social and corporate governance policies and principles which are intrinsic to Pantheon's own investment approach. Environmental sustainability, diversity, inclusion, standards of high integrity and close teamwork are embedded in Pantheon's culture. The Board expects Pantheon to seek those same qualities in the selected private equity managers and in their investee companies. The Board also expects Pantheon to undertake detailed due diligence on each investment opportunity, assessing the risks and opportunities from both an ESG and investment standpoint, and to be ready to decline an investment if it is not believed to be a good fit for PIP's portfolio.

Board changes

Susannah Nicklin, our Senior Independent Director and a member of the Board since November 2011, will retire following the conclusion of this year's AGM. The Board has benefitted enormously from Susannah's commitment and unfailingly thoughtful and constructive contributions to our deliberations. She will leave with our gratitude and warm wishes for the future.

Mary Ann Sieghart, who was appointed to the Board in October 2019, will take over the role of Senior Independent Director upon Susannah's departure.

The Board will commence the search for a new Director in the autumn.

Proposed sub-division of PIP's shares

PIP's share price has grown strongly over recent years, from c. £13.00 per share 5 years ago to £26.20 at the time of writing. Whilst this growth is clearly positive for shareholders, the Directors recognise that the high share price might be a barrier to investment for certain investors including regular savers who may wish to invest smaller amounts and buy smaller quantities of shares. Accordingly, in order to make PIP's shares more accessible to a range of investors with a view to improving the marketability of PIP's shares, the Board proposes to split each share into 10.

Shareholders will be invited to vote on these proposals at the forthcoming AGM in October. If shareholder approval is received for the proposals, each shareholder will receive 10 new ordinary shares for every one ordinary share held. The new ordinary shares are expected to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange on 1 November 2021. It is important to note that the proposed share split will not alter any investor's shareholder rights and shareholders will hold the same proportionate interest in PIP following completion of the share split as before.

Further details of these proposals, including a detailed timetable, will be provided in the Notice of AGM Meeting that will be published towards the end of August.

Outlook

The rollout of the vaccination programmes and the gradual lifting of lockdowns has brought considerable relief to many parts of the world. There are, however, some significant uncertainties ahead. These include the prospect of rising inflation, concerns about how governments will manage their massive fiscal imbalances, tensions between the global super-powers and continuing cyber-related terrorism.

PIP's investment portfolio is certainly not immune from these uncertainties, but its performance over its 33-year history, including its results for the year under review, demonstrate the resilience of its long-term investment horizon and of Pantheon's active portfolio management. Private equity managers, with their unrestricted access to their investee companies, are able to monitor the performance of their investments at all times. This is a distinct advantage, particularly during times of uncertainty, compared with managers of listed equities, where access is often restricted by regulation.

The Board believes that PIP's actively managed "all weather" portfolio offers an attractive entry point for investors seeking access to high quality, fast growing companies around the world. The increasing proportion of dynamic businesses which are supported by private equity investors relative to public markets only serves to increase PIP's appeal in this context. The Board and Pantheon recognise that there is a considerable hurdle to overcome in terms of misunderstanding and distrust of private equity amongst both financial and non-financial commentators. We are therefore working on measures to increase PIP's profile with the investment community, particularly retail investors, and also with stock market analysts and the media.

PIP's strategy is very simply to continue to deliver long-term growth for its shareholders. We believe that Pantheon is well equipped to manage our investment portfolio to maximise returns from our existing assets and to secure attractive new opportunities. Our balance sheet and liquidity underpin our financial strength and provide the flexibility to adapt swiftly to changing circumstances. The Board is confident that PIP has a promising future.

Sir Laurie Magnus
Chairman
4 August 2021

At a glance as at 31 May 2021

31.7%	Share price increase in the year
£1.5bn	Market capitalisation
19,6%	NAV per share growth in the year
+11.8%	Average annual NAV growth since 1987
£1.9bn	Net asset value
1.22%	AIC ongoing charges[1]

[1] Including financing costs, PIP's total ongoing charges would be 1.43%.

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

Investment type[2]
Flexible approach to portfolio construction increases potential for outperformance.

Primary	35%
Co-investments	33%
Secondary	32%

Fund Stage[2]
Well diversified across different investment stages with a particular focus on small/mid-market buyout and growth funds.

Small/mid buyout	38%
Large/mega buyout	28%
Growth	23%
Special situations	7%
Venture	4%

Fund Region[2]
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	29%
Asia and EM[3]	12%
Global[4]	9%

Maturity[2]
We actively manage PIP's maturity profile to maximise the potential for growth and generate cash. This is achieved through a mix of primaries, secondaries and co-investments. As at 31 May 2021, PIP's portfolio had a weighted average fund age of 5.2 years.

2020 and later	9%
2019	12%
2018	14%
2017	15%
2016	14%
2015	14%
2014	4%
2011-2013	9%
2010 and earlier	9%

Company Sector[5]
Portfolio weighted towards high growth and resilient sectors.

Information technology	29%
Healthcare	20%
Consumer	15%
Financials	11%
Industrials	11%
Communication services	7%
Energy	4%
Materials	2%
Others	1%

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

[3] EM: Emerging Markets.

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

[5] The company sector chart is based upon underlying company valuations as at 31 March 2021, adjusted for calls and distributions to 31 May 2021. These account for 100% of PIP's overall portfolio value.

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 109.2%	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. The Board's strategy is to deliver returns for shareholders through growth in NAV and generally not through the payment of dividends.	31 May 2019 95.2% 31 May 2020 61.3% 31 May 2021 109.2%	• PIP's ordinary shares had a closing price of 2,720.0p at the year end (31 May 2020: 2,065.0p). • Discount to NAV was 21% as at the year end (31 May 2020: 28%).	• 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 19.6%[1]	NAV per share reflects the attributable value of a shareholder's holding in PIP. The provision of consistent long-	12M to 31 May 2019 14.7% 12M to 31 May 2020 4.0%	• NAV per share increased by 565.6p to 3,448.4p during the year.	• Investing flexibly with top-tier private equity managers to maximise long-term capital growth.	• Valuations provided by private equity managers. • Fluctuations in currency exchange

	term NAV per share growth is central to our strategy. NAV per share growth in any period is shown net of foreign exchange movements and all costs associated with running the Company.	12M to 31 May 2021 19.6%		• Containing costs and risks by constructing a well-diversified portfolio in a cost-efficient manner.	rates. • Ongoing charges relative to NAV growth and private equity peer group. • Tax efficiency of investments. • Effect of financing (cash drag) on performance.
Portfolio investment return 36.0%[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 2019 12.9% 12M to 31 May 2020 3.9% 12M to 31 May 2021 36.0%	• Strong performance in the underlying portfolio. • PIP continues to benefit from robust earnings growth in its underlying portfolio and from the favourable exit environment. • Weighted average revenue and EBITDA growth of 12.8% and 20.2% respectively for PIP's sample buyout companies, versus -9.9% and -20.8% respectively for companies that constitute the MSCI World Index.	• 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 £199m[2]	Net portfolio cash flow is equal to fund distributions less capital calls to finance 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 12M to 31 May 2021 £199m	• PIP's portfolio generated £319m (31 May 2020: £228m) of distributions versus £120m (31 May 2020: £118m) of calls. • In addition, the Company made new commitments of £240m (31 May 2020: £245m during the year, £76m (31 May 2020: £109m) of which was drawn at the time of purchase. • PIP's portfolio has a weighted average fund age of 5.2 years[2] (31 May 2020: 5.1 years).	• Maximise long-term capital growth through ongoing portfolio renewal while controlling financing risk.	• Relationship between outstanding commitments and NAV. • Portfolio maturity and distribution rates by vintage. • Commitment rate to new investment opportunities.
Undrawn coverage ratio 122%	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%	31 May 2019 90% 31 May 2020 107% 131 May 2021 122%	• 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 ALN.

[2] Excludes the portion of the reference portfolio attributable to the ALN.

Our Business Model

We aim to deliver consistent returns over the long term

OUR INVESTMENT PROCESS

1. Investment opportunities in funds and companies are originated via Pantheon's extensive and 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. We also acquire interests in individual companies through secondary sales by the existing owner.

- Targets favoured funds and companies 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 company directly, alongside a private equity manager, during the investment period of a fund.

- Invests in the securities of individual companies with attractive characteristics at the invitation of PIP's leading 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 over US$5.3tn[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] Source: Preqin, July 2021.

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 almost 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 an actively managed, institutional grade portfolio of funds and companies 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 over 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 383 people[2] in its nine 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 over 485[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 2021.

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 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.

The Board regularly reviews PIP's overall investment strategy and has held a number of additional meetings for this purpose during the past year.

Through the ongoing dialogue between the Board and the Manager, 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, and to reach potential new shareholders in the Company. At the forthcoming AGM, the Board will propose a split of each existing share into 10 with the aim of making PIP's shares more accessible to a range of investors and with a view to improving the marketability of PIP's shares.

Maintain a carefully diversified approach while increasing potential for outperformance

As Manager of PIP, Pantheon focuses on investing with the best private equity managers worldwide, through both funds and direct co-investments, 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 and potential to boost performance

Primaries, secondaries and co-investments all have attractive characteristics, as highlighted in the Business Model above, and PIP's transparent and direct investment approach gives it the flexibility to take advantage of prevailing market conditions and to maximise control over the Company's financing risk, including its ability to generate positive cash flows.

As the weighting towards co-investments has been increased over time, the three different investment types have intentionally taken on more equal weightings. These weightings do not represent hard caps, however the Board and the Manager believe that this is the optimal mix to benefit from the cash generated by the more mature assets in PIP's portfolio while rejuvenating the portfolio with the younger vintages offered by primaries and co-investments. In addition, we have been steering PIP's secondary investment strategy towards single-asset secondaries which form a fast-growing part of the secondary market and are attractive for several reasons as highlighted within the full Annual Report.

With an increased weighting towards co-investments and single-asset secondaries, we expect the number of underlying managers and portfolio companies to which the Company is exposed to reduce over time. As a result, the potential for the Company's overall NAV to be impacted by the performance of individual assets should be increased while maintaining the benefits of a portfolio that is well diversified by type, stage, geography and sector.

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.

During the year, while maintaining its disciplined approach, the Board and the Manager identified that there was an opportunity to increase the Company's investment pacing to take advantage of the exciting deals emanating from its private equity managers.

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 2021.

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 the growth and buyout segments, 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 which can offer potential for outperformance, it is the Board's intention that special situations investments will only be a small minority of the overall portfolio.

Sector and geographic exposure: Global outlook, with a focus on high-growth and niche areas

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 USA 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 within the Information Technology and Healthcare sectors. 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 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 above.

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 within 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, form 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's 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.

RISK MANAGEMENT AND PRINCIPAL RISKS

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 and emerging risks that may have arisen during the year to 31 May 2021, 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 the COVID-19 crisis on the global economy and underlying portfolio companies.	• COVID-19 has had a wide and adverse impact on businesses around the world and 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.	• PIP's close relationships with its private equity managers allows the Company to obtain timely valuation indications on underlying portfolio companies.	• Pantheon's risk assessment process reviews potential impacts of corporate insolvency and valuation declines on performance of the Company and going concern status (refer to Going Concern assessment in the full Annual Report). • 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, helps to mitigate the effect of public market movements on the Company's performance.	• PIP continues to adopt a diversified approach to portfolio construction. • Exposure to quoted assets was below 10% as at 31 May 2021. • 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 forecasts under different scenarios on a regular basis.	• PIP has access to a £300m loan facility that expires in May 2024. Together with PIP's net available cash balances of £198m, total available financing as at 31 May 2021 stood at £475m. Total available financing, along with the private equity portfolio, was greater than outstanding commitments by a factor of 4.1 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 £319m and a distribution rate equivalent to 22% of opening portfolio assets.
Gearing, whether at the Company, fund investment or portfolio company level, could cause the magnification of	• 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.	• Cash flow forecasts under normal and stress conditions were reviewed with the Board. Downside scenario modelling

gains and losses in the asset value of the Company.		• 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 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.	indicates that the Company has the available financing in place to meet investment commitments, even in an environment characterised by large NAV declines and a material reduction in distribution activity. • There was no gearing at the Company level as at the end of the financial year. • Debt multiples in PIP's buyout portfolio remain at reasonable levels as at year end.
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 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.	• Foreign exchange had a negative impact on performance during 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.	• During the year, funds in which PIP is invested did not suffer from any limited partner defaulting events.

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 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.	• 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 pandemic, 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. • Pantheon's systems, processes and technologies have been thoroughly tested and, are fully operational.
Global geopolitical risks and the resulting economic uncertainty may affect the Company.	• Market and currency volatility may affect returns Geopolitical undercurrents may disrupt long-term investment and capital allocation decision making.	• Pantheon continuously monitors geopolitical developments and societal issues relevant to our business.	• Pantheon's established Risk, Legal and Tax functions have ensured compliance with local laws and regulations. • An assessment of geopolitical risk is embedded in Pantheon's investment process. • PIP's exposure to high risk countries are minimal.

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 31 of the UK Corporate Governance Code 2018, the Board has assessed the viability of the Company over a three-year period from 31 May 2021. 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 in the full Annual Report and Accounts.

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 Accounts 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
4 August 2021

Manager's Review

Our Market

Sustained growth during an unprecedented chapter

Helen Steers, Partner at Pantheon and manager of PIP, reflects on the strength, flexibility and resilience of the private equity sector which have served the industry well through the pandemic.

During the last eighteen months, the turbulence caused by the COVID-19 health crisis has reverberated through every region of the world, resulting in vast social and economic damage and generating extraordinary movements in financial markets.

At the time of writing, many countries are beginning to emerge slowly from the pandemic, supported by the unprecedented policy actions of their governments, and the accelerating rollout of vaccination programmes. The major economies are showing initial signs of a sustained rebound, driven by increased consumer and business confidence. Forecasts for the global economic recovery continue to tick higher, primarily driven by the USA, which reported stronger than expected growth in the first quarter of 2021. The release of pent-up demand in the developed world is also likely to be a contributing factor. China has continued its recovery and growth expectations for 2021 and 2022 have been revised up slightly while the picture is more mixed in the rest of Asia. Of course, many economies still face significant challenges in combatting the social and economic damage wrought by the COVID-19 crisis and this cautiously positive outlook may be threatened by the emergence of new variants of the COVID-19 virus, a potential slowdown in consumer spending and the withdrawal of government support. In addition, inflation concerns are taking hold and the public markets are already pricing a potential rise into their assumptions, although it is unclear whether inflationary pressures may be transitory or longer lasting. These are factors that we consider as we manage PIP's portfolio and assess new deal opportunities.

The indications are that private equity has been left relatively unscathed by the COVID-19 crisis, with deal activity, exits and fundraising all recovering strongly in the second half of 2020, and into 2021. Furthermore, private equity performance through the crisis has been robust, and the asset class has demonstrated lower volatility than public markets. Although private equity valuations dipped in the first half of 2020, as a result of the onset of the COVID-19 crisis, they did not fall as far as the public markets and rebounded strongly in the second half of the year. After a hiatus in deal and exit activity during the second quarter of 2020, private equity bounced back to end the year only slightly behind 2019. Fundraising activity was also strong overall, although there was a bifurcation between the most in-demand, invitation-only funds, which closed rapidly and at their caps, versus less popular vehicles.

PIP's portfolio is tilted towards the Information Technology, Healthcare and Consumer Staples and Services sectors, which have been resilient throughout the pandemic, with certain sub-segments such as enterprise application software, education services, internet retail and interactive home entertainment benefitting from existing social and business trends that have been significantly accelerated. We remain alert, however, to the relatively high valuations in the market particularly in Information Technology and Healthcare, and are focused on targeting the most promising sub-segments within these broad sectors. A critical component of our due diligence process is identifying clear evidence of significant growth drivers in the target companies of our private equity managers, or General Partners ("GPs"), and that the GPs themselves have a track record of long-term value creation through implementing sustainable strategic and operational changes.

There is now an estimated US$1.6tn[1] of dry powder (capital raised and available to invest but not yet deployed) globally. As this capital is concentrated in larger global buyout funds, which often target secondary buyouts of smaller, but high growth businesses, this points to a healthy exit environment for companies in PIP's portfolio which is predominantly invested in the small/mid-market buyout and growth segments of the market.

[1] As at December 2020. Source: Preqin, July 2021.

We are able to access the highest quality assets in the private equity secondaries market

In line with the private equity sector overall, deal volumes in the global private equity secondaries market, which were lower in 2020 (US$60bn[2]) compared to 2019 (US$88bn[2]), rebounded strongly in the second half of 2020, and continued to expand in the first half of 2021. Against a backdrop of more certainty around the economic recovery, we expect volumes in the secondaries market to return to pre-COVID-19 levels in 2021. This deal flow is likely to be driven primarily by sponsor- or "manager-led" sales, which are deals where the private equity managers themselves are actively involved in providing liquidity for investors in their funds. While the manager-led market had been growing prior to the COVID-19 crisis, the acceleration in deal flow in the wake of the pandemic means that manager-led deals accounted for 44% of all transactions in 2020[2]. We believe that the highly attractive return profile of these kinds of deals will continue to drive growth in this area of the secondaries market. The number of single-asset secondaries, which form part of the manager-led activity, has been rising and growing at a faster rate than any other segment of the manager-led space. Single-asset deals occur when the private equity manager has carved an individual company out of an older fund that is coming to the end of its life and moved it into a continuation vehicle. These deals allow the existing investors in the fund to exit their positions while offering an opportunity for other investors to invest in the continued success of the portfolio company. Single asset secondaries are attractive to us because:

- They are typically highly prized companies which offer potential for further significant growth; it should be noted that most of the deals in 2020 were in COVID-19-resilient sectors;
- They offer an opportunity to invest alongside knowledgeable owners in their top performing assets; and
- The market is under-capitalised and less crowded, due to there being a lower number of market participants that have the required capabilities to operate in this highly specialised area of the secondaries market.

Pantheon, which is an experienced and well-established player in the secondaries market, has the resources and skills to invest effectively in single-asset secondaries and has already been able to selectively source compelling opportunities for PIP through its vast network of relationships that has been built up over many years. PIP's US$150m commitment to the Pantheon Secondary Opportunity Fund ("PSOF") allows it to access these high-quality assets on favourable terms.

[2] Source: Greenhill Global Secondary Market Review, January 2021.

We provide value in the co-investment market with our funding and co-underwriting capabilities

Co-investments, which are typically free of management and performance fees, enable PIP to invest directly in portfolio companies on the same terms and conditions as the private equity manager. PIP benefits from Pantheon's ability to source significant co-investment deal-flow from its managers, due to its very large installed base of primary and secondary relationships across the world. Pantheon has an experienced, dedicated team which carries out detailed and extensive due diligence on each co-investment opportunity, effectively applying a "double quality filter" on deals which have already been thoroughly scrutinised and approved by the underlying managers. We are an attractive co-investor for our GPs because we do not compete against them, we are reliable, responsive and have the scale to deploy capital quickly and efficiently, and we have the flexibility to co-underwrite transactions alongside our private equity managers if appropriate.

We are concentrating on deals where the private equity manager:

- Has high conviction in the target company, taking into account how it has performed through the pandemic and its positioning for the future;
- Can apply specialist sector experience and drive significant value by implementing operating capabilities;
- Has a convincing ultimate realisation strategy, ideally with multiple exit routes; and
- Is not faced with factors that are out of their control such as the impact of wider macroeconomic conditions, regulatory uncertainty or market segments where private equity has historically had challenges.

Each co-investment is assessed on its own merits but our main investment themes and selection criteria are:

- Focus on the most compelling opportunities presented by our highest quality managers, which meet our exacting return expectations;
- Only invest where the targeted business is a good fit for the manager in terms of their sector, stage and geographic expertise;
- Target attractive, resilient sectors offering clear prospects for high organic growth through differentiated product or service offerings;
- Concentrate on businesses which are benefiting from long-term tailwinds, such as digitalisation and the move to the cloud, that are occurring across multiple sectors; and
- Seek strong platform companies that can pursue add-on acquisitions to build scale in existing businesses and consolidate fragmented end-markets.

We have seen co-investment deal flow return to pre-COVID-19 levels and co-investments form a significant and attractive part of PIP's deal pipeline.

Outlook

The US$5.3tn[3] global private equity market has more than doubled in size over the last 10 years and is expected to continue to benefit from the increase in supply of private company investment opportunities, and the demand for private capital. Private equity managers often invest in family-owned or founder-led firms where they can help with formalising organisational structures in addition to helping them grow internationally or into new markets. Institutional investors have been increasing their allocations to private equity as they target higher returns, a more diverse set of opportunities and the ability to tap into the growth phase of a company's development before it goes public, if indeed it does IPO at all. Through Pantheon's platform, investors in PIP can access carefully selected high-growth, exciting privately-owned companies around the world. The hands-on approach of our private equity managers has consistently resulted in significantly stronger revenue and earnings growth in the underlying companies in PIP's portfolio when compared to those of the MSCI World index.

In the short to medium term, it is expected that global economic growth will be propelled by the return of business confidence and the strength of consumer spending across the developed world as households wind down excess savings that have been built up over the last 12-18 months. However, we have all lived through the unpredictability of the pandemic over the past 18 months, and there still remains the threat of new waves and strains of the COVID-19 virus. Over the years our top private equity managers have demonstrated their ability to be flexible and innovative while steering their portfolio companies through various crises and periods of uncertainty. Equally, Pantheon's own experience - with almost 40 years in the business and over 33 years' experience of managing PIP through several cycles - has been reflected in PIP's resilience and strong performance during the last 12 month period, and underpins our measured but confident outlook for PIP in the future.

[3] As at December 2020. Source: Preqin, July 2021.

Performance
Overall, PIP's underlying portfolio continues to deliver robust returns. The cash-generative profile of the portfolio, and the portfolio's tilt towards high quality assets and 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 36.0% during the year.
- PIP's total portfolio generated investment returns, prior to foreign exchange effects, of 35.8%.

Valuation movements by stage[1]

- PIP experienced strong performance across its portfolio.
- Buyout and growth segments performed well, helped by strong exits and valuation gains.
- Venture performance was driven primarily by a successful initial public offering of a portfolio company in the information technology sector.

	Return (%)	Closing portfolio NAV (%)
Growth	57.1	23
Venture	54.4	4
Large/mega-buyout	44.1	28
Small/mid-buyout	24.2	38
Special situations	11.3	7

[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 ALN, and are calculated by dividing valuation gains by opening portfolio values.

Valuation gains by region

- Strong performance in Global, US and European investments during the year, driven by favourable exits and large valuation movements in certain portfolio companies.
- Asia and EM performance weighed down by a handful of companies.

	Return (%)	Closing portfolio NAV (%)
Global	49.0	9
USA	40.0	50
Europe	30.1	29
Asia and EM	27.4	12

Valuation gains by type

- Strong primary and secondary performance underpinned by successful exits.
- Co-investment performance driven by public market valuation gains after successful IPOs, strong operational performance and a number of exits at significant uplifts to carrying value.

	Return (%)	Closing portfolio NAV (%)
Primary	52.9	35
Co-investment	31.3	33
Secondary	27.2	32

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, Financials and Business Services sector transactions. PIP 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	**29%**
Healthcare	**20%**
Consumer	**15%**
Financials	**11%**
Industrials	**11%**

Communication services	**7%**
Energy	**4%**
Materials	**2%**
Other	**1%**

[1] The company sector chart in the full Annual Report is based upon underlying company valuations as at 31 March 2021 and accounts for 100% of PIP's overall portfolio value.

DISTRIBUTIONS

PIP received more than 1,000[1] distributions during the year, with many reflecting realisations at significant uplifts to carrying value. PIP's mature portfolio is expected to continue to generate significant distributions.

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

Distribution by Region and Stage

PIP received £319m (31 May 2020: £228m) in proceeds from PIP's portfolio in the year to 31 May 2021 equivalent to 22%[2] of opening private equity assets (31 May 2020: 17%). 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 23% (31 May 2020: 18%).

Distributions by region	
USA	**48%**
Europe	**38%**
Global	**6%**
Asia and EM	**8%**

Distribution by stage	
Small/mid buyout	**40%**
Large/mega buyout	**28%**
Growth	**23%**
Venture	**6%**
Special situations	**3%**

Quarterly Distribution Rates

- Distribution rate equals distributions in the period (annualised) divided by opening portfolio value.
- Strong quarterly distribution rates reflect the maturity of PIP's portfolio.
- Recovery in annualised distribution rate in the latter half of the financial year.

Distribution Rates by Vintage

With a weighted average fund maturity of 5.2 years[3] (31 May 2020: 5.1 years), 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 2021[1]

The average cost multiple on exit realisations of the sample was 2.3 times, highlighting value creation over the course of an investment.

Uplifts on exit realisations for the year to 31 May 2021[1]

The value-weighted average uplift on exit realisations in the year was 26%, 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 healthcare and information technology 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 97% (for exit realisations by type) of proceeds from exit realisations received during the period.

Exit realisation by sector	
Healthcare	**33%**
Information technology	**24%**
Consumer	**13%**
Communication services	**11%**
Financials	**8%**
Industrials	**7%**
Materials	**3%**
Energy	**1%**

Exit realisation by type	
Trade sale	**60%**
Secondary buyout	**33%**
Public market sale	**5%**
Refinancing and recapitalisation	**2%**

Calls

Calls during the year were used to finance investments in businesses such as application software, education services and specialty pharmaceutical companies. In addition, our managers sought to make attractively priced add-on acquisitions for existing platform companies.

Calls by Region and Stage

PIP paid £120m (31 May 2020: £118m) to finance calls on undrawn commitments during the year.

Calls were predominantly made by private equity managers in the growth and buyout segments.

Calls by region

USA	**49%**
Europe	**27%**
Asia & EM	**13%**
Global	**11%**

Calls by stage

Growth	**34%**
Large/mega buyout	**27%**
Small/mid buyout	**23%**
Special Situations	**11%**
Venture	**5%**

Calls by Sector
A large proportion of calls were for investments made in the information technology and healthcare sectors.

Calls by sector

Information Technology	**34%**
Healthcare	**21%**
Consumer	**12%**
Financials	**10%**
Industrials	**10%**
Communication Services	**9%**
Energy	**2%**
Materials	**2%**

Quarterly Call Rate[1]
The annualised call rate for the year to 31 May 2021 was equivalent to 22% of opening undrawn commitments (31 May 2020: 23%).

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
PIP committed £240m to 33 new investments during the year (31 May 2020: £245m, 44 new investments). Of the total commitments made, £76m (31 May 2020: £109m) was drawn at the time of purchase. Since the period end, PIP has committed a further £14m to 5 new investments.

New Commitments by Investment Type

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

PIP committed £109m to manager-led secondaries via the Pantheon Secondary Opportunities Fund ("PSOF").

Secondary	**58%**
Co-investment	**22%**
Primary	**20%**

New Commitments by Region
Regional splits during the year reflect PIP's commitment to PSOF. We continue to see strong deal activity across PIP's core US and European markets.

Global	**48%**
USA	**35%**
Europe	**15%**
Asia and EM	**2%**

New Commitments by Stage
The majority of new commitments made in the year were in the generalist segment as a result of the commitment to PSOF. Growth and buyout investment activity was robust during the period.

Generalist	**46%**
Growth	**21%**
Small/mid buyout	**18%**
Large/mega buyout	**15%**

New Commitments by Vintage
Primaries, co-investments and manager-led secondaries, which accounted for 96% of total commitments during the year offer exposure to current vintages.

2021	**78%**
2020	**18%**
2019 and earlier	**4%**

NEW COMMITMENTS

Secondary commitments

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 market-leading expertise in sourcing and executing complex secondary transactions over which it may have proprietary access.

Manager-led secondary commitments

£129m committed to five manager-led secondary transactions during the year.

Top-tier private equity managers are increasingly transferring some of their most attractive portfolio companies into continuation vehicles, mainly in the form of single company secondaries. By holding companies for longer, secondary managers are able to participate in the companies' next phase of growth.

2021 examples[1]

REGION	STAGE	DESCRIPTION	COMMITMENTS £M	FUNDED %[2]

Europe	Small/mid buyout	Radiopharmaceuticals company	**7.2**	**76%**
Global	Small/mid buyout	Manufacturer of fire protection products	**5.0**	**88%**
Global	Generalist	Pantheon fund focused on single asset secondary transactions	**108.7**	**5%**

Secondary fund commitments

£10m committed to two secondary fund transactions during the year.

Secondary fund investments allow the Company to invest in funds at a stage when the underlying companies are ready to be sold to generate cash distributions.

2021 examples[1]

REGION	STAGE	DESCRIPTION	COMMITMENTS £M	FUNDED %[2]
Europe	Small/mid buyout	UK mid-market buyout fund	**5.0**	**74%**
USA	Growth	Portfolio of eight US-based funds	**4.7**	**49%**

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

2 Funding level does not include deferred payments.

Primary Commitments

£48m committed to seven primaries during the year.

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

Our focus remains on investing with high quality, access-constrained 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.

2021 examples

FUND	STAGE	DESCRIPTION	COMMITMENTS £M
Balderton Growth Fund I	Growth	Technology-focused European growth fund	**15.1**
Hellman & Friedman X	Large/mega buyout	US-based large buyout fund	**10.9**
Shamrock Capital Growth Fund V	Growth	North American growth equity fund	**9.8**
Insight Venture Partners X Follow-On Fund	Growth	US growth fund established to make follow-on investments in predecessor fund portfolio companies	**7.2**

Co-investments

£53m committed to 19 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 deals that would otherwise be difficult to access.

PIP invests alongside private equity managers who have the sector expertise to source and acquire attractively priced companies and build value through operational enhancements, organic growth and buy-and-build strategies. The information technology sector offered compelling investment opportunities during the period.

New co-investments by Region	
USA	**72%**
Europe	**18%**
Asia and EM	**10%**

New co-investments by Sector	
Information Technology	**59%**
Industrials	**16%**
Healthcare	**8%**
Materials	**7%**
Financials	**6%**
Consumer	**4%**

New co-investments by Stage	
Small/mid buyout	**41%**
Large/mega buyout	**36%**
Growth	**23%**

Financing our Undrawn Commitments

Prudent balance sheet management supports PIP's long-term investment strategy.

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. 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.

As a result of this careful management, PIP entered the COVID-19 crisis well prepared for the expected volatility in market conditions. In the end, the spike in calls did not materialise and PIP's portfolio continued to distribute cash. This has left PIP in an even stronger financial position and allowed it to continue investing through the pandemic.

Managing our financing cover[1]

PIP's undrawn commitments were £528m as at 31 May 2021 (31 May 2020: £541m).

At 31 May 2021, PIP had net available cash balances of £198m (31 May 2020: £121m). In addition to these cash balances, PIP also has access to a wholly undrawn £300m multi-currency revolving credit facility agreement ("loan facility") that expires in May 2024. Using exchange rates at 31 May 2021, the loan facility amounted to a sterling equivalent of £277m (31 May 2020: £310m).

At 31 May 2021, the Company had £475m (31 May 2020: £431m) of available financing which, along with the value of the private equity portfolio, provides comfortable cover of 4.1 times (31 May 2020: 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 122% as at 31 May 2021 (31 May 2020: 107%).

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

Maturity[1]
We actively manage PIP's maturity profile to maximise the potential for growth and generate cash. This is achieved through a mix of primaries, secondaries and co-investments.

As at 31 May 2021, PIP's portfolio had a weighted average fund age of 5.2 years.

2020 and later	9%
2019	12%
2018	14%
2017	15%
2016	14%
2015	14%
2014	4%
2011 - 2013	9%
2010 and earlier	9%

[1] Maturity chart in the full Annual Report is based on underlying fund valuations and accounts for 100% of PIP's portfolio value. Excludes the portion of the reference portfolio attributable to the ALN.

Undrawn Commitments by Region[2]
The largest share of undrawn commitments represents 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$ and Euros to match the predominant currencies of its undrawn commitments.

USA	**45%**
Europe	**38%**
Global	**10%**
Asia and EM[3]	**7%**

Undrawn Commitments by Vintage[2]
The rise in more recent vintages is a result of PIP's primary commitment and co-investment activity in recent years.

Approximately 21% of PIP's undrawn commitments are in funds with vintage years which are 2014 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.

2021	13%
2020	15%
2019	18%
2018	16%
2017	7%
2016	5%
2015	5%
2014	1%
2011 - 2013	5%
2010 and earlier	15%

Undrawn Commitments by Region[2]
The largest share of undrawn commitments represents 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$ and Euros to match the predominant currencies of its undrawn commitments.

USA	**45%**
Europe	**38%**
Global	**10%**
Asia and EM	**7%**

Undrawn commitments by Stage[2]
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	42%
Large/mega buyout	27%
Growth	20%
Special situations	8%
Venture	3%

[2] Includes undrawn commitments attributable to the reference portfolio underlying the Asset Linked Note.

[3] EM: Emerging Markets.

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 2021, the ALN was valued at £47m (31 May 2020: £65m). For more information on the ALN, refer to the full Annual Report and Accounts.

OTHER INFORMATION
The Largest 50 Managers by Value

RANK	MANAGER	REGION[1]	STAGE BIAS	% OF TOTAL PRIVATE EQUITY ASSET VALUE[2]
1	Insight Partners	USA	Growth	7.1%
2	Essex Woodlands	USA	Growth	3.7%
3	Providence Equity Partners	USA	Buyout, Growth	3.1%
4	Index Ventures	Europe	Venture, Growth	2.8%
5	Apax Partners SA	Europe	Buyout	2.7%
6	Baring Private Equity Asia	Asia and EM	Growth	2.6%
7	Veritas Capital	USA	Buyout	2.5%
8	Advent International	Global	Buyout	2.1%
9	Mid-Europa Partners	Europe	Buyout	2.0%
10	BC Partners	Europe	Buyout	1.9%
11	LYFE Capital	Asia and EM	Growth	1.8%
12	Parthenon Capital	USA	Buyout	1.7%
13	Hg	Europe	Buyout	1.7%
14	ABRY Partners	USA	Buyout	1.6%
15	Warburg Pincus Capital	Global	Growth	1.4%
16	Hellman & Friedman	USA	Buyout	1.3%
17	Ares Management	USA	Buyout	1.3%
18	Searchlight Capital Partners	Global	Special situations	1.2%
19	Gemini Capital	Europe	Venture	1.2%
20	Calera Capital	USA	Buyout	1.2%
21	Clearlake Capital Group	USA	Buyout	1.2%
22	Summa Equity	Europe	Buyout, Growth	1.2%
23	Energy Minerals Group	USA	Special situations	1.1%
24	Texas Pacific Group	USA	Buyout	1.1%
25	HIG Capital	USA	Buyout	1.1%
26	Oak HC/FT	USA	Growth	1.1%
27	Quantum Energy Partners	USA	Special situations	1.0%
28	Shamrock Capital Advisors	USA	Buyout	1.0%
29	Francisco Partners	USA	Buyout	1.0%
30	IK Investment Partners	Europe	Buyout	1.0%
31	Lee Equity Partners	USA	Growth	1.0%
32	NMS Management	USA	Buyout	1.0%
33	Equistone Partners Europe	Europe	Buyout	1.0%
34	Altor Capital	Europe	Buyout	1.0%
35	Growth Fund[3]	USA	Growth	0.9%
36	Charlesbank Capital Partners	USA	Buyout	0.8%
37	Apollo Advisors	USA	Buyout	0.8%
38	PAI Partners	Europe	Buyout	0.8%
39	ECI Partners	Europe	Buyout	0.8%
40	Horizon Capital	Europe	Buyout	0.8%
41	IVF Advisors	Asia and EM	Buyout	0.8%
42	Growth Fund[3]	USA	Growth	0.7%
43	Sageview Capital	USA	Growth	0.7%
44	TPG Asia	Asia and EM	Buyout	0.7%
45	Madison India Capital	Asia and EM	Buyout	0.7%
46	Ergon Capital Partners	Europe	Buyout	0.6%
47	Marguerite	Europe	Special situations	0.6%
48	Idinvest Partners	Europe	Growth	0.6%
49	Avenue Broadway Partners	Europe	Buyout	0.6%
50	Chequers Partenaires	Europe	Buyout	0.6%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE[2]				**71.2%**

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

The Largest 50 Companies by Value[1]

	COMPANY	COUNTRY	SECTOR	DESCRIPTION	% of PIP'S NAV
1	EUSA Pharma[2]	UK	Healthcare	Develops and licenses oncology products	3.0%
2	Chewy[2,3]	USA	Consumer	Pet food manufacturer	1.3%

3	Omni Eye Services	USA	Healthcare	Provider of ophthalmology services	0.9%
4	Asurion[2]	USA	Financials	Mobile phone insurance company	0.9%
5	Visma[2]	Norway	Information technology	Provider of business software solutions	0.8%
6	Software Company[2,4]	USA	Information technology	Security management solutions provider	0.8%
7	Recorded Future[2]	USA	Information technology	Cybersecurity software company	0.7%
8	JFrog[2,3]	Israel	Information technology	Offers software development platforms	0.7%
9	Olink[3]	Sweden	Healthcare	Biotechnology company	0.7%
10	Ascent Resources[2]	USA	Energy	Oil and gas exploration company	0.7%
11	Marlink[2]	France	Communication services	Satellite communications company	0.6%
12	Allegro[2,3]	Poland	Consumer	Online marketplace	0.6%
13	Star Health[2]	India	Financials	Health insurance provider	0.6%
14	Froneri[2]	UK	Consumer	Ice cream and frozen food manufacturer	0.6%
15	Squarespace	USA	Information technology	Developer of content management systems	0.6%
16	svt	Germany	Industrials	Manufacturer of fire protection products	0.6%
17	Vistra[2]	Hong Kong	Financials	Provider of trust and fund services	0.6%
18	Atria Convergence Technologies	India	Communication services	Broadband and cable TV provider	0.5%
19	Kaspi Bank[3]	Kazakhstan	Financials	Commercial bank	0.5%
20	Kyobo Life Insurance	South Korea	Financials	Life insurance company	0.5%
21	ALM Media[2]	USA	Communication services	Content provider to the legal industry	0.5%
22	Action	Netherlands	Consumer	Non-food discount stores	0.5%
23	Alion Science and Technology[2]	USA	Industrials	Systems engineering company	0.5%
24	LogicMonitor[2]	USA	Information technology	Managed IT service provider	0.5%
25	Virence Health Technologies	USA	Healthcare	Developer of software for healthcare applications	0.5%
26	Arnott Industries[2]	USA	Consumer	Manufacturer of vehicle suspension products	0.5%
27	Imeik Technology	China	Healthcare	Biotechnology company	0.5%
28	CallRail[2]	USA	Information technology	Mobile data analytics company	0.4%
29	Profi Rom[2]	Romania	Consumer	Supermarket chain	0.4%
30	WalkMe	USA	Information technology	Provider of digital platform integration solutions	0.4%
31	KD Pharma[2]	Germany	Healthcare	Pharmaceutical company	0.4%
32	Apollo Education Group[2]	USA	Consumer	Provider of continuing education programmes	0.4%
33	CPG International[2]	USA	Industrials	Manufacturer of building products	0.4%
34	Flynn Restaurant Group	USA	Consumer	Restaurant franchise	0.4%
35	Mobilitie[2]	USA	Industrials	Operator of wireless infrastructure networks	0.4%
36	Renaissance Learning[2]	USA	Consumer	Developer of educational software products	0.4%
37	Burning Rock Biological Technology[2]	China	Healthcare	Biotechnology company	0.4%
38	OWP Butendiek	Germany	Utilities	Offshore wind farms	0.4%
39	MRO[2]	USA	Healthcare	Provider of disclosure management services	0.4%
40	Paycor[2]	USA	Information technology	Human resources software developer	0.4%
41	Cotiviti	USA	Healthcare	Payment management solutions provider	0.4%
42	Marqeta	USA	Information technology	Prepaid debit and credit card platform	0.4%
43	Shawbrook Bank[2]	UK	Financials	Commercial bank	0.3%
44	Ports America	USA	Industrials	Provider of infrastructure solutions for ports	0.3%
45	Charles Taylor[2]	UK	Financials	Software solutions for the insurance industry	0.3%
46	Software Company[4]	USA	Information technology	Insurance software provider	0.3%
47	Correct Care Solutions[2]	USA	Healthcare	Provider of medical and behavioural health services	0.3%
48	nCino	USA	Information technology	Cloud banking platform developer	0.3%
49	Southern Dental Alliance[2]	USA	Healthcare	Dental service organisation	0.3%
50	HUB International[2]	USA	Financials	Property and casualty insurance company	0.3%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE					**28.1%**

1 The largest 50 companies table is based upon underlying company valuations at 31 March 2021 adjusted for known call and distributions to 31 May 2021, and includes the portion of the reference portfolio attributable to the ALN.
2 Co-investments/directs.
3 Listed companies.
4 The private equity manager does not permit the Company to disclose this information.
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Portfolio Concentration
70 managers and 600 companies account for approximately 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)
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 22 September 2020 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 2021 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 2021	**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. The Company's 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 2021. 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 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 2021, 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
4 August 2021

NON-STATUTORY ACCOUNTS
The financial information set out below does not constitute the Company's statutory accounts for the year ended 31 May 2021 and period ended 31 May 2020 but is derived from those accounts. Statutory accounts for 2020 have been delivered to the Registrar of Companies, and those for 2021 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 2021

		Year ended 31 May 2021			Year ended 31 May 2020		
	Note	**Revenue £'000**	**Capital £'000**	**Total* £'000**	Revenue £'000	Capital £'000	Total* £'000
Gains on investments at fair value through profit or loss**	9b	**-**	**341,802**	**341,802**	-	72,264	72,264
(Losses)/gains on financial instruments at fair value through profit or loss - ALN**		**(976)**	**(11,571)**	**(12,547)**	(502)	277	(225)
Currency (losses)/gains on cash and borrowings		**-**	**(18,452)**	**(18,452)**	-	1,403	1,403
Investment income	2	**16,418**	**-**	**16,418**	11,198	-	11,198
Investment management fees	3	**(18,544)**	**-**	**(18,544)**	(17,674)	-	(17,674)
Other expenses	4	**(1,417)**	**(1,340)**	**(2,757)**	(730)	(1,719)	(2,449)
Return before financing and taxation		**(4,519)**	**310,439**	**305,920**	(7,708)	72,225	64,517
Interest payable and similar expenses	6	**(3,488)**	**-**	**(3,488)**	(2,223)	-	(2,223)
Return before taxation		**(8,007)**	**310,439**	**302,432**	(9,931)	72,225	62,294
Taxation recovered/(paid)	7	**3,533**	**-**	**3,533**	(1,616)	-	(1,616)
Return for the year, being total comprehensive income for the year		**(4,474)**	**310,439**	**305,965**	(11,547)	72,225	60,678
Return per ordinary share	8	**(8.27)p**	**573.94p**	**565.67p**	(21.35)p	133.53p	112.18p

* The Company does not have any income or expense that is not included in the return for the period, therefore the return for the period is also the total comprehensive income for the period. 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").

** Includes currency movements on investments.

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 2021

	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 period ended 31 May 2021							
Opening equity shareholders' funds	**36,240**	**269,535**	**3,325**	**842,675**	**503,307**	**(95,816)**	**1,559,266**
Return for the period	**-**	**-**	**-**	**134,010**	**176,429**	**(4,474)**	**305,965**
Closing equity shareholders' funds	**36,240**	**269,535**	**3,325**	**976,685**	**679,736**	**(100,290)**	**1,865,231**
Movement for the period 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

The Notes form part of these financial statements.

Balance Sheet
As at 31 May 2021

	Note	31 May 2021 £'000	30 May 2020 £'000
Fixed assets			
Investments at fair value	9a/b	**1,713,724**	1,495,689
Current assets			
Debtors	11	**8,215**	1,259
Cash at bank		**199,118**	130,091
		207,333	131,350
Creditors: Amounts falling due within one year			
Other creditors	12	**9,039**	10,030
		9,039	10,030
Net current assets		**198,294**	121,320
Total assets less current liabilities		**1,912,018**	1,617,009
Creditors: Amounts falling due after one year			
Asset Linked Loan	13	**46,787**	57,743
		46,787	57,743
Net assets		**1,865,231**	1,559,266
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	**976,685**	842,675
Capital reserve on investments held	15	**679,736**	503,307
Revenue reserve	15	**(100,290)**	(95,816)
Total equity shareholders' funds		**1,865,231**	1,559,266
Net asset value per Ordinary share	16	**3,448.42p**	2,882.75p

The Notes form part of these financial statements.

The financial statements were approved by the Board of Pantheon International Plc on 4 August 2021 and were authorised for issue by

Sir Laurie Magnus
Chairman
Company No. 2147984

Cash Flow Statement
Year ended 31 May 2021

	Note	Year ended 31 May 2021 £'000	Year ended 31 May 2020 £'000
Cash flow from operating activities			
Investment income received		**16,311**	10,356
Deposit and other interest received		**87**	952
Investment management fees paid		**(18,416)**	(17,623)
Secretarial fees paid		**(263)**	(219)
Depositary fees paid		**(225)**	(219)
Legal and professional fees paid		**(1,544)**	(1,913)
Other cash payments*		**(1,316)**	(1,517)
Withholding tax repaid/(deducted)		**3,602**	(1,776)
Net cash outflow from operating activities	17	**(1,764)**	(11,959)
Cash flows from investing activities			
Purchases of investments		**(226,205)**	(239,251)
Disposals of investments		**344,559**	267,126
Net cash inflow from investing activities		**118,354**	27,875
Cash flows from financing activities			
ALN repayments		**(24,286)**	(28,023)
Loan commitment and arrangement fees paid		**(4,888)**	(1,816)
Net cash outflow from financing activities		**(29,174)**	(29,839)
Increase/(Decrease) in cash in the year		**87,416**	(13,923)
Cash and cash equivalents at beginning of the year		**130,091**	142,773
Foreign exchange (losses)/ gains		**(18,389)**	1,241
Cash and cash equivalents at end of the period		**199,118**	130,091

* Includes interest paid during the year of £66,000 (2020: £31,000).

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 2021. 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 2021 stood at £475m (31 May 2020: £431m), comprising £198m (31 May 2020: £121m) in available cash balances and £277m (31 May 2020: £310m) (sterling equivalent) in undrawn bank facilities.

- PIP's 31 May 2021 valuation is primarily based on reported GP valuations with a reference date of 31 March 2021, 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 2021 were £528m (31 May 2020: £541m). 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 which are 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 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, at each reporting date. 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 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.

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 continue for the foreseeable future to meet) the conditions for approval as an investment trust company, pursuant to sections 1158 and 1159 of the CTA.

Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted.

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 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 2021, the notional performance fee hurdle is a net asset value per share of 4,184.20p. 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 investments at fair value at the financial reporting date and the reported fair value movements 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. In accordance with FRS102, 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. Financial liabilities are derecognised when the obligation is discharged, extinguished or expired.

2. Income

	31 May 2021 **£'000**	31 May 2020 £'000
Income from investments		

Investment income	**16,331**	10,267
	16,331	10,267
Other income		
Interest	**89**	919
Exchange difference on income	**(2)**	12
	87	931
Total income	**16,418**	11,198
Total income comprises		
Income distributions	**16,331**	10,267
Bank interest	**39**	919
Other interest	**50**	-
Exchange difference on income	**(2)**	12
	16,418	11,198
Analysis of income from investments		
Unlisted	**16,331**	10,267
	16,331	10,267
Geographical analysis		
UK	**3**	367
USA	**12,345**	8,862
Other overseas	**3,983**	1,038
	16,331	10,267

3. Investment Management Fees

	31 May 2021			31 May 2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fees	**18,544**	**-**	**18,544**	17,674	-	17,674
	18,544	**-**	**18,544**	17,674	-	17,674

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 £18,896,000 (period to 31 May 2020: £18,102,000), being £18,544,000 (period to 31 May 2020: £17,674,000) directly from Pantheon Ventures (UK) LLP and £352,000 (period to 31 May 2020: £428,000) 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 £24,344,000 as at 31 May 2021 (31 May 2020: £13,634,000). 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 or equal to 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 2021 £1,646,000 (31 May 2020: £1,518,000) was owed for investment management fees. No performance fee is payable in respect of the year to 31 May 2021 (31 May 2020: 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 2021			31 May 2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Secretarial and accountancy services	**243**	-	**243**	246	-	246
Depositary fees	**233**	-	**233**	221	-	221
Fees payable to the Company's Auditor for the - audit of the annual financial statements	**115**	-	**115**			
- current auditor				105	-	105
- audit of the annual financial statements - previous auditor	-	-	-	3	-	3
Fees payable to the Company's Auditor for - audit-related assurance services - Half-Yearly report - current auditor	**35**	-	**35**	35	-	35
Directors' remuneration (see Note 5)	**331**	-	**331**	324	-	324
Employer's National Insurance	**25**	-	**25**	32	-	32
Irrecoverable VAT	**117**	-	**117**	112	-	112
Legal and professional fees	**315**	**1,245**	**1,560**	194	1,719	1,913
Printing	**107**	-	**107**	128	-	128
Other*	**599**	**95**	**694**	436	-	436
ALN Expense Charge (see Note 1 (F))	**(703)**	-	**(703)**	(1,106)	-	(1,106)
	1,417	**1,340**	**2,757**	730	1,719	2,449

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

* See Note 9b for detailed information.

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 2021 £'000	31 May 2020 £'000
Negative bank interest	**66**	31
Loan commitment and arrangement fees	**3,422**	2,192
	3,488	2,223

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 replaced the 4 year £150m loan facility agreement, with the Royal Bank of Scotland plc and Lloyds Bank plc, which was due to expire in November 2018.

The terms of the facility was materially the same as those of the previous facility but was due to 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 drawdown 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 £277m as at 31 May 2021 (2020: £310m).

In February 2021, the Company agreed to extend the facility end date for a further two years, to 31 May 2024. Upfront fees of £2.2m, in relation to this extension agreement, are being amortised over the remaining life of the loan, until 31 May 2024.

This loan facility provides a margin of additional assurance that the Company has the ability to finance its unfunded commitments in the future. At 31 May 2021 and 31 May 2020 the loan facility remained fully undrawn.

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7. Taxation

		31 May 2021			31 May 2020	
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Withholding tax (repaid)/ deducted from distributions	**(3,533)**	**-**	**(3,533)**	1,616	-	1,616

Tax charge
The tax credit/(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	**(8,007)**	**310,439**	**302,432**	(9,931)	72,225	62,264
Theoretical tax at UK corporation tax rate of 19% (31 May 2020: 19%)	**(1,521)**	**58,983**	**57,462**	(1,887)	13,723	11,836
Non-taxable investment, derivative and currency gains	**-**	**(59,238)**	**(59,238)**	**-**	(14,050)	(14,050)
Effect of expenses in excess of taxable income	**-**	**237**	**237**	**-**	327	327
Expenses disallowable for tax purposes	**-**	**18**	**18**	**-**	**-**	**-**
Carry forward management expenses	**1,521**	**-**	**1,521**	1,887	-	1,887
Withholding tax (repaid)/deducted from distributions	**(3,533)**	**-**	**(3,533)**	1,616	-	1,616
	(3,533)	**-**	**(3,533)**	1,616	-	1,616

The tax credit for the year ended 31 March 2021 is £3.5m (31 May 2020; tax charge of £1.6m). Tax charges are wholly comprised of irrecoverable withholding tax suffered. Investment gains are exempt from capital gains tax, owing to the Company's status as an investment trust. In addition, during the year ended 31 May 2021, £6.1m of taxation was recovered from the United States Internal Revenue Service, relating to prior years' taxation, which resulted in an overall tax credit of £3.5m in the period.

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. As at 31 May 2021, excess management expenses are estimated to be in excess of £249m (31 May 2020: £240m).

At 31 May 2021, the Company had no unprovided deferred tax liabilities (31 May 2020: £nil).

8. Return per Share

		31 May 2021			31 May 2020	
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Return for the financial period in £'000	**(4,474)**	**310,439**	**305,965**	(11,547)	72,225	60,678
Weighted average ordinary and redeemable shares			**54,089,447**			54,089,447
Return per share	**(8.27)p**	**573.94p**	**565.67p**	(21.35)p	133.53p	112.18p

There are no dilutive effects to earnings per share.

9a. Movements on Investments

	31 May 2021 £'000	31 May 2020 £'000
Book cost brought forward	**973,761**	892,083
Opening unrealised appreciation on investments held		
-Unlisted investments	**521,565**	551,852
-Listed investments	**363**	5,699

Valuation of investments brought forward	**1,495,689**	1,449,634
Movements in year:		
Acquisitions at cost	**226,205**	239,251
Capital distributions - proceeds	**(349,972)**	(265,462)
Capital distributions - realised gains on sales	**153,802**	107,889
Increase/ (decrease) in appreciation on investments held	**188,000**	(35,623)
Valuation of investments at year end	**1,713,724**	1,495,689
Book cost at year end	**1,003,796**	973,761
Closing unrealised appreciation on investments held		
-Unlisted investments	**709,712**	521,565
-Listed investments	**216**	363
Valuation of investments at year end	**1,713,724**	1,495,689
Fair value of investments:		
Unlisted investments	**1,713,508**	1,494,944
Listed investments	**216**	745
Valuation of investments at year end	**1,713,724**	1,495,689

9b. Analysis of Investments

	31 May 2021 £'000	31 May 2020 £'000
Sterling		
Unlisted investments	**67,451**	49,930
	67,451	49,930
US dollar		
Unlisted investments	**1,266,123**	1,121,246
Listed investments	**216**	412
	1,266,339	1,121,658
Euro		
Unlisted investments	**337,522**	288,474
Listed investments	**-**	333
	337,522	288,807
Other		
Unlisted investments	**42,412**	35,294
	42,412	35,294
	1,713,724	1,495,689
Realised gains on sales	**153,802**	107,889
Amounts previously recognised as unrealised appreciation on those sales	**363**	5,699
Increase/(decrease) in unrealised appreciation	**187,637**	(41,322)
Revaluation of amounts owed in respect of transactions	**-**	(2)
Gains on investments	**341,802**	72,264

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

Transaction costs, (incurred at the point of the transaction) incidental to the acquisition of investments totalled £nil (31 May 2020: £nil) and to the disposals of investments totalled £12,000 (31 May 2020: £14,000) for the period. In addition, legal fees incidental to the acquisition of investments totalled £1,245,000 (31 May 2020: £1,719,000), as disclosed in Note 4, 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 held the following material holdings in an investee undertaking which exceeded 3% of any class of capital.

Investment	**% ownership**	**Closing net asset value £'000**
Gemini Israel V	4.7%	19,996

10. Fair Value Hierarchy

The fair value hierarchy consists of the following three levels:

Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date. The Level 1 holdings include publicly listed holdings held directly by the Company from in specie distributions received from underlying investments;

Level 2 - Inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Financial Assets at Fair Value Through Profit or Loss at 31 May 2021

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Unlisted holdings	-	-	1,713,508	1,713,508
Listed holdings	216	-	-	216
	216	-	1,713,508	1,713,724

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 Liabilities at Fair Value Through Profit or Loss at 31 May 2021

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Asset Linked Note	-	-	53,015	53,015
	-	-	53,015	53,015

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

11. Debtors

	31 May 2021 £'000	31 May 2020 £'000
Amounts owed by investment funds	**5,656**	305
Prepayments and accrued income	**2,559**	954
	8,215	1,259

12. Creditors Amounts Falling Due Within One Year

	31 May 2021 £'000	31 May 2020 £'000
Investment management fees	**1,646**	1,518
ALN repayment to the Investor	**6,228**	7,643
Other creditors and accruals	**1,165**	869
	9,039	10,030

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

	31 May 2021 £'000	31 May 2020 £'000
Opening value of ALN	**65,386**	94,449
Repayments of net cash flows received	**(24,286)**	(28,023)
Fair value movements through profit or loss	**12,547**	225
Expense charge and ALN share of witholding taxes	**(632)**	(1,265)
Closing value of ALN (see Note 1 (F)	**53,015**	65,386
Transfer to creditors due within one year	**(6,228)**	(7,643)
	46,787	57,743

14. Called-up Share Capital

		31 May 2021		31 May 2020
	Shares	**£'000**	Shares	£'000
Allotted, called up and fully paid:				
Ordinary shares of 67p each				
Opening position	**54,089,447**	**36,240**	54,089,447	36,240
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

Du ring the period there were no ordinary shares bought back in the market for cancellation. (31 May 2020: nil).

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**	**842,675**	**503,307**	**(95,816)**
Net gain on realisation of investments	-	-	**153,802**	-	-
Increase in unrealised appreciation	-	-	-	**176,066**	-
Transfer on disposal of investments	-	-	-	**363**	-
Revaluation of amounts owed in respect of transactions	-	-	-	-	-
Exchange differences on currency	-	-	**(18,389)**	-	-
Exchange differences on other capital items	-	-	**(63)**	-	-
Legal and professional expenses charged to capital	-	-	**(1,245)**	-	-
Other expenses charged to capital	-	-	**(95)**	-	-
Revenue return for the period	-	-	-	-	**(4,474)**
End of Year	**269,535**	**3,325**	**976,685**	**679,736**	**(100,290)**

* 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 2021	31 May 2020

Net assets attributable in £'000	**1,865,231**	1,559,266
Ordinary shares	**54,089,447**	54,089,447
Net asset value per ordinary share	**3,448.42p**	2,882.75p

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

	31 May 2021 £'000	31 May 2020 £'000
Return before taxation and finance costs	**305,920**	64,517
Withholding tax refunded/(deducted)	**3,533**	(1,616)
Gains on investments	**(341,802)**	(72,264)
Currency losses/(gains) on cash and borrowings	**18,452**	(1,403)
Increase/(decrease) in creditors	**215**	(216)
Decrease in other debtors	**3**	65
Losses on financial liabilities at fair value through profit or loss (ALN)	**12,547**	225
Income, expenses and taxation associated with ALN	**(632)**	(1,265)
Net cash outflow from operating activities	**(1,764)**	(11,959)

18. Contingencies, Guarantees and Financial Commitments

At 31 May 2021 there were financial commitments outstanding of £528m (31 May 2020: £541m) in respect of investments in partly paid shares and interests in private equity funds. Further details are provided in the Strategic Report in the full Annual Report.

Outstanding commitments include a £106.7m (31 May 2020: £nil) cornerstone commitment to the Pantheon Secondaries Opportunities Fund ("PSOF"). PSOF seeks to partner with high quality private equity managers to acquire, as single transactions, their most attractive portfolio companies with the goal of jointly participating in such companies next phase of growth. PIP has agreed a fee basis with Pantheon for this investment which, in recognition of its cornerstone role, is lower than the standard fee scale applied to the rest of the Company's portfolio.

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 2021) 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 28 May 2020 (see Note 6 for further information). In February 2021, the Company further agreed an extension to the facility end date to 31 May 2024.

The principal covenant that applies to the loan facility is that gross borrowings do not exceed 30% of adjusted gross asset value. 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 2021 stood at £475m (31 May 2020: £431m), comprising £198m (31 May 2020: £121m) in cash balances and £277m (31 May 2020: £310m) (sterling equivalent) in undrawn bank facilities. The available financing along with the private equity portfolio exceeded the outstanding commitments by 4.1 times (31 May 2020: 3.6 times).

Interest Rate Risk
The Company may use gearing to achieve its investment objectives and manage cash flows and uses 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 2021 there was the sterling equivalent of £nil funds drawn down on the loan facilities (31 May 2020: £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 2021 and 2020 consisted of investments, cash and debtors (excluding prepayments). As at 31 May 2021, the interest rate risk and maturity profile of the Company's financial assets was as follows:

Fixed interest

31 May 2021	Total £'000	No maturity date £'000	Matures within 1 year £'000	Matures after 1 year £'000	average interest rate %
Fair value of no interest rate risk financial assets					
Sterling	74,668	74,668	-	-	-
US dollar	1,428,217	1,428,217	-	-	-
Euro	356,593	356,593	-	-	-
Other	53,364	53,364	-	-	-
	1,912,842	1,912,842	-	-	-

The interest rate and maturity profile of the Company's financial assets as at 31 May 2020 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 %
Fair value of no interest rate risk financial assets					
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	-	-	-

Financial Liabilities
At 31 May 2021, the Company had drawn the sterling equivalent of £nil (31 May 2020: £nil) of its committed revolving multi currency credit facility, expiring 31 May 2024, with Lloyds Bank, Natwest Markets, 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 2020: £nil) was accruing as the facilities were unutilised.

At 31 May 2021 and 31 May 2020, 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 2021 valuation, with all other variables held constant, there would have been a reduction of £342,745,000 (31 May 2020: £299,138,000) 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 given in the full Annual Report 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 and the Manager's Review in 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 2021, realised exchange losses of £63,000 (31 May 2020: realised exchange gains of £162,000) and realised losses relating to currency of £18,389,000 (31 May 2020: realised gains of £1,241,000) 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 2021, it would have the effect, with all other variables held constant, of increasing equity shareholders' funds by £20,497,000 (31 May 2020: £12,639,000). 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 £16,770,000 (31 May 2020: £10,341,000). The calculations are based on the financial assets and liabilities and the exchange rate as at 31 May 2021 of 1.42155 (31 May 2020: 1.23680) sterling/dollar and 1.16255 (31 May 2020: 1.11185) sterling/euro. The Company's investment currency exposure is disclosed in Note 9b.

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

	31 May 2021 Assets £'000	31 May 2021 Liabilities £'000	31 May 2020 Assets £'000	31 May 2020 Liabilities £'000
US dollar	166,508	455	112,583	310
Canadian dollar	18	-	-	-
Euro	19,071	203	1,606	127
Swedish krone	3,219	-	66	-
Norwegian krone	1,712	-	321	-
Australian dollar	7,480	-	331	-
	197,558	658	114,907	437

Fair Value of Financial Assets and Financial Liabilities
The financial assets of the Company are held at fair value. Other than the ALN, the 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 as described in Note 14. Capital is 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 2021 and 31 May 2020 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.

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 only related party transactions during the year pertain to the Directors Fees paid to the Company's Board and are disclosed in the Directors' Remuneration Report 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 period end.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") will be held on Wednesday, 27 October 2021 at 10.30 a.m. A separate circular containing the AGM notice will be published and made available towards the end of August 2021.

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.

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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