RNS Number : 2564K
Pantheon International PLC
20 September 2016

PANTHEON INTERNATIONAL PLC (the "Company" or "PIP")
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2016

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, an investment trust that invests in private equity funds globally, today publishes its Annual Financial Report for the year ended 30th June 2016.

A good year as PIP continues to deliver on its strategy of maximising capital growth over the long term.

FULL YEAR PERFORMANCE

- NAV per share **increased by 22%**, from 1,532.4p to 1,873.6p.
- Net assets increased to **£1,187m** (June 2015: £1,000m)
- The ordinary share price increased from 1,272.0p to 1,285.0p, **an increase of 1%**. However, the discount widened from 17% to 31%.
- The redeemable share price decreased from 1,285.0p to 1,175.0p, a decrease of 9%, as the discount widened from 16% to 37%.

Portfolio update

- Assets in the portfolio generated underlying (pre-FX) returns of **6.8%.**
- Distributions received in the twelve months to 30th June 2016 were **£252m**, equivalent to an annualised rate of 29% of opening private equity assets. After funding £62m of calls, net cash flow from the portfolio totalled **£190m**.
- **£346m** of new investment commitments were made during the year with £192m drawn at the time of purchase

Post-period end update

- Since the year end, the ordinary and redeemable share prices have increased, narrowing the discounts to **18%** and **28%** respectively**.**

Commenting on PIP's full year performance, **Tom Bartlam, Chairman,** said:

"PIP has delivered a good performance over the past 12 months, which has been reflected in the strong growth in the NAV per share. During the year, our managers have continued to benefit from the strong exit environment and the Company has maintained a disciplined approach when committing capital to new investment opportunities. I am also pleased to note that the discounts on the ordinary and redeemable share prices have materially decreased since the period end. As I step down from the Board after 13 years as a member and 12 years as Chairman, I am confident that the Company has the financial strength, and an experienced Board and Manager that will enable it to continue to focus on investing well in the best private equity opportunities globally and generating attractive returns for shareholders over the long term."

For more information please contact:

Andrew Lebus or Vicki Bradley

Pantheon

+44 (0)20 3356 1800

PIP will host a webcast at 10.30am BST today to discuss the 2016 Annual Report and Accounts.

The presentation can be viewed on the day via www.meetingzone-event.com/?pak=7180160920164781. Please refer to the numbers below for your local dial-in details. When you dial in for the webcast, you will be asked to provide your name, company name and the password **Pantheon.**

Dial-in details:

Standard International Access: +44 (0) 20 3003 2666
UK Toll Free: 0808 109 0700
Password: Pantheon

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

In my final Chairman's Statement, I am pleased to report that PIP has delivered a good performance over the past 12 months. For the financial year, the Company's net assets stood at just under £1.2bn and it recorded an increase of 22.3% in NAV per share. Since I joined the Board in 2003, PIP's NAV per share has more than trebled to 1,873.6p as at the end of June 2016, delivering annualised NAV growth of around 10%. Shareholders have been increasingly able to access a diversified portfolio of high quality private equity assets, which are usually only available to institutional investors.

I am disappointed that over the last year PIP's ordinary and redeemable shares have traded at significant discounts, which reflect a sector-wide trend that has arisen against a backdrop of continued uncertainty in the global financial markets. However, since the financial year end, the discounts on PIP's ordinary and redeemable shares have narrowed materially and, at the time of writing, are 18% and 28% respectively. This reflects an increase in the ordinary share price from 1,285.0p to 1,545.0p and an increase in the redeemable share price from 1,175.0p to 1,350.0p.

PIP's strong financial position means it is well positioned to withstand any regional challenges and to take advantage of compelling opportunities in the global private equity market as they arise.

Performance Update
In the full year to 30th June 2016, PIP's NAV per share demonstrated strong growth, increasing by 22.3% to 1,873.6p, and net assets rose from £1,000m to £1,187m. Assets in the underlying portfolio generated returns of 6.8% and foreign exchange gains added 17.2% to NAV per share, reflecting the weighting of PIP's portfolio in non-UK assets and the depreciation of sterling towards the latter part of the financial year. These gains were offset by a provision in relation to asset sales (-0.7%) and expenses and taxes (-1.7%).

Our portfolio is weighted towards companies based in North America and the stronger Northern European economies, and buyout portfolios in those regions demonstrated good performance. The energy funds within Special Situations have continued to feel the adverse effects of declining oil prices, however it should be noted that the Company has also been able to take advantage of the cyclical nature of the sector and has acquired additional energy assets at attractive prices. We intend to maintain our current weighting towards energy assets within our Special Situations portfolio at up to approximately 10% of the portfolio.

On 23rd June 2016, the UK held a referendum which resulted in a majority voting to leave the European Union. Although our internationally diversified portfolio has only a small minority that is exposed to the UK economy, the result of the referendum has created great political and economic uncertainty, and the long-term consequences remain unclear. However, we are confident that our manager, Pantheon ("the Manager"), has put in place robust contingency plans and is well prepared to respond effectively to the eventual outcomes. We believe that the inherent characteristics of the private equity asset class should continue to deliver attractive risk-adjusted returns as we enter a new era for Europe.

Investment Activity
During the year, our managers continued to benefit from the strong exit environment, particularly in the healthcare, consumer and information technology sectors, and PIP's portfolio generated £252m of distributions, equivalent to a rate of 29% of opening portfolio assets. Trade sales and secondary buyouts represented the most significant source of exit activity during the year. Calls from underlying private equity funds were £62m, equivalent to an annualised call rate of 16% of opening undrawn commitments. This resulted in a net portfolio cash flow of £190m during the period before new investment commitments are taken into account. The weighted average fund age of 7.3 years supports the cash-generative nature of PIP's mature portfolio.

New Investments
We continue to see interesting opportunities across all our sectors however, as we consider the current high valuation environment, we have maintained our disciplined approach when committing capital to new investments. It is important that the interests of investors and their managers are aligned and that our managers target companies with high earnings potential. I am therefore pleased to note that the high levels of earnings growth seen over the previous years has continued during the past twelve months.

PIP made 59 new investments in the year, amounting to £345.9m in commitments with £192m drawn at the time of purchase. This included £173.2m committed to 13 secondary and late primary funds, £78.8m to 26 co-investments alongside selected private equity managers and, in line with its focus on managing the maturity profile and gaining exposure to niche funds, the Company also added £93.9m in primary commitments. Since the year end, the Company has committed an additional £19.4m.

Share Buybacks
During the full year to 30th June 2016, the Company invested £21.9m in share buybacks by acquiring 1.9m redeemable shares. This resulted in an uplift to NAV per share of 17.3p or 1.1%. Buybacks can be a good investment for the Company from time to time, when considered alongside other new investment opportunities, and since August 2011 the Company has bought back just over 16% of its issued share capital, representing an investment of £108.3m. The Board is supportive of further buybacks for investment purposes and recognises that they can be particularly attractive when the discount on the shares is wide. However, the Company must also consider its flexibility to grow the NAV over the long term while achieving accretive returns in the short term. We believe that this balanced approach is of benefit to all our shareholders.

Balance Sheet
The Company has maintained its strong financial position, which enables it to respond effectively to all capital deployment requirements. As at 30th June 2016, it held cash of £116m and the balance sheet remained ungeared. The Company's unutilised credit facility of $100m and €46m, equivalent to £113m as at 30th June 2016, is in place until November 2018. As a result, the Company had total liquid resources of £229m and its undrawn commitment cover was 3.4x, which reflects a higher level of total commitments than in recent periods, and remains at a comfortable level. The Board monitors the level of undrawn commitments carefully, both in regard to the scale and maturity of its assets as well as in relation to its liquid resources.

Board Changes
It was announced on 8th September 2016 that I would be stepping down from the Board as Non-executive Chairman and Director of the Company with effect from the Company's Annual General Meeting ("AGM"), which is to be held on 23rd November 2016. It was announced at the same time that the Board had accepted the Nomination Committee's recommendation that, following due and careful consideration, Sir Laurie Magnus should be appointed as Chairman of the Board with effect from the conclusion of the AGM. Sir Laurie Magnus was appointed to PIP's Board in November 2011 and became Senior Independent Director from 2014. As Sir Laurie takes up the chairmanship, Susannah Nicklin will become Senior Independent Director. I would like to wish Sir Laurie and Susannah well in their new roles as Chairman and Senior Independent Director respectively. The Board intends to appoint an additional Non-executive Director and an announcement will be made in due course.

Outlook
Many regions continue to grapple with macroeconomic and political challenges and this has been reflected in the volatility of the global financial markets. Credit availability has fluctuated as markets have become uneasy about the projected slowdown in global growth, a sentiment that has been worsened by low commodity prices and the impact of this on some emerging economies. Nevertheless, equity prices have remained high. Against this backdrop, it is more critical than ever that we only invest in assets with attractive long-term growth potential and with managers that have successful track records of managing assets through economic cycles.

We continue to see interesting opportunities in the secondaries market where pricing has seen a modest decrease. The Manager has been able to use the privileged insights it gains from extensive interactions with private equity managers to evaluate funds with identifiable growth prospects at entry or assets that may, upon realisation, deliver significant uplifts to their holding value. Our portfolio strategy emphasises secondary investments in order to maintain a mature portfolio profile and thus benefit from the cash distributions that allow us to maintain our financial strength and investment pace. We will also continue to add more recent vintages to the portfolio by selectively committing to primary funds and co-investing directly in assets alongside private equity managers. The strong distributions seen in the first half of PIP's financial year moderated in the second half, and we expect this to continue as distributions return to long-term average levels.

As I step down from the Board after 13 years as a member and 12 years as Chairman, I am confident that the Company has the financial strength, and an experienced Board and Manager that will enable it to continue to focus on investing well in the best private equity opportunities globally and generating attractive returns for shareholders over the long term. I would like to extend my best wishes for the Company's continued success.

The Strategic Report has been approved and signed on the Board's behalf.

TOM BARTLAM
Chairman
19th September 2016

INVESTMENT RATIONALE AND COMPANY STRATEGY

PIP's strategy is to invest with leading private equity managers internationally.

Private equity is the term used for investments made in non-public companies through privately negotiated transactions. More than 7,400 private equity managers collectively manage approximately $4.2tn in assets globally[1]. The asset class covers a broad range of strategies, which all share a common theme - capital structure optimisation that aligns investors' interests with management, combined with long-term investment horizons and hands-on management support. For investors looking for attractive risk-adjusted returns relative to other asset classes, private equity has strong credentials. A broad range of institutions including pension funds, sovereign wealth funds and endowments, as well as high net worth individuals, invest in private equity as it can offer a meaningful boost to the performance of their investment portfolios.

[1]*Source: Preqin 2016 Global Private Equity and Venture Capital Report, January 2016*

The Private Equity Investment Approach
Private equity managers typically specialise in market sectors in which they already have extensive investment experience and in which they are well placed to identify attractive investment opportunities based on proprietary research. Private equity investors acquire influential or controlling shareholdings in businesses where there is an opportunity to work closely with a company's management to implement both strategic and

operational change, which can transform a company's value. Better alignment between management and shareholders can be achieved by ensuring that a company's management are investing at the same time while also using leverage to create an efficient capital structure.

The spread of performance in private equity is much wider than in other asset classes and the selection of managers has a significant influence on investment performance. The high level of outperformance of public market benchmarks achieved by top quartile managers in private equity, evident through multiple cycles, provides the opportunity for Pantheon to identify and select highly-skilled and strategic managers within a diversified portfolio. This approach mitigates the risk of being overexposed to any single fund, region or investment style. The Board of PIP believes that investing the Company's capital in private equity funds flexibly between the primary and secondary markets, or directly co-investing in companies alongside leading, individually-selected private equity managers provides a good opportunity to generate attractive long-term investment performance.

By investing directly into private equity funds, rather than investing indirectly in such funds through Pantheon's funds of funds, the Company has full control over portfolio construction. PIP has the flexibility to vary the size and emphasis of its investments depending on its investment priorities at the time and available financing. In addition, this approach allows PIP to have greater control over the management of its balance sheet, cash and the maturity profile of the portfolio.

The current portfolio reflects PIP's prolonged access to Pantheon's carefully selected primary and secondary investments over the past 29 years. Only funds that have passed through rigorous research and analysis can be selected for investment.

OUR BUSINESS MODEL

PIP's aim is to maximise capital growth and deliver long-term shareholder value. It achieves this through its access to Pantheon's well-established platform and investing in high quality private equity assets globally. PIP manages its portfolio by making primary and secondary investments in private equity funds as well as co-investing directly in companies alongside leading private equity managers.

Secondaries
It is the Board's current intention to emphasise secondary investment as the Company makes new commitments.

Secondary purchases of existing interests in private equity funds are typically acquired many years after a fund's inception, when such funds are substantially invested. PIP benefits from secondaries because the fees and expenses in the first few years have been paid and distributions from the fund will be returned over a shorter time period. This helps to reduce the drag to performance from young and immature funds, known as the "J-curve effect". In addition, secondary assets can sometimes be purchased at a discount, especially in cases where the seller has a need for liquidity, increasing the opportunity for outperformance. As the Company continues to build its financial resources through net portfolio realisations, the shorter duration of secondary investments and lower associated undrawn commitments will enable the Company to maintain a mature, cash-generative profile.

In accordance with the terms of its management agreement with Pantheon, PIP is entitled under Pantheon's allocation policy to the opportunity to co-invest alongside Pantheon's latest global secondary fund, Pantheon Global Secondary Fund V, benefiting from access to larger secondary opportunities that it would not have had the capacity to complete alone. The secondary programme enables PIP to acquire attractively priced secondary interests as they become available, and aims to outperform market averages through judicious selection, pricing and timing.

Co-investments
The Company also participates in co-investments alongside established private equity managers. The extent of Pantheon's General Partner ("GP") relationships provide a significant advantage for the sourcing and evaluation of co-investments. As with secondary investing, co-investments allow the Company to put money to work at the time an investment is made. In addition, as there are lower or no management fees charged on co-investments by the underlying private equity manager, co-investing can represent a cost-efficient way of investing, whilst providing PIP with exposure to current vintages. It is the Board's current intention that co-investments will not, on average, account for more than 30% of PIP's new commitments.

Primary Investments
Investing in private equity through a primary commitment strategy (e.g. commitments to new private equity funds), by increasing the proportion of immature assets in its portfolio and by increasing its undrawn commitments relative to its assets, can reduce PIP's financial flexibility. New primary investments have longer payback periods, requiring the Company to maintain higher levels of standby financing against undrawn commitments. For these reasons, the Board limits primary commitments. However, the Company will consider making primary commitments on a targeted basis for portfolio construction purposes. The investment rationale for any new primary commitments will always be weighed against their effects on the Company's financial flexibility so as to keep the undrawn commitments to a level that can comfortably be expected to be financed from internally generated cash flows.

Social, Environmental, Community, Human Rights and Employment Issues
The Company has no employees and the Board consists entirely of non-executive Directors. At the end of the year under review, the Board was comprised of five male Directors and one female Director. As an investment trust, the Company has no direct impact on the community or the environment. The Manager is committed to the Principles for Responsible Investment and its policies are set out in the full Annual Report and Accounts. These Principles are integrated into Pantheon's investment analysis and decision-making process, as well as post-investment monitoring procedures.

OBJECTIVE AND INVESTMENT POLICY

Investment Objective
The Company's primary investment objective is to maximise capital growth by investing in a diversified portfolio of private equity funds and directly in private companies.

Investment Policy
The Company's policy is to make unquoted investments, in general by subscribing for investments in new private equity funds ("Primary Investment") and by buying secondary interests in existing private equity funds ("Secondary Investment"), and from time to time to capitalise further on its fund investment activities by 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 invest in private equity funds which are quoted. In addition, the Company may from time to time hold quoted investments in consequence of such investments being distributed to the Company from its fund investments or in consequence of an investment in an unquoted company becoming 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 scheme. 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:

- that 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 30th 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 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 pipeline of future cash flows alters.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to a variety of risks and uncertainties. The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the principal risks facing PIP, together with a review of any new risks that may have arisen during the year, 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 Corporate Governance Statement in the full Annual Report.

1. Funding of investment commitments and default risk

Risk: In the normal course of its business, the Company typically has outstanding commitments to private equity funds which are substantial relative to the Company's assets and may be drawn down at any time. The Company's ability to meet these commitments is dependent upon it receiving cash distributions (the timing and amount of which can be unpredictable) from its private equity investments and, to the extent these are insufficient, on the availability of financing facilities.

Mitigation: The Company has a mature portfolio that is naturally cash generative and does not ordinarily gear its balance sheet for the purpose of enhancing performance. The Board intends to manage the Company so that undrawn commitments remain at a conservative level relative to its assets and available financing. The total available financing as at 30th June 2016 stood at £229m, comprising £116m in cash balances and £113m in undrawn bank facilities. As a result, the available financing along with the private equity portfolio exceeded the outstanding commitments by a factor of 3.4 times. The Company ordinarily expects to finance the majority of calls from undrawn commitments out of distributions. In the event that the levels of cash distributions and cash balances are insufficient to cover capital calls, the Company has the ability to draw funds from a credit facility (see Gearing section below for details of the credit facility).

2. Risks relating to investment opportunities

Risk: There is no guarantee that the Company will find a sufficient number of suitable investment opportunities, or that the private equity funds in which it invests will find suitable investment opportunities, in order to achieve the level of diversification which the Company seeks to achieve in relation to its investment portfolio.

Mitigation: In line with the Objective and Investment Policy section above, the Manager has put in place a dedicated investment management process that is designed to help maximise the chances of the Board's intended investment strategy being achieved. The Board periodically reviews investment and financial reports from the Manager to monitor the effectiveness of the Manager's investment management process.

3. Financial risk of private equity

Risk: The Company invests in private equity funds and unquoted companies, which are less readily marketable than quoted securities. In addition, such investments may carry a higher degree of risk than investments in quoted securities.

Mitigation: The Manager's investment management process is designed to produce the best possible risk-adjusted returns from private equity investments. Where the Company commits to private equity funds, such funds are structured as limited life funds where the manager is incentivised to realise investments and return proceeds to investors within the funds' limited life span. As part of the investment process for secondaries and co-investments, an assessment is made to understand the possible impact of the underlying assets' illiquidity on projected exit outcomes. As part of the investment process for primaries, an assessment is made to understand a manager's approach to underlying company illiquidity.

4. Long-term nature of private equity investments

Risk: Private equity investments are long term in nature and it may take some years before they reach a level of maturity at which they can be realised. Accordingly, it is possible that the Company may not receive a return on its investments for a number of years.

Mitigation: The Company pursues a flexible investment strategy, emphasising secondary investments which will typically have shorter exit horizons on average than co-investment and primary commitments. Therefore, this flexible investment strategy results in a range of likely exit horizons for underlying investments, mitigating this risk.

5. Valuation uncertainty

Risk: By valuing its investments in private equity funds and unquoted companies and publishing its NAV, the Company relies to a significant extent on the accuracy of financial and other information provided by these funds and companies to the Manager. There is the potential for inconsistency in the valuation methods adopted by the managers of these funds and companies. In addition, the information provided is typically more than 60 days old at the time the Company's NAV per share is reported.

Mitigation: In the case of the Company's investment in private equity funds, and direct investments managed by private equity managers, the valuation of investments is based on the periodically audited valuations that are provided by the private equity managers. Pantheon carries out a formal valuation process involving a monthly review of these valuations, verification of the latest audited reports coverage, as well as a review of any potential adjustments that are required to ensure reasonable valuation of the underlying investments and in accordance with the fair market value principles required under Generally Accepted Accounting Principles ("GAAP").

6. Gearing

Risk: The use of gearing can cause the magnification of both gains and losses in the asset value of the Company. The Company may also invest in private equity funds or unquoted companies which are geared by loan facilities that rank ahead of the Company's investment both for payment of interest and capital. As a consequence, the Company may be exposed from time to time to gearing through the borrowings of such private equity funds and companies, increasing its investment risk.

Mitigation: While debt is commonly used within the capital structure of private equity funds' portfolio investments, it is not commonly used at the fund level other than for working capital purposes. Thus, leverage risk is typically non-recourse between portfolio companies operating independently within the same portfolio.

For working capital purposes, the Company maintains a revolving credit facility arranged by The Royal Bank of Scotland Group plc, due to expire in November 2018, and comprising facilities of $100m and €46m. The principal covenant that applies to the loan facility ensures that the Company is limited to a maximum gearing of 30% of adjusted gross asset value. The facility was unutilised as at 30th June 2016.

7. Foreign currency risk

Risk: The Company makes investments in US dollars, euros and other currencies as well as sterling. Accordingly, the Company is exposed to fluctuations in currency exchange rates.

Mitigation: The Manager monitors the Company's underlying foreign exchange exposure and seeks to balance the risks associated with holding different currencies through diversification and cost-averaging effects. Furthermore, as part of the investment management process, the Manager will assess the risk-return of a specific investment, taking into consideration the currency denomination of the investment and the potential impact of currency risk. However, foreign currency risk tends to be mitigated over longer investment horizons.

8. Unregulated nature of underlying investments

Risk: The private equity funds and underlying unquoted investments that form the basis of the majority of the Company's portfolio are not necessarily subject to regulation by the Financial Conduct Authority ("FCA") or an equivalent regulatory body. Funds and unquoted companies in which the Company invests (directly or indirectly) may be domiciled in jurisdictions which do not have a regulatory regime that provides an equivalent level of investor protection to that provided under the laws of the United Kingdom.

Mitigation: The Manager's investment management process for primary and secondary investments requires verification of the regulatory jurisdiction of underlying funds. In addition, the managers of the underlying funds are mostly regulated by the FCA, U.S. Securities and Exchange Commission ("SEC"), or an equivalent body in the managers' respective jurisdictions.

9. Taxation

Risk: Any change in the Company's tax status, or in taxation legislation or practice, could affect the value of the investments and the Company's performance. In addition, the Company's income and gains from its investments may suffer withholding tax, which may not be reclaimable in the countries where such income and gains arise.

Mitigation: The Manager's investment management process incorporates an assessment of the tax impact of each primary or secondary fund investment, or co-investment that is purchased. For every investment, the Manager also reviews the appropriateness of an investment's legal structure and any action required, including the establishment of special purpose, and/or blocker vehicles, to tailor an investment's structure to minimise the potential tax impact on the Company.

10. The Manager and other third party advisers

Risk: Like most investment trust companies, the Company has no employees and the Directors are all non-executive. The Company is dependent upon the services of Pantheon as its Manager and may be adversely affected if the services of Pantheon cease to be available to the Company.

Mitigation: The Board keeps the performance of the Manager under continual review. In addition, the Management Agreement is subject to a notice period that is designed to provide the Board with adequate time to put in place alternative arrangements in the event the services of Pantheon cease to be available.

Retail Investors Advised by IFAs

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 Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products.

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

Viability Statement

Pursuant to provision C.2.2 of the UK Corporate Governance Code 2014, the Board has assessed the viability of the Company over a three year period from 30th June 2016. It has chosen this period as it falls within the Board's strategic planning horizon. The Company invests in an internationally diversified portfolio of private equity assets, both through funds 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.

Commitments to new funds are restricted relative to the Company's assets, so as to maintain a reasonable expectation of being able to finance the calls, which arise from such commitments, out of cash flow that is generated internally. In addition, the Company has put in place a revolving credit facility to ensure that it is in a position 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 being able to finance new investments.

In reviewing the Company's viability, the Board has considered the Company's position with reference to its business model, its business objectives, the principal risks and uncertainties as detailed above and of its present and expected financial position. In addition, the Board has also considered the Company's conservative balance sheet, 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.

The full Annual Report contains the following statements regarding responsibility for the Annual Report and financial statements.

On behalf of the Board

Tom Bartlam
19th September 2016

MANAGER'S REVIEW

The Manager (Pantheon)

Pantheon, one of the world's foremost private equity specialists, has acted as Manager to PIP since its inception in 1987. Pantheon evaluates and manages investments on PIP's behalf in line with the strategy agreed by the Board. Pantheon is also one of the largest and most experienced secondary managers, having committed more than $10bn to secondary investments over the last 30 years.

At a Glance

- **$34.3bn**[1] Assets under management
- **>400** Clients
- **>200** Employees[2]
- **>70** Investment professionals[2]

[1]*As at 31st March 2016. The figure includes assets subject to discretionary or non-discretionary management, advice, or those limited to a reporting function.*
[2]*All staff figures are as at 1st August 2016.*

Strong Private Equity Track Record
Pantheon is one of the leading private equity fund investors in the world, with global assets under management of $34.3bn, on behalf of over 400 institutional investors.

Pantheon has a strong and consistent private equity investment track record. Over 30 years, Pantheon has made investments in more than 1,400 private equity funds, gaining exceptional insight and access to many of the most attractive funds in all the major private equity markets.

Pantheon has broad experience of investing across all types of private equity, including buyout, venture capital, growth capital and special situations. It started out as a primary investor in private equity funds and has witnessed at first-hand the transformation and expansion of the industry over numerous market cycles. In its history, Pantheon has committed US$20.6bn to 593 primary investments, US$10.2bn to 337 secondary transactions and US$1.9bn to 117 co-investments (as at 31st March 2016). It has invested in private equity primaries since 1983, secondaries since 1988 and co-investments since 1997.

Diversification
Pantheon has substantial experience of investing in private equity through various economic cycles and in different regional markets. The firm's asset allocation, diversification strategies and disciplined investment process are structured with the objective of producing the best possible risk-adjusted returns. Pantheon's diversification strategy limits portfolio risk by including a multi-strategy approach, targeting funds with a variety of different return characteristics and deploying capital over a number of vintage years, generally ensuring that the most attractive segments of the market are represented in the portfolio. When applying this approach, the Board works closely with Pantheon to ensure that the management of the Company is in line with its agreed strategy.

Reputation as a Preferred Investor
Pantheon has been investing in private equity for over 30 years and has a solid reputation in the industry. Pantheon is often considered a preferred investor due to its reputation, active approach and scale of commitments. In addition, Pantheon generally seeks advisory board seats to contribute actively to governance during the life of the fund. As such, Pantheon is represented on over 340 advisory boards worldwide. Long-standing partnerships with managers on a global basis can also enhance the firm's deal flow in the secondary market.

Team-based Culture
Pantheon draws upon a wide pool of resources that contributes to a team-based culture. With teams operating in London, San Francisco, New York, Hong Kong, Bogotá and Seoul, Pantheon adopts a collegiate approach to investment decision-making, globally leveraging the collective experience and expertise of its investment professionals. The team's experience is also brought to bear on the evaluation, selection and ongoing monitoring of fund investments. Pantheon's team of over 70 investment professionals, supported by over 130 other professionals, work together with the ultimate aim of producing strong and consistent results.

MARKET REVIEW

Global financial stability has been tested again in 2016. Credit quality has declined in some sectors, with rising defaults and increased financial stress particularly affecting borrowers operating in the energy sector. Borrowing spreads have widened for most corporate borrowers and balance sheet repair has slowed owing to disruption in the global capital markets. Unfavourable demographic trends in major advanced economies combined with low productivity growth and continuing debt overhang, especially in Europe, all make for fairly tepid medium-term growth prospects in advanced economies. While a continuation of global economic recovery is still the most likely medium-term scenario, risks to recovery remain. Despite this subdued outlook, we continue to believe that there is still a good volume of investment opportunities for private equity managers that are able to manage assets through volatile conditions.

The global economy is expected to grow by just 2.4%[1] in 2016, roughly the same pace as in 2015. The key factors contributing to the slowdown in the global economy relative to expectations are easy to identify. Firstly, financial market volatility at the start of the year raised concerns among investors about the soundness of the global capital markets. Secondly, low commodity prices, especially for oil, have increased economic stress in a number of large emerging markets such as Russia and Brazil. Thirdly, investors increasingly worry that Chinese policy makers may not be capable of managing a smooth transition away from an investment- and export-driven economy towards a more sustainable consumption-led growth model. These factors, together with the increased uncertainties facing policy makers such as was illustrated in June by the "Brexit" vote, have contributed to heightened investor uncertainty and a slowdown in global investment spending, which was already weak to start with.

Economic and political developments difficult to predict in the US

Low productivity and continuing employment growth are starting to raise inflation expectations in the US. While there were signs of the US Federal Reserve's intention to slow the pace of US interest rate rises early in 2016 in the face of global capital market volatility, it appears that financial market participants might be underestimating the speed with which the Fed intends to tighten monetary policy over the remainder of 2016. If the US unexpectedly tightens monetary policy while the European Central Bank and the Bank of Japan continue to pursue aggressive monetary stimulus, we believe that a further bout of global currency instability is likely. This could nip any recovery in emerging markets in the bud, and in extreme cases could see some major emerging economies suffer an outflow of foreign capital with corresponding negative knock-on effects for domestic demand. A higher dollar might also dampen the recent rally in oil prices. While the cost of a barrel of oil has recovered to within sight of $50 a barrel[2], oil prices are still not high enough to justify the level of government expenditures planned for many oil-dependent economies, especially in the Middle East, Latin America and Russia.

[1]Global Economic Prospects, Divergences and Risks, World Bank Group June 2016
[2]US Energy Information Administration, June 2016

While economic conditions in the US are more conducive to normalising monetary policy, raising interest rates in the US while other advanced economies are still weak will likely lead to significant upward pressure on the US currency. Dollar strength would dampen US exports, especially manufacturing exports, and slow the pace of overall US growth. The potential ramifications of the upcoming US presidential election results can also not be ignored.

The majority of PIP's portfolio is invested in the US, which has the deepest and most established private equity market in the world, and we expect this to continue as we work with leading managers who have experience of investing well through cycles of economic and political uncertainty.

Emerging markets expected to be the driver for future economic growth

Concerns over the transition in the Chinese economic model extend far beyond the borders of China. China is currently a top 10 trading partner for over 100 countries representing about 80% of global GDP and 40% of global metals demand[3]. China's position as a lynchpin for Asian regional and global supply chains makes it a potential flashpoint for the transmission of global trade shocks.

However, despite the headwinds, the IMF expects emerging markets to drive the recovery of the global economy in 2017 and beyond[4]. The IMF's medium-term forecasts assume conditions in several large emerging markets will stabilise by 2017; that Chinese economic rebalancing will occur smoothly; and the outlook for global commodity exporters will improve, most especially for oil exporters.

While Asia and emerging markets represent a smaller part of PIP's portfolio, when compared to the more established North American and European regions, acquiring assets in these regions secures access to faster-growing economies.

Uncertainty continues to weigh on Europe

Despite exceptionally loose monetary policy, the continuing risk of deflation remains highest in the Eurozone. This is particularly troubling given the high debt burden of some large Eurozone economies, most notably Italy, that would be further exacerbated by a general decline in prices. In addition, European policy makers continue to struggle with resolving the Greek and Italian debt bailouts, and co-ordinating a response to managing the risks of global terrorism and to handling the Syrian migration crisis.

In June, many European banks saw their share prices tumble as a result of "Brexit" and, although market commentators for the secondary market have reported that activity has been largely unaffected by the uncertainty following the Brexit vote, with only a brief hiatus in activity and an impact that seems to have been confined to UK-focused private equity funds, the long-term consequences of Brexit are still unknown. Pantheon is well-placed to respond effectively to the eventual outcomes and we continue to believe that the inherent characteristics of the private equity asset class should continue to deliver attractive risk adjusted returns as we enter a new era for Europe.

On a more positive note, consumer spending is expected to be the main driver of growth in many regions and private equity managers are well-placed to benefit from this as they seek new investment opportunities. Despite the ongoing challenges in Europe, Pantheon continues to see good value in the region and believes that the fragmented nature of the private equity market is conducive to producing interesting deal opportunities.

[3] IMF World Economic Outlook (WEO) April 2016

[4] IMF World Economic Outlook (WEO) April 2016

Pantheon has maintained a disciplined approach to investments

Private equity is not immune to economic and political events, however global deal activity has remained strong in the past year. The majority of this activity has continued to be in buyout deals as private equity managers identify the growth potential in companies and the opportunities to streamline processes, strengthen management teams and introduce efficiencies.

In terms of exits, corporate buyers, looking to fulfil their growth strategies and make use of cash on their balance sheets, continued to be the main source for exits in 2015 and this was also the case for the majority of exits seen in PIP's portfolio. The signs are that this trend is set to continue in 2016 - in Q1 2016, over 65%[5] of exits were reported as trade sales.

There remains a strong fundraising environment - approximately $317bn of private equity capital was raised globally across 843 funds in 2015[5] - which has resulted in high levels of dry powder available for investment. The knock-on effect of this is the propulsion of asset prices. Staying disciplined in the face of rising valuations is exactly the right approach to mitigate the effect of high asset prices on returns. It is also worth remembering that even though private equity is long term and illiquid both by nature and design, the inherent activist approach adopted by fund managers in this asset class provides additional levers for value creation aside from just floating on the tide of market valuations. Where we have concerns about high asset prices, it makes sense to realise more mature investments at the higher prices that typically prevail in the latter stages of a general bull market. An example of this is the healthcare sector where Pantheon has been able to benefit from manager selling activity amidst a high valuation environment.

Continued strong demand in the secondary markets

After two years of record-breaking deal flow, transactions in the first half of 2016 reached $10.5bn[6], lower than the $12bn transacted in the same period last year, and perhaps reflecting seller sentiment after January's market volatility, with many adopting a "wait and see" approach to the macro environment prior to launching transactions.

The secondary market saw a modest decrease in pricing, with average high bid levels at 87%[7] of NAV, down from 92% in the same period last year, and 90% overall for the whole of 2015. Buyout pricing levels remained consistent with 2015 levels at 94% of NAV, reflecting strong demand in the secondary market where there is over $60bn of dry powder. The overall reductions in pricing reflect more venture transactions being completed during the period. The Company sought to take advantage of the market conditions to dispose of 34 tail-end fund interests with a NAV of £32.9m[7], comprising mainly North American venture and buyout funds formed between 2000 and 2007. The Manager considers opportunistic sales to be part of actively managing PIP's portfolio, where it expects to be able to redeploy the proceeds into more attractive investment opportunities.

Amongst sellers, public pension plans represented over 42%[7] of the market by volume, and have historically tended to constitute the largest secondary transactions. This category of seller, together with endowments and foundations, made up half of the market in the first half of 2016. Aside from transactions involving limited partnership stakes, GP manager-led transactions involving fund restructurings or secondary directs again played a significant part in the market, representing over 30%[8] of first half deal volume, up from 21% in 2015.

During the year, Pantheon screened over $45bn of potential opportunities, committing $888m to 13 different transactions, the majority of which involved purchases of individual fund stakes. Given the broader pricing environment, Pantheon's focus has been on funds with identifiable growth prospects at entry, including leading investments with strong growth prospects or where potential liquidity events can give rise to significant upside relative to holding valuations. Pantheon is able to use the privileged insights it receives from managers as a pre-eminent investor in private equity to target attractive secondary opportunities.

Given the improvement in public market sentiment, and the roster of sellers that have delayed activity from the first half of the year, the second half of the year is expected to see an increase in activity with intermediaries projecting overall 2016 deal flow to be only slightly behind the levels of 2015[9].

[5] *Source: Preqin. Excludes venture.*

[6] *Source: Greenhill Cogent: Secondary Market Trends & Outlook July 2016. Figures excluding real estate transactions.*

[7] *Source: Greenhill Cogent: Secondary Market Trends & Outlook July 2016.*

[8] *As at the record date of 30th September 2015*

[9] *Lazard Review H1 2016*

Pantheon continues to generate high quality co-investment opportunities

During the year, the co-investment market, mainly comprising sovereign wealth funds, pension funds, family offices and other co-investment funds, remained competitive. In addition, valuation and leverage levels of buyout transactions continued to be high. Despite these headwinds, Pantheon has been able to generate sufficient and high quality deal flow by proactively approaching deal sponsors and providing funding solutions in the underlying transactions. Pantheon competes effectively in the co-investment market in a variety of ways including being highly responsive to deal sponsors' timetables, participating in sizeable co-investments, co-sponsoring transactions early in the underwriting process and leveraging its industry network and portfolio company knowledge. Pantheon conducts a detailed due diligence process, and has continued to co-invest in opportunities with strong downside protection, favourable demographic trends, attractive growth features and that, crucially, represent a strong sector, geographic and style fit with the investment strategy of the deal sponsors. Looking ahead, we expect to maintain our competitive position and deliver solid performances across the portfolio pursuant to our established co-investment strategy.

Outlook

It is clear that private equity, along with other markets, is currently facing many challenges: slowing global growth, macroeconomic and political turbulence, as well as volatile equity and debt markets are all contributing to the uncertainty in the financial markets. These dynamics, along with the high asset prices, are prompting managers to consider even more carefully how and where they can achieve the best returns. However, it should be noted that these challenges can also present opportunities for those private equity managers who are able to manage assets through economic cycles and can effectively target industry sectors and geographies that are capable of outperformance. Market dislocations, mispricing and distressed situations can create deal opportunities for long-term investors. For example, Pantheon and its managers have been able to take advantage of the highly cyclical nature of the energy sector and acquire assets at attractive prices. Selecting the best managers and deals are more important than ever and Pantheon has a solid track record of achieving those objectives.

Therefore while we are cautious on the medium-term global economic outlook and believe that valuations are still too high, we feel that the best response is to maintain our discipline by only investing in the most attractive, value-creating deals. This backdrop also places a greater emphasis on freeing up capital where appropriate from older deals that have finished their value creation phase. While we do not get to choose the economic environment we face, we believe we are well-positioned to adapt to it and manage our assets accordingly.

PORTFOLIO OVERVIEW

- **7%** Underlying (pre-FX) return relative to opening assets
- **£190m** Net cash flow generated from PIP's portfolio
- **34%** Average uplift on exit realisations[1]
- **£252m** Distributions
- **29%** Distributions as a percentage of opening portfolio
- **£62m** Calls made from existing undrawn commitments
- **£346m** New investment commitments, **£192m** of which was drawn
- **£1,072m** Portfolio value
- **7.3 years** Weighted-average fund age of portfolio

[1] *Realisation events are classified as exit realisations when proceeds equate to at least 80% of total investment value and once confirmation of exit realisation is received from the manager. Uplift on full exit compares the value received upon realisation against the investment's carrying value up to six months prior to the transaction taking place. The analysis only includes exit realisations that occurred during the financial year and disregards the impact of any proceeds received outside of the six month period covered in the uplift analysis. Exit realisations represented approximately 46% of PIP's gross distributions for the year to 30th June 2016.*

The Company offers a global, diversified selection of private equity assets, which have been carefully selected by Pantheon for their quality. The diversification of PIP's portfolio, with assets spread across different investment styles and stages, including buyout, venture and growth, and special situations, helps to reduce the volatility of both returns and cash flows. The maturity profile of the portfolio ensures that PIP is not overly exposed to any one vintage. PIP's geographical diversification extends its exposure beyond the US and Europe, to regions with higher rates of economic growth such as Asia.

Portfolio Analysis by Value as at 30th June 2016[1]

[1] *Fund geography, stage, maturity and primary/secondary/co-investment charts are based upon underlying fund valuations and account for 100% of PIP's overall portfolio value. Company sector and company geography charts are based upon latest available underlying company valuations at 30th June 2016 and account for approximately c.90% of PIP's overall portfolio value.*

Fund Geography
The majority of PIP's geographical exposure is focused on the US and Europe, reflecting the fact that these regions have the most developed private equity markets.

Portfolio assets based in Asia and other regions provide access to faster-growing economies.

USA	**58%**
Europe	**27%**
Asia and EM[2]	**13%**
Global[3]	**2%**

[2] *EM: Emerging Markets*
[3] *Global category contains funds with no target allocation to any particular region equal to or exceeding 60%.*

Fund Stage
PIP's portfolio is well diversified across different private equity investment styles and stages.

Buyout funds continue to constitute the majority of PIP's portfolio.

Special situation investments are comprised of funds investing primarily in the energy sector and distressed securities, as well as some mezzanine funds.

Small/Mid Buyout	**32%**
Large/Mega Buyout	**28%**
Venture	**16%**
Growth	**14%**
Special Situations	**9%**
Generalist	**1%**

Pantheon Vehicles
At 30th June 2016, 3% of PIP's portfolio value and 2% of PIP's outstanding commitments were comprised of funds-of-funds directly managed by Pantheon. Pantheon is not entitled to management and commitment fees in respect of PIP's holdings in, and outstanding commitments to, the firm's managed funds-of-funds vehicles. In addition, Pantheon has agreed that PIP will never be disadvantaged in terms of fees compared with the position it would have been in had it made investments directly into the underlying funds rather than indirectly through such funds-of-funds vehicles.

Fund Maturity
The portfolio is well diversified by fund vintage.

New primary commitments and co-investments increase PIP's exposure to more recent vintages, and the 2010 and later segment of the portfolio increased to 35% (from 19%) during the year.

The portion of the portfolio exposed to funds that are older than 2010 has reduced to 65% compared to 81% last year.

2016	**5%**
2015	**11%**
2014	**7%**
2013	**4%**
2010 - 2012	**8%**
2009	**1%**
2008	**14%**
2007	**20%**
2006	**12%**
2005	**9%**
2004 and earlier	**9%**

Investment Type
Secondary investments continue to constitute the largest component of PIP's portfolio.

Co-investments are becoming a more established part of PIP's portfolio at 20% of value (from 13% as at 30th June 2015).

Primary	**46%**
Secondary	**34%**
Co-investment	**20%**

Company Sectors
PIP's sectoral exposure diversifies the effects of cyclical trends within different industry segments.

Relative to the FTSE All-Share and MSCI World indices, PIP has greater exposure to information technology, and lower exposure to the banking, mining and energy sectors.

Consumer	**28%**
Information Technology	**26%**
Healthcare	**15%**
Industrials	**13%**
Financials	**8%**
Energy	**6%**
Materials	**3%**
Telecommunication Services	**1%**

Company Geography
Over half of the portfolio is invested in companies based in North America, which benefit from greater capital market scope and depth.

PIP's European exposure, which represents approximately a third of the portfolio, is predominantly in companies based in the stronger Northern European economies including the UK, Scandinavia and Germany.

16% of PIP's portfolio is based in Asia and other regions, providing access to faster-growing economies such as China and India.

North America	**55%**
Asia	**16%**
UK	**9%**
Scandinavia	**4%**
Germany	**4%**
Central and Eastern Europe	**4%**
France	**2%**
Benelux	**2%**
Other Europe	**2%**
Italy	**1%**
Iberia	**1%**

PORTFOLIO ANALYSIS

Portfolio Performance by Stage for the Year to 30th June 2016[1]

- PIP's portfolio generated investment returns, prior to foreign exchange effects, of 6.8% during the year.
- Buyouts showed strong performance during the period.
- Special Situations include energy assets which underperformed during the year, mainly as a result of declining oil prices.

[1] *Portfolio stage returns include income, exclude gains and losses from foreign exchange movements, and look through feeders and funds-of-funds to the underlying funds.*

Debt Multiples[2]
Venture, Growth and buyout investments have differing leverage characteristics.

- The Venture and Growth portfolio has little or no reliance on leverage.
- Debt multiples in PIP's underlying companies indicate an increased dependence on leverage.
- The average debt multiple for large/mega buyouts increased from 4.7 times to 5.0 times between 30th June 2015 and 30th June 2016, while the average debt multiple for small/mid buyouts increased from 3.7 times to 3.8 times during the same period.

PORTFOLIO ANALYSIS - BUYOUT

Valuation Multiple[2]

- Accounting standards require private equity managers to value their portfolio at fair value. Public market movements can be reflected in valuations.

- Sample-weighted average enterprise value/EBITDA for the year to 31st December 2015 was 10.4 times, compared to 12.1 times and 11.7 times for the FTSE All-Share and MSCI World indices.

Revenue and EBITDA Growth[2]

- Weighted average revenue growth for the sample buyout companies was +8.5% in the 12 months to 31st December 2015, compared to -17.0% and -8.0% for the FTSE All Share and MSCI World indices.

- Weighted average EBITDA growth for the sample buyout companies was +9.3% in the 12 months to 31st December 2015, compared to -14.2% and -12.2% for the FTSE All Share and MSCI World indices.

- Strong top-line performance, disciplined cost control and good earnings growth, together with an efficient use of capital, underpin the investment thesis of many private equity managers.

2 *The data is based on a sample of PIP's buyout funds. Buyout Sample Methodology: The sample buyout figures for the 12 months to 31st December 2015 were calculated from the companies, where information was available. The figures are based on unaudited data. The revenue and EBITDA figures were based upon the last 12 months to 31st December 2015 or, where not available, the closest annual period disclosed, and provide coverage of 65% and 61% (for revenue and EBITDA growth) of PIP's buyout portfolio. Individual company revenue and EBITDA growth figures were capped between +100% and -100% to avoid large distortions from excessive outliers. Sample data for 2011-2015 is based on the same methodology and provides coverage of 60-75% of the portfolio in each year. Enterprise value is defined as carrying value + net debt. The net debt and enterprise value figures were based on underlying valuations as at 31st December 2015, or the closest period end disclosed. The valuation multiple sample covers approximately 38% of PIP's buyout portfolio. The debt multiple sample covers 57% of PIP's buyout portfolio. Data sourced from Bloomberg.*

PORTFOLIO ANALYSIS - VENTURE AND GROWTH

Venture and Growth Portfolio Analysis

- Before foreign exchange effects, PIP's venture and growth funds generated a return of approximately 5% in the year to 30th June 2016.

- Although vintage 2006 and earlier funds generated flat returns during the year, these vintages continue to produce substantial levels of distributions.

- 2007 and later funds, which constitute the largest segment of the venture and growth portfolio (just under half), generated pre-FX returns of 16% and distributed at an annualised rate of 22% of opening assets.

DISTRIBUTIONS IN THE YEAR TO 30TH JUNE 2016

PIP received more than 1,700[1] distributions in the year, with many reflecting realisations at significant uplifts to carrying value. PIP's mature portfolio should continue to generate significant distributions.

1 *This figure looks through feeders and funds-of-funds.*

Distributions

Distributions by Region and Stage
PIP received £252m in proceeds from the portfolio in the year to 30th June 2016, equivalent to 29% of opening private equity assets.

The US accounted for the majority of PIP's distributions, where market conditions supported a good level of exits among larger buyouts.

Europe continues to generate significant distributions despite its lower portfolio weighting.

Distributions by Region = £252m	
USA	**53%**
Europe	**34%**
Asia and other	**13%**

Distributions by Stage = £252m	
Small/Mid Buyout	**32%**
Large/Mega Buyout	**42%**
Venture and Growth	**21%**
Special Situations	**3%**
Generalist	**2%**

Distribution Rates

Quarterly Distribution Rates[2]
Quarterly distribution rates remain strong, averaging at around 29% on an annualised basis during the year. The high distribution rates seen in the early part of PIP's financial year have moderated in the second half to be in line with long-term average distribution levels.

Distribution Rates[2] in the Year to 30th June 2016 by Vintage
Mature vintages continue to distribute at higher rates, with 2009 and earlier funds distributing at an average rate of 30% of opening value. With a weighted fund maturity of 7.3 years, PIP's portfolio should continue to generate significant distributions.

2 *Distribution rate equals distributions in the period (annualised) divided by opening portfolio value.*

EXIT REALISATIONS IN THE YEAR TO 30TH JUNE 2016

Cost Multiples on Exit Realisations for the Year to 30th June 2016[1]
On a sample of exit realisations, the value-weighted average cost multiple of the sample was 3.8 times, highlighting significant value creation over the course of an investment.

1 *The data in the sample represented approximately 46% by value of PIP's gross distributions for the year to 30th June 2016. A company with an excessively high multiple (>50 times) was removed from this analysis to avoid skewing of overall results. The data is based upon gross cost multiples available at the time of the distribution.*

Uplifts on Exit Realisations for the Year to 30th June 2016[2]
On a sample of exit realisations, the value-weighted average uplift in the year was 34%. This average uplift is consistent with our view that realisations can be significantly incremental to returns. PIP's mature portfolio is well-placed to continue to generate a good level of distributions from exit realisations in the coming year.

[2] *Realisation events are classified as exit realisations when proceeds equate to at least 80% of total investment value and once confirmation of exit realisation is received from the manager. Uplift on full exit compares the value received upon realisation against the investment's carrying value up to six months prior to the transaction taking place. The analysis only includes exit realisations that occurred during the year and disregards the impact of any proceeds received outside of the twelve month period covered in the uplift analysis. Exit realisations represented approximately 46% of PIP's gross distributions for the year to 30th June 2016.*

Exit Realisations by Sector and Type
The portfolio benefited from strong realisation activity, particularly in the healthcare, consumer and information technology sectors.

Trade sales and secondary buyouts represented the most significant source of exit activity during the year.

Exit Realisations by Sector	
Information Technology	**28%**
Consumer	**24%**
Healthcare	**21%**
Industrials	**18%**
Financials	**7%**
Materials	**2%**

Exit Realisations by Type	
Trade Sales	**48%**
Secondary Buyout	**38%**
Refinancing and Recapitalisation	**9%**
IPO and Secondary Share Sale	**5%**

INVESTMENTS CALLED IN THE YEAR TO 30TH JUNE 2016

Investments called during the year ranged across regions and sectors, including cloud-based software, logistics, telecommunications infrastructure and oil and gas exploration companies.

Calls

Calls by Region and Stage
PIP paid £62m to finance calls on undrawn commitments during the year to 30th June 2016.

Calls by Region = £62m	
USA	**63%**
Europe	**23%**
Asia & EM	**14%**

Calls by Stage = £62m	
Small/Mid Buyout	**39%**
Venture and Growth	**36%**
Large/Mega Buyout	**14%**
Special Situations	**10%**
Generalist	**1%**

Quarterly Call Rate[1]
Average quarterly call rate for the year to 30th June 2016 was 22%.

[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.*

Calls by Sector
A high proportion of capital calls were due to new investments in the information technology and consumer sectors, the largest sectors within PIP's overall portfolio.

Calls by Sector	
Information Technology	**28%**
Consumer	**23%**
Industrials	**20%**
Financials	**15%**
Energy	**7%**
Materials	**3%**
Healthcare	**3%**
Telecommunication Services	**1%**

NEW COMMITMENTS

PIP committed £346m to new investments during the year, mostly to buyout and growth equity funds. £192m was drawn at the time of purchase.

New Commitments by Region
Just over half of the commitments made in the year were to US-focused private equity funds, reflecting a greater number of suitable investment opportunities in the region.

USA	**52%**
Europe	**24%**
Asia and EM	**16%**
Global	**8%**

New Commitments by Stage
During the year, the largest commitments by stage were to small and mid-market buyout managers.

Small/Mid Buyout	**36%**
Large/Mega Buyout	**26%**
Venture and Growth	**25%**
Special Situations	**13%**

New Commitments by Deal Type
Secondary transactions accounted for half of all new commitments, with primaries and co-investments representing a broadly equal proportion of the balance of new commitments.

Secondary	**50%**
Primary	**27%**
Co-investment	**23%**

New Commitments by Vintage
Primaries and co-investments, which accounted for half of the total new commitments, provide exposure to more recent vintages.

2016	**31%**
2015	**28%**
2014	**3%**
2013	**1%**
2012	**4%**
2011	**6%**
2010	**1%**
2008	**9%**
2007	**11%**
2006	**2%**
2005 and earlier	**4%**

NEW COMMITMENTS:
SECONDARY AND PRIMARY (FUNDS)

PIP committed approximately £173m to 13 secondary transactions during the year, with the largest proportion of commitments in small and medium-sized buyout funds. In addition, PIP committed £93m to 20 primaries, adding current vintage exposure with high quality managers.

New Secondary and Primary Commitments[1]

Secondary Commitments in the Year to 30th June 2016

REGION	STAGE	DESCRIPTION	COMMITMENTS £M	% FUNDED[2]
Global	Buyout	Portfolio of Global buyout funds	**34**	**35%**
Global	Buyout	Portfolio of US and European buyout funds	**33**	**84%**
Europe	Buyout	European buyout funds	**26**	**73%**
North America	Growth Equity	US growth equity funds focused on the financial services sector	**16**	**73%**
Asia	Growth Equity	Asian growth equity fund	**14**	**79%**
North America	Growth Equity	North American growth equity fund	**13**	**43%**
Europe	Buyout	European buyout fund	**11**	**97%**
North America	Buyout	Portfolio of US large buyout funds	**6**	**87%**
North America	Buyout	North American buyout funds	**5**	**45%**
North America	Special Situations	Portfolio of energy assets	**4**	**57%**
Europe	Growth Equity	European venture and growth equity fund	**4**	**100%**
North America	Buyout	North American buyout funds	**4**	**57%**
North America	Buyout	US large buyout fund focused on healthcare and business services sectors	**3**	**92%**
Total			**173**	**68%**

Primary Commitments in the Year to 30th June 2016

INVESTMENT	STAGE	DESCRIPTION	COMMITMENTS £M
Parthenon V	Buyout	North American small buyout fund	**12**
Yorktown Energy Partners XI	Energy	North American energy private equity fund	**11**
CHAMP IV	Buyout	Australian mid-market buyout fund	**10**
Searchlight Capital II	Special Situations	Special situations fund specialising in distressed debt strategies	**10**
Advent Global Private Equity VIII	Buyout	Global large buyout fund	**10**
Apax France IX	Buyout	European mid-market buyout fund	**9**
Shamrock Capital Growth IV	Growth Equity	US growth equity fund	**9**
Essex Woodlands IX	Growth Equity	US growth equity fund focused on healthcare sector	**4**
Other	Various	Various funds	**18**
TOTAL			**93**

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

2 *The funding level does not include deferred payments, notably for the £34m portfolio of large global buyout funds. Including the deferred payment, the funding level would be 74% for secondary commitments made in the year.*

OUTSTANDING COMMITMENTS

PIP's outstanding commitments[1] to fund investments are well-diversified by stage and geography and will enable the Company to participate in future investments with many of the highest quality fund managers in private equity worldwide. The Board and Manager keep the level of outstanding commitments under review so as not to exceed an amount that can be financed (comfortably) out of cash flows generated internally and of which the Company's liquid resources and unutilised bank facilities can provide sufficient cover in the event that distributions received from the portfolio slow down in adverse market conditions.

Analysis of Outstanding Commitments as at 30th June 2016
PIP's outstanding commitments to investments increased to £382m at 30th June 2016 compared with £256m at 30th June 2015. The Company paid calls of £62m and added an additional £154m of outstanding commitments associated with new investments made in the year. Foreign exchange movements accounted for most of the remaining £34m increase.

Geography
The US and Europe have the largest outstanding commitments, reflecting the Company's investment emphasis. Commitments to Asia and other regions provide access to faster-growing economies.

USA	**52%**
Europe	**29%**
Asia and EM	**12%**
Global	**7%**

Stage
PIP's undrawn commitments area diversified across the major stages, with an emphasis on small and mid-market buyout managers that reflects the focus of recent primary commitments.

Small/Mid Buyout	**42%**
Large/Mega Buyout	**28%**
Venture and Growth	**18%**
Special Situations	**11%**
Generalist	**1%**

Maturity
Approximately 33% of PIP's undrawn commitments are in the 2008 vintage or older where draw-downs may naturally occur at a slower pace. It is likely that a portion of these commitments will not be drawn.

The rise in 2015 and 2016 vintage undrawn commitments reflects PIP's recent primary commitment activity.

2016	**25%**
2015	**26%**
2014	**8%**
2013	**3%**
2012	**2%**
2011	**1%**
2010	**1%**
2009	**1%**
2008	**7%**
2007	**10%**
2006	**5%**
2005 and earlier	**11%**

[1]*Capital committed to funds that to date remains undrawn.*

FINANCE AND SHARE BUYBACKS

Finance

Cash and Available Bank Facility
At 30th June 2016, PIP had cash balances of £116m.

In addition to these cash balances, PIP can also finance investments out of its multi-currency revolving credit facility agreement ("Loan Facility"). The Loan Facility is due to expire in November 2018 and comprises facilities of $100m and €46m which, using exchange rates at 30th June 2016, amount to a sterling equivalent of £113m. At 30th June 2016, the Loan Facility remained fully undrawn.

Undrawn Commitment Cover
At 30th June 2016, the Company had £229m of available financing, comprised of its cash balances and Loan Facility. The sum of PIP's available financing and private equity portfolio provide 3.4 times cover relative to undrawn commitments. When a fund is past its investment period, which is typically between five and six years, it generally cannot make any new investments and only draws capital to fund existing follow-on investments or pay expenses. As a result, the rate of capital calls in these funds tends to slow dramatically. Approximately one third of the Company's undrawn commitments are in fund vintages that are older than six years old.

Share Buybacks
In the year to 30th June 2016, PIP bought back 1.9m redeemable shares at discounts ranging from 26% and 34% compared to the most recently published NAV per share at the time of purchase, resulting in a total uplift to NAV per share of 17.3p. The discounts at which the Company's shares trade from time to time may make buybacks an attractive investment opportunity relative to other potential new investment commitments.

THE LARGEST 50 MANAGERS BY VALUE

Largest 50 Managers by Value as at 30th June 2016

NUMBER	MANAGER	REGION[2]	STAGE BIAS	% OF PIP'S TOTAL[1] PRIVATE EQUITY ASSET VALUE
1	Providence Equity Partners	USA	Buyout	6.5%
2	Texas Pacific Group	Global	Buyout	4.3%
3	Baring Private Equity Asia	Asia	Buyout	2.3%
4	Warburg Pincus Capital	Global	Buyout	2.1%
5	Essex Woodlands	USA	Buyout	1.9%
6	KKR	Global	Generalist	1.5%
7	Quantum Energy Partners	USA	Buyout	1.5%
8	The Banc Funds Company	USA	Buyout	1.5%
9	EQT[3]	Asia	Buyout	1.4%
10	KRG Capital Partners	USA	Buyout	1.3%
11	Index Ventures	Europe	Venture and Growth	1.2%
12	Golden Gate Capital	USA	Special Situations	1.2%
13	MatlinPatterson Global Advisers	USA	Buyout	1.2%
14	Vision Capital	Europe	Buyout	1.1%

15	Brentwood Associates Private Equity	USA	Venture and Growth	1.1%
16	Bridgepoint Partners	Europe	Buyout	1.1%
17	Carlyle Group	Europe	Buyout	1.1%
18	Francisco Partners Management	USA	Venture and Growth	1.1%
19	Yorktown Partners	USA	Special Situations	1.0%
20	Ares Management	USA	Buyout	1.0%
21	Abris Capital	Europe	Venture and Growth	1.0%
22	Nordic Capital	Europe	Buyout	1.0%
23	Shamrock Capital Advisors	USA	Buyout	0.9%
24	Apollo Advisors	USA	Buyout	0.9%
25	ABS Capital Partners	USA	Special Situations	0.9%
26	Gemini Capital	Europe	Buyout	0.9%
27	Mid-Europa Partners	Europe	Venture and Growth	0.9%
28	CVC Capital Partners Europe Limited	Europe	Buyout	0.9%
29	Hutton Collins	Europe	Special Situations	0.8%
30	Summit Partners	USA	Venture and Growth	0.8%
31	IK Investment Partners	Europe	Buyout	0.8%
32	Blackstone Group	USA	Buyout	0.8%
33	ABRY Partners	USA	Venture and Growth	0.8%
34	Altor Capital	Europe	Buyout	0.7%
35	Thomas H. Lee Partners	USA	Buyout	0.7%
36	Lee Equity Partners	USA	Venture and Growth	0.7%
37	Kayne Anderson	USA	Buyout	0.7%
38	Polaris Venture Partners	USA	Venture and Growth	0.7%
39	Apax Partners & Co Limited	Europe	Buyout	0.7%
40	Stone Point Capital	USA	Venture and Growth	0.7%
41	Bain Capital	USA	Buyout	0.7%
42	Insight Venture Partners	USA	Venture and Growth	0.7%
43	Herkules Capital	Europe	Special Situations	0.7%
44	Equistone Partners Europe	Europe	Buyout	0.6%
45	Technology Crossover Management	USA	Venture and Growth	0.6%
46	Sun Capital Partners	USA	Special Situations	0.6%
47	Andreessen Horowitz	USA	Venture and Growth	0.6%
48	Baring Vostok Capital Partners	Asia	Venture and Growth	0.6%
49	Oak Investment Partners	USA	Venture and Growth	0.6%
50	Veritas Capital	USA	Buyout	0.5%
COVERAGE OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE				**58.8%**

[1] *Percentages look through feeders and funds-of-funds.*

[2] *Refers to the regional exposure of funds.*

[3] *The majority of PIP's remaining investments in EQT is held in EQT Greater China II.*

THE LARGEST 50 COMPANIES BY VALUE

Largest 50 Companies by Value as at 30th June 2016[1]

NUMBER	COMPANY	COUNTRY	SECTOR	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE
1	LBX Pharmacy[3]	China	Consumer	1.22%
2	Spotify	Sweden	Information Technology	0.85%
3	Grupo Farmaceutico Bitoscana[2]	Colombia	Healthcare	0.84%
4	ALM Media[2]	USA	Consumer	0.82%
5	GlobalTranz Enterprises[2]	USA	Industrials	0.66%
6	Abacus Data Systems[2]	USA	Information Technology	0.66%
7	ZeniMax Media	USA	Information Technology	0.65%
8	Standard Pacific[3]	USA	Consumer	0.55%
9	StandardAero Business Aviation Services	USA	Industrials	0.55%
10	American Tire Distributors[2]	USA	Consumer	0.54%
11	Blackboard	USA	Information Technology	0.53%
12	Confidential[2]	USA	Consumer	0.53%
13	Applied Medical Resources[2]	USA	Healthcare	0.52%
14	Vertical Bridge	USA	Telecommunication Services	0.50%
15	Confidential[2]	Hong Kong	Industrials	0.50%
16	McGraw-Hill Education[2]	USA	Consumer	0.50%
17	CPL Industries	UK	Energy	0.49%

18	EUSA Pharma[2]	France	Healthcare	0.47%
19	ConvaTec Healthcare	USA	Healthcare	0.47%
20	IMS Health[3]	USA	Healthcare	0.46%
21	Nord Anglia Education[3]	Hong Kong	Consumer	0.45%
22	Alarm.Com[3]	USA	Information Technology	0.45%
23	Financial Company[2]	Mexico	Financials	0.44%
24	Confidential[2]	Singapore	Healthcare	0.43%
25	Burning Glass International[2]	USA	Information Technology	0.42%
26	SoftBrands	USA	Information Technology	0.41%
27	Ministry Brands[2]	USA	Information Technology	0.40%
28	Verimatrix	USA	Information Technology	0.39%
29	S-Process Equipment	Germany	Industrials	0.39%
30	Home Shopping Europe	Germany	Consumer	0.39%
31	Univision	USA	Consumer	0.39%
32	ILX[2]	USA	Energy	0.38%
33	Confidential[2]	UK	Consumer	0.38%
34	BrightHouse	UK	Consumer	0.38%
35	Confidential	UK	Industrials	0.37%
36	Extraction Oil & Gas[2]	USA	Energy	0.37%
37	Rightpoint Consulting[2]	USA	Industrials	0.36%
38	Standard Pacific[3]	USA	Consumer	0.35%
39	USI[2]	USA	Financials	0.34%
40	Virgin Pulse[2]	USA	Industrials	0.34%
41	Confidential[2]	USA	Financials	0.34%
42	Vitruvian Exploration	USA	Energy	0.34%
43	Jimmy John's	USA	Consumer	0.33%
44	Indus Towers	India	Information Technology	0.33%
45	Confidential	USA	Information Technology	0.33%
46	Michaels Stores[3]	USA	Consumer	0.32%
47	Confidential	USA	Information Technology	0.31%
48	Antero Resources Corporation[3]	USA	Energy	0.31%
49	Heptagon Advanced Micro-Optics[2]	Singapore	Information Technology	0.31%
50	K-Mac	USA	Consumer	0.30%
COVERAGE OF PIP'S NET ASSET VALUE				**23.36%**

[1] *The largest 50 companies table is based upon underlying company valuations at 30th June 2016, adjusted for known calls, distributions, new investment commitments and post valuation information.*

[2] *Co-investments/directs.*

[3] *Listed companies.*

THE DIRECTORS

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

Tom Bartlam* (Chairman)
Ian Barby* (Audit Committee Chairman)
Sir Laurie Magnus* (Senior Independent Director)
Susannah Nicklin*
David Melvin*
Rhoddy Swire

** Independent of the Manager*

EXTRACTS FROM THE DIRECTORS' REPORT

Share Capital

As at 30th June 2016, and as at the date of this Report, the Company had shares in issue as shown in the table below, all of which were admitted to the official list maintained by the FCA and admitted to trading on the London Stock Exchange. No shares were held in treasury at the year end.

During the year, there were no purchases of ordinary shares made by the Company.

During the year, 1,900,000 redeemable shares (with an aggregate nominal value of £19,000 and representing 5.9% of the redeemable share capital in issue on 30th June 2015) were purchased in the market for cancellation for a total consideration of £21.9m.

No purchases of either classes of shares have been made since 30th June 2016 to date.

Share capital and voting rights at 19th September 2016	NUMBER OF SHARES IN ISSUE	VOTING RIGHTS ATTACHED TO EACH SHARE	NUMBER OF SHARES HELD IN TREASURY	% OF TOTAL VOTING RIGHTS REPRESENTED BY EACH CLASS
ORDINARY SHARES AT £0.67 EACH	33,062,313	1	-	100
REDEEMABLE SHARES AT £0.01 EACH	30,297,534	-	-	-
TOTAL VOTING	**33,062,013**			

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.

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

After due consideration of the Balance Sheet and activities of the Company and the Company's 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. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities
IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). 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 and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the 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 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.

The Directors are responsible for ensuring that the Strategic Report, Directors' Report and other information in the Annual Report is prepared in accordance with company law in the United Kingdom, and that the Annual Report includes information required by the Listing Rules of the FCA. They also have responsibility 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 responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report, and financial statements taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

The Directors confirm that, to the best of their knowledge:

- the financial statements have been prepared in accordance with UK accounting standards, give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the Strategic Report 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.

On behalf of the Board
TOM BARTLAM
Chairman
19th September 2016

NON-STATUTORY ACCOUNTS
The financial information set out below does not constitute the Company's statutory accounts for the years ended 30th June 2016 and 2015 but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Registrar of Companies, and those for 2016 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 Accounts at www.piplc.com.

Income Statement
YEAR ENDED 30TH JUNE 2016

	NOTE	**REVENUE £'000**	**CAPITAL £'000**	**2016 TOTAL* £'000**	REVENUE £'000	CAPITAL £'000	2015 TOTAL* £'000
Gains on investments at fair value through profit or loss**	9b	**-**	**191,298**	**191,298**	-	101,905	101,905
Currency gains on cash and borrowings	16	**-**	**22,864**	**22,864**	-	6,337	6,337
Investment income	2	**11,832**	**-**	**11,832**	14,959	-	14,959
Investment management fees	3	**(11,249)**	**-**	**(11,249)**	(9,972)	-	(9,972)
Other expenses	4	**(1,531)**	**(896)**	**(2,427)**	(1,284)	(437)	(1,721)
RETURN ON ORDINARY ACTIVITIES BEFORE FINANCING COSTS AND TAX		**(948)**	**213,266**	**212,318**	3,703	107,805	111,508
Interest payable and similar charges/finance costs	6	**(1,261)**	**-**	**(1,261)**	(1,510)	-	(1,510)
RETURN ON ORDINARY ACTIVITIES BEFORE TAX		**(2,209)**	**213,266**	**211,057**	2,193	107,805	109,998
Tax on ordinary activities	7	**(1,985)**	**-**	**(1,985)**	(1,437)	-	(1,437)

RETURN ON ORDINARY ACTIVITIES FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(4,194)**	**213,266**	**209,072**	756	107,805	108,561
RETURN PER ORDINARY AND REDEEMABLE SHARE	8	**(6.47)p**	**328.99p**	**322.52p**	1.15p	164.05p	165.20p

* The Company does not have any income or expense that is not included in the return for the year and accordingly the return for the year is also the total comprehensive income for the year. The total column of the statement represents the Company's Statement of Total Comprehensive Income prepared in accordance with Financial Reporting Standards ("FRS"). 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.

No operations were acquired or discontinued during the year.

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 30TH JUNE 2016

	SHARE CAPITAL £'000	**SHARE PREMIUM £'000**	**CAPITAL REDEMPTION RESERVE £'000**	**OTHER CAPITAL RESERVE £'000**	**CAPITAL RESERVE ON INVESTMENTS HELD £'000**	**SPECIAL RESERVE* £'000**	**REVENUE RESERVE* £'000**	**TOTAL £'000**
Movement for the year ended 30th June 2016								
OPENING EQUITY SHAREHOLDERS' FUNDS	**22,475**	**283,555**	**3,070**	**409,584**	**324,062**	**13,010**	**(55,692)**	**1,000,064**
Return for the year	**-**	**-**	**-**	**115,148**	**98,118**	**-**	**(4,194)**	**209,072**
Redeemable shares bought back for cancellation	**(19)**	**-**	**19**	**(9,012)**	**-**	**(13,010)**	**-**	**(22,022)**
CLOSING EQUITY SHAREHOLDERS' FUNDS	**22,456**	**283,555**	**3,089**	**515,720**	**422,180**	**-**	**(59,886)**	**1,187,114**
Movement for the year ended 30th June 2015								
OPENING EQUITY SHAREHOLDERS' FUNDS	22,787	283,555	2,758	337,152	288,689	23,198	(56,448)	901,691
Return for the year	-	-	-	72,432	35,373	-	756	108,561
Ordinary shares bought back for cancellation	(308)	-	308	-	-	(5,799)	-	(5,799)
Redeemable shares bought back for cancellation	(4)	-	4	-	-	(4,389)	-	(4,389)
CLOSING EQUITY SHAREHOLDERS' FUNDS	22,475	283,555	3,070	409,584	324,062	13,010	(55,692)	1,000,064

* Reserves that are distributable by way of dividends. In addition, the Special Reserve and Other Capital Reserve can be used for share buybacks.

The Notes form part of these financial statements.

Balance Sheet
AS AT 30TH JUNE 2016

	NOTE	**2016 £'000**	2015 £'000
Fixed assets			
Investments at fair value	9a/b	**1,071,876**	862,029
Current assets			
Debtors	11	**3,654**	1,805
Cash at bank		**115,522**	137,483
		119,176	139,288
Creditors: Amounts falling due within one year			
Other creditors	12	**3,938**	1,253
		3,938	1,253
NET CURRENT ASSETS		**115,238**	138,035
NET ASSETS		**1,187,114**	1,000,064
Capital and reserves			
Called-up share capital	13	**22,456**	22,475

Share premium	14	**283,555**	283,555
Capital redemption reserve	14	**3,089**	3,070
Other capital reserve	14	**515,720**	409,584
Capital reserve on investments held	14	**422,180**	324,062
Special reserve	14	**-**	13,010
Revenue reserve	14	**(59,886)**	(55,692)
TOTAL EQUITY SHAREHOLDERS' FUNDS		**1,187,114**	1,000,064
NET ASSET VALUE PER SHARE - ORDINARY AND REDEEMABLE	15	**1,873.62p**	1,532.44p

The Notes form part of these financial statements.

The financial statements were approved by the Board of Pantheon International Plc on 19th September 2016 and were signed on its behalf by

TOM BARTLAM
Chairman

Company No. 2147984

Cash Flow Statement
YEAR ENDED 30TH JUNE 2016

	NOTE	**2016 £'000**	2015 £'000
Cash flow from operating activities			
Investment income received		**11,664**	14,855
Deposit and other interest received		**159**	60
Investment management fees paid		**(11,011)**	(9,876)
Secretarial fees paid		**(232)**	(209)
Depositary fees paid		**(193)**	(148)
Other cash payments		**(1,730)**	(1,370)
Withholding tax deducted		**(1,985)**	(1,437)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	16	**(3,328)**	1,875
Cash flows from investing activities			
Purchases of investments		**(263,203)**	(171,799)
Disposals of investments		**244,540**	225,971
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		**(18,663)**	54,172
Cash flows from financing activities			
Ordinary shares purchased for cancellation		**-**	(6,872)
Redeemable shares purchased for cancellation		**(22,022)**	(4,389)
Loan commitment and arrangement fees paid		**(992)**	(1,953)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(23,014)**	(13,214)
(DECREASE)/INCREASE IN CASH IN YEAR		**(45,005)**	42,833
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**137,483**	88,346
FOREIGN EXCHANGE GAINS		**23,044**	6,304
NET CASH AND CASH EQUIVALENTS AT END OF YEAR		**115,522**	137,483

The Notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Pantheon International Plc is a listed public limited company incorporated in England and Wales. In November 2015, ordinary shareholders approved the simplification of the Company's name from Pantheon International Participations Plc. A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(A) Basis of Preparation
The Company applies UK GAAP in preparing its financial statements, on a going concern basis, and has adopted FRS 102 for its financial year ended 30th June 2016. FRS 102 became mandatory for companies with a financial year beginning from 1st January 2015. The date of transition to FRS 102 was 1st July 2014 and the results for the year ended 30th June 2016 represent the Company's first annual financial statements prepared on this basis and have been prepared in accordance with its accounting policies under FRS 102. The Directors have determined these financial statements to be compliant with FRS 102. 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.

The Directors have undertaken an assessment of the impact of adoption of FRS 102 and have concluded that there are no impacts with regards to the recognition and measurement of asset, liabilities, income and expenses on adoption of FRS 102. In substance the accounting policies are consistent with those set out in the financial statements for the year ended 30th June 2015. There has been no measurement impact on the Company's Income Statement, Balance Sheet or Statement of Changes in Equity (previously called the Reconciliation of Movements in Equity Shareholders' Funds) for years previously reported. The Cash Flow Statement previously reported has been restated to comply with the new disclosure requirements of the revised reporting standard.

The Company has early adopted the amendments made in FRS 102 paragraphs 34.22 issued in March 2016, revising the fair value hierarchy disclosure requirements.

(B) AIC SORP
The financial statements have been prepared in accordance with the SORP (as amended in November 2014) for the financial statements of investment trust companies and venture capital trusts issued by the AIC.

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

(D) 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, as these are comprised of individual unlisted company valuations estimated at a point in time. Accordingly, while the Company considers circumstances where it might be appropriate to apply an override, for instance in response to a market crash, this will be exercised only where it is judged necessary to show a true and fair view. Similarly, while relevant information 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. In the view of the Directors a significant impact would be a movement of greater than 5% of the overall estimate of the investment portfolio made 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 designated as 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 year end, management would consider the effect, if any, on the investment portfolio.

The Company may acquire secondary interests at either a premium or a discount to the fund manager's valuation. Within the Company's portfolio, those fund holdings purchased at a premium are normally revalued to their stated net asset values at the next reporting date. Those fund holdings purchased at a discount are normally held at cost until the receipt of a valuation from the fund manager in respect of a date after acquisition, when they are revalued to their stated net asset values, unless an adjustment against a specific investment is considered appropriate.

In the case of direct investments in unquoted companies, the initial valuation is based on the transaction price. Where better indications of fair value become available, such as through subsequent issues of capital or dealings between third parties, the valuation is adjusted to reflect the new evidence. This information may include the valuations provided by private equity managers who are also invested in the company. Valuations are reduced where the company's performance is not considered satisfactory.

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 year end. If there has been a material movement in the value of these holdings, the valuation is adjusted to reflect this.

(ii) Quoted investments are valued at the bid price on the relevant stock exchange.

The Company may engage in financing transactions if payment for an investment is deferred beyond normal business terms. If the arrangement constitutes a financing transaction, 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 discounted value is amortised over the life of the transaction and shown as a finance cost in the revenue column in the Income Statement.

(E) 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 so as to reflect the effective interest rate on the security.

Other interest receivable is included on an accruals basis.

(F) Taxation
Corporation tax payable is based on the taxable profit for the year. 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.

(G) 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 9;
- expenses of a capital nature are accounted for through the capital account; and
- investment performance fees.

(H) Foreign Currency
The currency of the Primary Economic Environment in which the Company operates ("the functional currency") is pounds sterling ("sterling"), which is also the presentation currency. 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 year end are reported at the rates of exchange prevailing at the year 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 Income Statement. For non-monetary assets these are covered by fair value adjustments.

(I) 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.

(J) 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.

(K) Investment Performance Fee

The Manager is entitled to a performance fee from the Company in respect of each 12 calendar month period ending on 30th June 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 30th June 2016, the notional performance fee hurdle is a net asset value per share of 2,506.49p. 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.

(L) Significant judgements and estimates

The preparation of financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the financial reporting date and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. Details of any estimates are provided in Section (D) of this Note in the Valuation of Investments policy and also within the Market Price Risk section in Note 18.

2. Income

	30TH JUNE 2016 £'000	30TH JUNE 2015 £'000
Income from investments		
Investment income	**11,673**	14,898
	11,673	14,898
Other income		
Interest	**159**	59
Other income	**-**	3
Exchange difference on income	**-**	(1)
	159	61
TOTAL INCOME	**11,832**	14,959
Total income comprises		
Dividends	**11,673**	14,898
Bank interest	**159**	59
Other income	**-**	3
Exchange difference on income	**-**	(1)
	11,832	14,959
Analysis of income from investments		
Unlisted	**11,673**	14,898
	11,673	14,898
Geographical analysis		
UK	**505**	1,709
US	**6,929**	6,352
Other overseas	**4,239**	6,837
	11,673	14,898

3. Investment Management Fees

	30TH JUNE 2016			30TH JUNE 2015		
	REVENUE £'000	**CAPITAL £'000**	**TOTAL £'000**	REVENUE £'000	CAPITAL £'000	TOTAL £'000
Investment management fees	**11,249**	**-**	**11,249**	9,972	-	9,972
	11,249	**-**	**11,249**	9,972	-	9,972

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

During the year, services with a total value of £11,824,000 (2015: £10,563,000), being £11,249,000 (2015: £9,972,000) directly from Pantheon Ventures (UK) LLP and £575,000 (2015: £591,000) 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 £34,855,000 as at 30th June 2016 (2015: £47,730,000). In addition, the Manager has agreed that the total fees (including performance fees) payable by Pantheon Funds to members of the Pantheon group and attributable to the Company's investments in Pantheon Funds shall be less than the total fees (excluding the performance fee) that the Company would have been charged under the Management Agreement had it invested directly in all of the underlying investments of the relevant Pantheon Funds instead of through the relevant Pantheon Funds.

At 30th June 2016 £1,080,000 (2015: £842,000) was owed for investment management fees. No performance fee is payable in respect of the 12 calendar month period to 30th June 2016 (2015: £nil). The basis upon which the performance fee is calculated is explained in Note 1(K) and in the Directors' Report in the full Annual Report.

4. Other Expenses

	30TH JUNE 2016 REVENUE £'000	CAPITAL £'000	TOTAL £'000	30TH JUNE 2015 REVENUE £'000	CAPITAL £'000	TOTAL £'000
Secretarial and accountancy services	**225**	**-**	**225**	219	-	219
Depositary fees	**194**	**-**	**194**	180	-	180
Fees payable to the Company's Auditor for the audit of the annual financial statements	**39**	**-**	**39**	35	-	35
Fees payable to the Company's Auditor for						
- audit-related assurance services - Half-Yearly Report	**8**	**-**	**8**	7	-	7
- other assurance services - net asset value calculations	**13**	**-**	**13**	12	-	12
Directors' remuneration (see Note 5)	**231**	**-**	**231**	203	-	203
Employer's National Insurance	**22**	**-**	**22**	9	-	9
Irrecoverable VAT	**134**	**-**	**134**	61	-	61
Legal and professional fees	**282**	**896**	**1,178**	200	437	637
Printing	**53**	**-**	**53**	46	-	46
Other	**330**	**-**	**330**	312	-	312
	1,531	**896**	**2,427**	1,284	437	1,721

The Directors do not consider that the provision of other assurance services work to the Company affects the independence of the Auditors.

5. Directors' Remuneration

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

6. Interest Payable and Similar Charges

	30TH JUNE 2016 £'000	30TH JUNE 2015 £'000
Amortised costs associated with finance transaction	**35**	-
Loan commitment and arrangement fees	**1,226**	1,510
	1,261	1,510

On 14th November 2014, the Company renewed its 4 year multi-currency revolving credit facility agreement with improved terms and a revised maturity date of November 2018. The size of the facility with The Royal Bank of Scotland plc and Lloyds Bank plc remains £100m equivalent which, using exchange rates as at 14th November 2014, has been redominated to $100m and €46m. The agreement also contains an accordion feature that would allow the total facility to expand by a further £50m, subject to the Company obtaining additional commitments to the accordian facility and complying with financial covenants. Each individual drawdown bears interest at a variable rate agreed for the period of the drawdown and a commitment fee of 0.94% per annum is payable in respect of the amounts available for drawdown in each denomination. The Company paid to The Royal Bank of Scotland plc an upfront fee of £900,000 representing 0.90% of the total facility. This fee is being amortised over the life of the facility.

7. Tax on Ordinary Activities

	30TH JUNE 2016 REVENUE £'000	CAPITAL £'000	TOTAL £'000	30TH JUNE 2015 REVENUE £'000	CAPITAL £'000	TOTAL £'000
Withholding tax deducted from distributions	**1,985**	**-**	**1,985**	1,437	-	1,437

Tax Charge
The tax charge for the year differs from the standard rate of corporation tax in the UK for the prior year only (20%). The differences are explained below:

Net return on ordinary activities before tax	**(2,209)**	**213,266**	**211,057**	2,193	107,805	109,998
Theoretical tax at UK corporation tax rate of 20% (2015: 20.75%)*	**(442)**	**42,653**	**42,211**	455	22,370	22,825
Non-taxable investment, derivative and currency gains	**-**	**(42,832)**	**(42,832)**	-	(22,461)	(22,461)
Effect of expenses in excess of taxable income	**-**	**179**	**179**	-	91	91
Utilised management expenses	**442**	**-**	**442**	(455)	-	(455)
Withholding tax deducted from distributions	**(1,985)**	**-**	**(1,985)**	(1,437)	-	(1,437)
	(1,985)	**-**	**(1,985)**	(1,437)	-	(1,437)

* The corporation tax rate applied is based on the average tax rates for the financial years ended 30th June 2016 and 30th June 2015. The actual rates were 21% until 31st March 2015 and 20% from 1st April 2015.

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 30th June 2016, excess management expenses are estimated to be in excess of £135m (2015: £133m).

At 30th June 2016, the Company had no unprovided deferred tax liabilities (2015: £nil).

8. Return per share

	30TH JUNE 2016			30TH JUNE 2015		
	REVENUE	**CAPITAL**	**TOTAL**	REVENUE	CAPITAL	TOTAL
Return on ordinary activities after tax for the financial year in £'000	**(4,194)**	**213,266**	**209,072**	756	107,805	108,561
Weighted average ordinary and redeemable shares			**64,823,481**			65,716,081
Return per ordinary and redeemable share	**(6.47)p**	**328.99p**	**322.52p**	1.15p	164.05p	165.20p

There are no dilutive effects to earnings per share.

9a. Movements on Investments

	30TH JUNE 2016 £'000	30TH JUNE 2015 £'000
Book cost brought forward	**539,089**	527,392
Acquisitions at cost	**264,900**	187,546
Capital distributions - proceeds	**(246,470)**	(242,380)
Capital distributions - realised gains on sales	**93,299**	66,531
BOOK COST AT 30TH JUNE	**650,818**	539,089
Unrealised appreciation of investments		
Unlisted investments	**420,667**	320,535
Listed investments	**391**	2,405
VALUATION OF INVESTMENTS AT 30TH JUNE	**1,071,876**	862,029

9b. Analysis of Investments

The method of valuation of the fixed asset investments is described in Note 1D 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 available information at the measurement date. Since the measurement date, 29 July 2016, investment valuations have been received for 87% at a proportion of total number of funds in the portfolio which, whilst incomplete, would indicate a valuation uplift of £27.8m. As per the accounting policy this is less than the 5% tolerance set by the Directors, beyond which an adjustment would be considered, and therefore no adjustment has been made. Investments are principally comprised of unlisted limited partnership interests.

	30TH JUNE 2016 £'000	30TH JUNE 2015 £'000
Sterling		
Unlisted investments	**51,508**	49,048
	51,508	49,048
US dollar		
Unlisted investments	**798,276**	647,812
Listed investments	**1,369**	3,225
	799,645	651,037
Euro		
Unlisted investments	**201,600**	150,536
Listed investments	**-**	450
	201,600	150,986
Other		
Unlisted investments	**19,123**	10,958
	19,123	10,958
	1,071,876	862,029
Realised gains on sales	**93,299**	66,531
Amounts previously recognised as unrealised appreciation on those sales	**2,405**	(8)
Increase in unrealised appreciation	**95,713**	35,381
Revaluation of amounts owed to brokers	**(119)**	1
GAINS ON INVESTMENTS	**191,298**	101,905

Further analysis of the investment portfolio is provided in the Manager's Review above. Transaction costs, (incurred at the point of the transaction) incidental to the acquisition of investments totalled £nil (2015: £nil) and to the disposals of investments totalled £15,000 (2015: £8,000) for the year. In addition, legal fees incidental to the acquisition of investments totalled £896,000 (2015: £437,000) as disclosed in Note 4, have been taken to the capital column in the Income Statement since they are capital in nature.

9c. Material Investments

At the year end, the Company held material holdings in the following investments:

INVESTMENT	**%OWNERSHIP**	**CLOSING NET ASSETS VALUE £M**
PASIA V LP	6.2	25.0
Monteverdi	26.7	22.3
Pantheon Midway Series A	15.2	20.6

10. Fair Value Hierarchy

Financial Assets at Fair Value Through Profit or Loss at 30th June 2016

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Unlisted holdings	**-**	**-**	**1,070,507**	**1,070,507**
Listed holdings	**1,369**	**-**	**-**	**1,369**
	1,369	**-**	**1,070,507**	**1,071,876**

Financial Assets at Fair Value Through Profit or Loss at 30th June 2015

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
Unlisted holdings	-	-	858,354	858,354
Listed holdings	3,675	-	-	3,675
	3,675	-	858,354	862,029

11. Debtors

	30TH JUNE 2016 £'000	30TH JUNE 2015 £'000
Amounts owed by investment funds	**2,996**	875
Prepayments and accrued income	**658**	930
	3,654	1,805

12. Creditors Amounts Falling Due Within One Year

	30TH JUNE 2016 £'000	30TH JUNE 2015 £'000
Investment management fees	**1,080**	842
Amounts owed to brokers	**2,213**	-
Other creditors and accruals	**645**	411
	3,938	1,253

13. Called-up Share Capital

	30TH JUNE 2016 £'000	30TH JUNE 2015 £'000
Allotted, called-up and fully paid:		
33,062,013 (2015: 33,062,013) ordinary shares of 67p each	**22,153**	22,153
30,297,534 (2015: 32,197,534) redeemable shares of 1p each	**303**	322
	22,456	22,475

During the year 1,900,000 (2015: 375,000) redeemable shares and nil (2015: 460,000) ordinary shares were bought back in the market for cancellation. The total consideration paid, including commission and stamp duty, was £22,022,000 (2015: £4,389,000) and £nil (2015: £5,799,000) respectively.

Redeemable shares rank equally with ordinary shares regarding dividend rights and rights on winding up or return of capital (other than a redemption or purchase of shares). The holders of redeemable shares have the right to receive notice of and attend all general meetings of the Company but not to speak or vote. 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.

The redeemable shares are redeemable at the option of the Company, at the prevailing net asset value per share, within 60 days following the end of each monthly NAV calculation date or within 60 days of any other business day which is determined by the Directors to be a NAV calculation date.

14. Reserves

	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	OTHER CAPITAL RESERVE £'000	CAPITAL RESERVE ON INVESTMENTS HELD £'000	SPECIAL RESERVE* £'000	REVENUE RESERVE* £'000
Beginning of year	**283,555**	**3,070**	**409,584**	**324,062**	**13,010**	**(55,692)**
Net gain on realisation of investments	**-**	**-**	**93,299**	**-**	-	**-**
Increase in unrealised appreciation	**-**	**-**	**-**	**95,713**	-	**-**
Transfer on disposal of investments	**-**	**-**	**-**	**2,405**	-	**-**
Revaluation of amounts owed to brokers	**-**	**-**	**(119)**	**-**	-	**-**
Exchange differences on currency	**-**	**-**	**23,044**	**-**	-	**-**
Exchange differences on other capital items	**-**	**-**	**(180)**	**-**	-	**-**
Legal and professional costs charged to capital	**-**	**-**	**(896)**	**-**	-	**-**
Share cancellations	**-**	**19**	**-**	**-**	-	**-**
Share buybacks	**-**	**-**	**(9,012)**	**-**	**(13,010)**	**-**
Revenue return for the year	**-**	**-**	**-**	**-**	-	**(4,194)**
END OF YEAR	**283,555**	**3,089**	**515,720**	**422,180**	**-**	**(59,886)**

* Reserves that are distributable by way of dividends.

In addition, the Special Reserve and Other Capital Reserve can be used for share buybacks.

15. Net Asset Value per Share

	30TH JUNE 2016	30TH JUNE 2015
Net assets attributable in £'000	**1,187,114**	1,000,064
Ordinary and redeemable shares	**63,359,547**	65,259,547
Net asset value per share - ordinary and redeemable	**1,873.62p**	1,532.44p

16. Reconciliation of Return on Ordinary Activities Before Financing Costs and Tax to Net Cash Flow from Operating Activities

	30TH JUNE 2016 £'000	30TH JUNE 2015 £'000
Return on ordinary activities before finance costs and tax	**212,318**	111,508
Withholding tax deducted	**(1,985)**	(1,437)
Gains on investments	**(191,298)**	(101,905)
Currency gains on cash and borrowings	**(22,864)**	(6,337)
Increase in creditors	**466**	141
Decrease/(increase) in other debtors	**35**	(95)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(3,328)**	1,875

17. Contingencies, Guarantees and Financial Commitments

At 30th June 2016 there were financial commitments outstanding of £381.9m (2015: £256.3m) in respect of investments in partly paid shares and interests in private equity funds. Further detail of the available finance cover is provided in Note 18.

18. 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 17 for outstanding commitments as at 30th June 2016) 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. In order to cover any shortfalls, the Company has entered into a multi-currency revolving credit facility with The Royal Bank of Scotland plc and Lloyds Bank plc, due to expire in November 2018, and comprising facilities of $100m and €46m of which at 30th June 2016 the sterling equivalent of £nil (30th June 2015: £nil) was drawn down (see Note 6 for further information).

The principal covenant that applies to the loan facility is that gross borrowings do not exceed 30% of adjusted gross asset value.

Total available financing as at 30th June 2016 stood at £228.7m (2015: £233.8m), comprising £115.5m (2015: £137.5m) in cash balances and £113.2m (2015: £96.3m) (sterling equivalent) in undrawn bank facilities. The available financing along with the private equity portfolio exceeded the outstanding commitments by 3.4 times (2015: 4.3 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 30th June 2016 the sterling equivalent of £nil funds drawn down on the loan facilities (30th June 2015: £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 2016 and 2015 consisted of investments, cash and debtors (excluding prepayments). As at 30th June 2016, the interest rate risk and maturity profile of the Company's financial assets was as follows:

30TH JUNE 2016	**TOTAL £'000**	**NO MATURITY DATE £'000**	**MATURES WITHIN 1 YEAR £'000**	**MATURES AFTER 1 YEAR £'000**	**FIXED INTEREST AVERAGE INTEREST RATE %**
No interest rate risk financial assets					
Sterling	**79,547**	**79,547**	**-**	**-**	**-**
US dollar	**885,464**	**885,464**	**-**	**-**	**-**
Euro	**204,627**	**204,627**	**-**	**-**	**-**
Other	**20,817**	**20,817**	**-**	**-**	**-**
	1,190,455	**1,190,455**	**-**	**-**	**-**

The interest rate and maturity profile of the Company's financial assets as at 30th June 2015 was as follows:

30TH JUNE 2015	TOTAL £'000	NO MATURITY DATE £'000	MATURES WITHIN 1 YEAR £'000	MATURES AFTER 1 YEAR £'000	FIXED INTEREST AVERAGE INTEREST RATE %
No interest rate risk financial assets					
Sterling	49,640	49,640	-	-	-
US dollar	784,923	784,923	-	-	-
Euro	154,342	154,342	-	-	-
Other	11,576	11,576	-	-	-
	1,000,481	1,000,481	-	-	-

Financial Liabilities
At 30th June 2016 the Company had drawn the sterling equivalent of £nil (2015: £nil) of its four-year committed revolving dollar and euro credit facilities, expiring November 2018, of $100m and €46m respectively with The Royal Bank of Scotland plc and Lloyds Bank plc. 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 (2015: £nil) was accruing.

At 30th June 2016 and 30th June 2015, all financial liabilities were due within one year and comprised short-term creditors.

Market Price Risk
The method of valuation of the fixed asset investments is described in Note 1(D) 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 30th June 2016 valuation, with all other variables held constant, there would have been a reduction of £216,519,000 (2015 based on a fall of 20%: £174,130,000) in the return before taxation. An increase of 20% would have increased the return before taxation by £212,231,000 (2015 based on a 20% increase: £170,682,000).

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 above. Although it is permitted to do so, the Company did not hedge the portfolio against the movement in exchange rates during the financial year.

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 above. 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 30th June 2016, realised exchange losses of £180,000 (2015: realised exchange gains of £33,000) and realised gains relating to currency of £23,044,000 (2015: realised gains of £6,304,000) 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 30th June 2016, it would have the effect, with all other variables held constant, of increasing equity shareholders' funds by £7,932,000 (2015: £14,631,000). 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 £9,570,000 (2015: £13,095,000). The calculations are based on the financial assets and liabilities and the exchange rate as at 30th June 2016 of 1.3368 (2015: 1.5727) sterling/dollar and 1.2033 (2015: 1.4115) sterling/euro.

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

	30th JUNE 2016 ASSETS £'000	**30TH JUNE 2016 LIABILITIES £'000**	30TH JUNE 2015 ASSETS £'000	30TH JUNE 2015 LIABILITIES £'000
US dollar	**85,818**	**2,213**	133,886	-
Euro	**3,027**	**-**	3,356	-
Swedish krone	**1,465**	**-**	54	-
Norweigan krone	**6**	**-**	28	-
Australian dollar	**223**	**-**	511	-
Japanese Yen	**-**	**-**	25	-
	90,539	**2,213**	137,860	-

Fair Value of Financial Assets and Financial Liabilities
The investments of the Company are held at fair value and the remaining financial assets, and all of the financial liabilities are held at amortised cost, which is not materially different from fair value.

Managing Capital
The Company's equity comprises ordinary shares and redeemable shares as described in Note 13. 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 30th June 2016 and 30th June 2015 the Company had bank debt facilities to increase the Company's liquidity. Details of available borrowings at the year 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.

19. Transactions with the Manager and Related Parties

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

The Company's related parties are its Directors. Fees paid to the Company's Board are disclosed in the Directors' Remuneration Report in the full Annual Report.

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

AIFMD DISCLOSURES

The Company is an alternative investment fund ("AIF") for the purposes of the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) ("AIFMD") and the Manager was appointed as its alternative investment fund manager ("AIFM") for the purposes of the AIFMD with effect from 21st July 2014.

The AIFMD requires certain disclosures to be made in the Annual Report of the Company. Many of these disclosures were already required by the listing rules and/or United Kingdom Accounting Standards and these continue to be presented in other sections of the Annual Report, principally the Strategic Report the Manager's Review and the financial statements. This section completes the disclosures required by the AIFMD.

Assets subject to special arrangements
The Company holds no assets subject to special arrangements arising from their illiquid nature.

Remuneration disclosure
The total number of staff of the Manager for the year ended 30th June 2016 was approximately 209, of which 14 were senior management or other members of staff whose actions have a material impact on the risk profile of the Company ("Identified Staff"). Some staff performing certain activities on behalf of the Manager in respect of the Company are remunerated by affiliates of the Manager.

The total remuneration paid by the Manager and its affiliates to staff of the Manager in respect of the financial year ended 30th June 2016 attributable to work relating to the Company was as follows:

	Fixed £'000	Variable £'000	Total £'000
Senior management	763	846	1,609
Identified staff	358	373	731
Total Staff	1,912	1,520	3,432

No carried interest was paid in respect of the Company during the year.

The above disclosures reflect only that element of the individuals' remuneration which is attributable to the activities of the Manager relating to the Company. It is not possible to attribute remuneration paid to individual staff directly to income received from any fund and hence the above figures represent a notional approximation only calculated by reference to the assets under management of the Company as a proportion of the total assets under management of the Pantheon group.

In accordance with the FCA's guidance on the AIFMD remuneration code, the information above relates only to the financial year of the Company ended 30 June 2016, being the first full financial year following the Manager's authorisation as an AIFM. It would not be useful to provide a remuneration disclosure for the previous financial year of the Company because it would not provide a meaningful basis for like-for-like comparison. Comparative data will be provided in coming years.
General information relating to the Pantheon Ventures Group's remuneration policies and practices for staff can be found at www.pantheon.com.

Leverage
The AIFMD requires the Manager of the Company to set leverage limits for the Company. For the purposes of the AIFMD, leverage is any method by which the Company's exposure is increased, whether through the borrowing of cash or by the use of derivatives or by any other means. The AIFMD requires leverage to be expressed as a ratio between the Company's exposure and its net asset value and prescribes two methodologies, the gross method and the commitment method (as set out in Commission Delegated Regulation No. 231/2013), for calculating such exposure. The following leverage limits have been set for the Company:

(i) borrowings shall not exceed 100% of the Company's net asset value or such lower amount as is agreed from time to time with the Company's lenders;

(ii) leverage calculated as the ratio between the exposure of the Company calculated in accordance with the gross method referred to above and its net asset value shall not exceed 200%; and

(iii) leverage calculated as the ratio between the exposure of the Company calculated in accordance with the commitment method referred to above and its net asset value shall not exceed 200%.

Using the methodologies prescribed under the AIFMD, the Company's leverage as at 30th June 2016 is shown below:

	Gross method	Commitment method
Leverage ratio	92%	102%

Risk profile and risk management
The principal risks to which the Company is exposed and the approach to managing those risks are set out in the Strategic Report and also in Note 18 of the financial statements. The risk limits currently in place in relation to the Company's investment activities are set out in the Investment Policy and under "Board Responsibilities and Relationship with the Manager" in the Statement on Corporate Governance. Additionally, the individual counterparty exposure limit for deposits with each of the Company's bank counterparties has been set at £60m or the equivalent in foreign currencies. The Manager's risk management system incorporates regular review of the principal risks facing the Company and the risk limits applicable to the Company and the establishment of appropriate internal control processes to mitigate the risks. These risk limits have not been exceeded in the period to 30th June 2016.

Article 23(1) disclosures to investors

The AIFMD requires certain information to be made available to investors in the Company before they invest and requires that material changes to this information be disclosed in the Annual Report of the Company. The information required to be disclosed is contained in the document "Information for Investors" which is available on the Company's website at www.piplc.com.

There have been no material changes to this information requiring disclosure.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on Wednesday, 23rd November 2016 at 10.30am at The British Academy, 10-11 Carlton House Terrace, London SW1Y 5AH.

NATIONAL STORAGE MECHANISM

A copy of the Annual Report and Financial Statements will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at: www.morningstar.co.uk/uk/nsm.

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.

END

FR LLMPTMBTBBAF