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Pantheon International PLC
09 March 2016

**PANTHEON INTERNATIONAL PLC (the "Company" or "PIP")**
**HALF-YEARLY FINANCIAL REPORT**
**SIX MONTHS TO 31ST DECEMBER 2015**

The Half-Yearly Financial Report can be accessed via the Company's website at www.piplc.com or by contacting the Company Secretary by telephone on 01392 477500.

PIP will host a webcast on Wednesday 9th March 2016 at 2:30pm GMT. Dial in details can be found below.

The presentation can be viewed on the day via http://www.meetingzone-event.com/?pak=8243869238973955. 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** | |

A copy of the presentation and a recording of the webcast will be available on our website **www.piplc.com** following the event.

## HALF YEAR AT A GLANCE

### Key Performance Indicators

| | |
|---|---|
| **+8%** | NAV per share increase (FTSE All-Share TR: -2%; MSCI World TR: +3%) |
| **21%** | Ordinary share price discount to NAV (Jun 2015: 17%) |
| **26%** | Redeemable share price discount to NAV (Jun 2015: 16%) |
| **1.30%** | Total ongoing charges excluding tax (annualised) (Jun 2015: 1.33%) |

### Other Indicators

| | |
|---|---|
| **+3%** | Ordinary share price increase (FTSE All-Share TR: -2%; MSCI World TR: +3%) |
| **-4%** | Redeemable share price decrease (FTSE All-Share TR: -2%; MSCI World TR: +3%) |
| **£1,080m** | NAV (Jun 2015: £1,000m) |
| **1,657.5p** | NAV per share (Jun 2015: 1,532.4p) |
| **£117m** | Net cash flow generated from PIP's portfolio in the half year |
| **£122m** | New investment commitments made in the half year, **£82m** of which was drawn |
| **7.7 years** | Weighted average fund age of portfolio (Jun 2015: 7.9 years) |
| **4.1x** | Ratio of assets and available financing to undrawn commitments (Jun 2015: 4.3x) |

## PERFORMANCE SUMMARY

### NAV and Share Price Performance

- NAV per share **increased by 8.2%**, from 1,532.4p to 1,657.5p.

- The ordinary share price increased from 1,272.0p to 1,315.0p, **an increase of 3.4%**. The discount increased from 17.0% to 20.7%.

- The redeemable share price decreased from 1,285.0p to 1,232.5p, **a decrease of 4.1%**. The discount increased from 16.1% to 25.6%.

### Net Investment Cash Flow

- Distributions received in the six months to 31st December 2015 were **£148.1m**, equivalent to an annualised rate of 34% of opening private equity assets.

- PIP invested **£113.7m** in the six months to 31st December 2015 across calls (£31.0m), new investments

(£81.5m), and share buybacks (£1.2m).

- Net investment cash flow in the half year was **£34.4m** as PIP's portfolio continues to benefit from net realisations.

| PERFORMANCE AT 31ST DECEMBER 2015 | 1 YEAR % | 3 YEARS % P.A. | 5 YEARS % P.A. | 10 YEARS % P.A. | SINCE INCEPTION % P.A. |
|---|---|---|---|---|---|
| NAV per share* | 9.6 | 11.2 | 11.1 | 8.7 | 11.4 |
| Ordinary share price* | 3.8 | 14.2 | 16.0 | 5.7 | 11.0 |
| FTSE All-Share Total Return | 1.0 | 7.3 | 6.0 | 5.6 | 7.7 |
| MSCI World Total Return (sterling) | 5.5 | 13.9 | 9.5 | 7.2 | 7.2 |

** PIP was launched on 18th September 1987. The figures since inception assume reinvestment of dividends, capital repayments and cash flows from the exercise of warrants.*

| CAPITAL STRUCTURE AT 31ST DECEMBER 2015 | |
|---|---|
| Ordinary shares | 33,062,013 |
| Redeemable shares | 32,097,534 |
| Total | 65,159,547 |

## CHAIRMAN'S STATEMENT

The Company experienced solid growth during the half year as the NAV per share rose by 8.2%, outperforming the FTSE All-Share, which fell by 2.0%, and the MSCI World, which rose by 3.3%. However, share price performance was disappointing as it was impacted by a sector-wide increase in discounts which have been driven by uncertainty in financial markets.

Our mature portfolio continued to generate significant distributions as managers took advantage of the positive exit environment.

### Performance Update

During the half year, PIP's NAV per share demonstrated further progress, increasing by 8.2%. Net assets increased from £1,000m to £1,080m. The private equity portfolio performed positively during the half year, generating pre-FX investment returns of 2.9%. Foreign exchange gains added 6.1%; this was primarily driven by the appreciation of the US dollar. These gains were offset by expenses and taxes of 0.8%.

We continue to focus primarily on the consumer, information technology and healthcare sectors with the majority of our portfolio invested in companies based in North America and Europe. During the half year, portfolio returns were driven by US and European buyout portfolios. While both Asian and energy funds were impacted by a fall in the Chinese public markets and a drop in the oil price respectively, the impact on the portfolio as a whole was limited. The diversification of our portfolio and disciplined approach to investing only with high quality managers who have a strong track record mean that we are not overexposed to a downturn in any one sub-sector.

The uncertainty surrounding the result of the UK's impending referendum over whether to remain in the European Union may lead to a period of increased volatility in the exchange rates between sterling and the currencies in which the Company's assets are denominated. Consequently, as a substantial majority of our assets are denominated in US dollars and euros, there may be greater volatility in the Company's reported NAV over the next few months.

### Share Buybacks

In October 2015, the Company invested £1.2m in share buybacks, acquiring 100,000 redeemable shares, which resulted in an uplift to NAV per share of 0.6p. PIP began buying back shares in August 2011 and has so far invested £87.6m in buying back 13.7% of the Company's shares. The Company will continue to buy back shares on an opportunistic basis when they offer an attractive investment opportunity relative to other potential new investment commitments.

### Investment Activity

The trend of strong exit activity continued in the half year as PIP's mature portfolio generated distributions of £148m, equivalent to an annualised rate of 34% of opening portfolio assets. The realisations were primarily in the healthcare, consumer and information technology sectors; the average uplift on exit across a sample of PIP's exit realisations was 50%. Private equity exit activity in 2015 was supported by attractive pricing driven by public market valuations and demand from strategic buyers for mature assets. Many private equity managers remained firmly focused on realising assets in their portfolio. Calls from underlying private equity funds were £31m, equivalent to an annualised call rate of 24% of opening undrawn commitments, across a range of regions and sectors. The weighted average age of funds in PIP's portfolio is 7.7 years.

### New Investments

During the six months to 31st December 2015, PIP made 24 new commitments amounting to £121.9m. This is comprised of five secondaries (£59.5m), 12 co-investments (£37.2m) and seven primary commitments (£25.2m).

The majority of new investments were made to US large buyout and growth equity funds, reflecting greater investment opportunities in the region. PIP continued its efforts to target attractive primary funds which had high quality managers and were less available in the secondary market. The buoyant secondary market gave the Company the opportunity to purchase portfolios that are underpinned by companies with strong growth prospects or a track record of being able to withstand economic uncertainty.

Since 31st December 2015, the Company has committed a further £74.7m to three secondary funds (£42.7m), three primary funds (£13.8m) and seven co-investments (£18.2m).

**Balance Sheet**

At 31st December 2015, the Company held cash of £175m and its balance sheet remains ungeared. The Company's undrawn credit facility of $100m and €46m, equivalent to £102m at 31st December 2015, expires in November 2018. Therefore, together with its credit facility, the Company had total liquid resources of £277m. The Company's strong financial position will allow it to continue to deploy capital quickly and as it is required.

**Outlook**

The recent market volatility in 2016 reflects the more negative sentiment of investors towards the risks that threaten the pace of global economic recovery and growth. This sentiment has also affected the credit markets where the pace of loan issuance has been more restrained. The threats to global growth from the slowdown in China's economy, the falls in energy and commodity prices, the renewed fears of a banking crisis in Europe and a growing unease that quantitative easing may not be a lasting panacea, is creating continued volatility in the financial markets. To the extent that this has resulted in a fall in equity valuations, private equity investors will be able to deploy more capital than in recent times. While this adjustment may take some months to filter through to asset pricing levels in the private markets, it should lead to more favourable pricing levels and consequently a higher rate of deal activity towards the second half of the year. Conversely, the equity markets will not be as supportive of private equity exits as they were in the past year. This will reduce the pace of distributions, caused not least by a pause in M&A activity that typically follows in the wake of a period of high market volatility as transactions in the pipeline are delayed or cancelled by buyers or sellers.

The Company has substantial financial strength to take advantage of more favourable pricing conditions as they occur, whether in the secondaries market or through our primary commitments and co-investment activity. Furthermore, our mature portfolio will continue to generate considerable distributions even if at a reduced level. Thus, any slowdown in the rate of distributions from our portfolio is unlikely to constrain the Company's ability to deploy capital in order to take full advantage of a cheaper investment environment. However, the opportunity to do so will neither appear immediately, nor in all areas of the market simultaneously. Therefore, the pace of transactions in the first six months of 2016 may be slower. Nevertheless, we believe that we will be able to deploy capital in attractive investment opportunities in the second half of the Company's financial year.

**TOM BARTLAM**
*Chairman*
8th March 2016

**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.

## MANAGER'S REVIEW

### MARKET REVIEW

In 2015, we witnessed the consequences of near-zero real interest rates globally and large doses of quantitative easing. In some cases, money printed by central banks to stimulate economies has been simply flowing back into investments that appear to satisfy investors' demand for a chance of earning any sort of positive return, inflating prices beyond where fundamentals and prudence dictate. Those bubbles have been a price that policymakers appeared willing to accept as they attempted to combat near-zero inflation - or in some cases deflation - and similarly sluggish economic growth with the blunt macroeconomic tools at their disposal.

However, the global financial markets have experienced a shaky start to 2016 as investors have become increasingly nervous that the asset price bubble may burst. The health of the global economy, with particular focus on China, and the fall in commodity prices have fuelled concerns further and have led to increased market volatility. The world's major indices have suffered sharp declines since the beginning of the year and are now starting to enter bear territory. In the private equity market, there is a delay for the effects of these share market price declines to be reflected indirectly in underlying valuations and to subsequently filter through to adjustments in fund valuations. Although it is not clear when it might occur, we expect that the long-term effect of this may be a better deal environment with an increased deal flow emerging from asset price adjustments.

#### US on the road to recovery

The US economy has continued to make real progress with growth being both higher and in recovery for longer than most other developed countries. In 2015, economic growth appeared to have broken free from low levels at the start of the year, achieving 3.9% annualised growth by the end of June 2015. This level of growth had slowed by the end of October, however the World Bank is still expecting real GDP growth of 2.5% for 2015, versus global growth of 2.4% for the year, and is forecasting real GDP growth of 2.7% for 2016[1].

The quarter of a per cent increase in policy interest rates announced in December 2015 by the US Federal Reserve, was largely priced into market expectations and would likely have caused far more volatility, particularly in the equities market, had it not occurred as expected. However, there are some risks that inflation could overshoot the 2% target by the middle of 2016 as wage increases pick up, in turn spurring a more rapid increase in interest rates towards analysts' longer-term expectation of 3.5% by the end of 2017[2].

Much more worrying and potentially damaging to the financial system are the current volatility and concerns about systemic illiquidity in the high yield market. Relative to the start of 2015, higher yields from low-quality or non-investment grade credits, up almost three percentage points from May lows to 8.8% at the end of December[3], have drawn some investors into the segment. But risks are also increasing, with the US default rate expected to rise 4.5% in 2016, well above the trailing 12-month rate of 3.3% during December 2015[4], with energy and commodity companies among the hardest hit.

Despite this, however, our strategy is to weight our portfolio towards investments in North America and over half of PIP's portfolio is invested in companies based there. We believe that the US will continue to be one of our strongest markets in 2016.

**Europe good value despite ongoing challenges**

While no longer at imminent risk of its common currency being sundered, Europe is far from fully recovered. The European Central Bank's ("ECB") €1.1 trillion quantitative easing programme has not provided the boost needed to increase inflation. In December, the central bank's bond buying programme was extended until at least March 2017 and the key deposit rate was cut deeper into negative territory. The lack of reform in Europe's banks is another key concern and the fact that the ECB failed 25 out of 130 large European banks tested for asset quality in late 2014 is clearly a worry. Many European banking stocks have experienced a sharp fall in value since the beginning of 2016 - this is a reflection of investors losing confidence in the sector as banks grapple with wider concerns over the Eurozone economies, the increase in regulatory burdens and the pressures of de-risking their balance sheets. Furthermore, investors continue to be gripped by the impact of the political uncertainties created by the migration crisis raising questions over the viability of Europe's Schengen Area, the rise of populism in recent European elections and the consequences of a potential "Brexit".

While we are cautious on Europe and recognise that there are enormous political and economic challenges, Pantheon continues to see good value and opportunities in the region and believes that this will continue into the foreseeable future.

**Prevailing headwinds in China**

A surprise currency devaluation in mid-August drew new attention to China's economy and stoked concerns among global investors that all may not be as rosy as previously assumed. Shares in the Shanghai Composite Index slumped 8.5% on 24th August 2015[5], leading to one of the weakest quarters for shares globally in four years. This was followed by further steep declines when the markets opened in January with the Shanghai Composite Index down 6.9%, its biggest decline on record for the first trading day of the year[6].

The fact that China's growth is slowing and is likely to continue to slow is not news, yet investors globally had clearly failed to adjust to what is ultimately the new reality.

Official statistics showed that China's year-on-year GDP growth slowed to 6.9% in the third quarter of 2015, above the 6.8% feared, but below the 7% projected for the quarter and indeed for the year[7]. However, China's official numbers need to be treated with scepticism since physical measures, such as electricity production and manufacturing output, suggest real growth is much lower than 7% p.a. while exports are visibly contracting - down for the fifth month in a row in November and 6.8% lower year-onyear[8]. Public spending is also being curtailed by a major crackdown on corruption and waste in the Chinese public sector. The result is that private consumption, which accounts for around one-third of the economy, would have to be growing at double-digit rates to compensate for weakness in the other parts of the economy.

In 2015, we accelerated distributions from the Asian portfolio by disposing of certain mature fund interests from PIP's Asian portfolio. While cautious on the near-term prospects in China and other emerging markets, we expect adjusted prices will produce attractive opportunities over the long term.

**Inflating private equity asset prices demand caution**

High asset prices remain the principal issue for private equity firms globally. Part of the problem is of managers' own making as those firms that have raised substantial funds compete fiercely for companies in auction processes. Debt markets are favourable, often with loose covenants being offered on loans that are reminiscent of the period before the Global Financial Crisis. Another issue is the renewed appetite of strategic buyers prepared to pay a premium for good companies.

Smaller companies that are not yet on the radar of corporates, or not yet suited to public markets, can benefit from lower valuations. While the benign fundraising environment is fuelling competition, good managers should continue to be able to find attractively priced opportunities - both in the US and Europe, as well as selectively in certain emerging markets - that can benefit from hands-on management.

That said, a high-price environment is generally a clear invitation to sell mature assets. Many of our general partners have taken advantage of attractive valuations to sell assets, making 2015 a strong year for distributions. Despite high asset prices, there are investment strategies that we believe are capable of delivering superior returns for private equity in the years to come.

The price of Brent Crude nearly halved during 2015 and at the time of writing, it is testing new lows below $40 a barrel[9]. Similarly, the price of WTI, the principal US benchmark, has declined precipitously. Further pricing pressure is anticipated as a result of continuing efficiencies in shale oil extraction technologies, OPEC's ongoing competitive position, and demand-side weakness. Exploration and development of new production capacity is likely to slow dramatically which will ultimately help to balance the supply and demand equation. Meanwhile, debt burdens, particularly among publicly-listed energy and commodity-focused companies that financed their operations heavily though the high-yield market, are pushing larger numbers of these businesses into distress.

At 6% of PIP's portfolio, exposure to the adverse impact in the energy sector is expected to be limited. It is worth noting, however, that the oil and gas sector is predictably unpredictable and historically characterised by boom and bust cycles. Structural changes to the market, created by the tremendous growth of US supply may provide ongoing opportunities for investment including exploration and production and midstream development.

**Interesting opportunities in technology and healthcare**

The Company's strategy is to maintain a diversified portfolio, however business services, technology and healthcare remain key sectors for investment. IT spending is expected to accelerate in the coming years and mid-market outsourcing providers in particular may benefit from this. We believe technology is a theme that can deliver outperformance across the private equity spectrum and we are well-positioned to take advantage of this by investing with experienced and specialised managers across all investment types. PIP's portfolio has exposure to healthcare and this sector continues to grow as demand for services increases globally and governments are under pressure to deliver more and better services at lower cost. This is an exciting arena for healthcare businesses to operate in and technology can also play a part in driving through these efficiencies. While asset prices have soared for larger healthcare businesses that can appeal to strategic buyers, we believe a focus on smaller businesses and corporate carve-outs may deliver outperformance for private equity. When scaled up, we expect these businesses to appeal to acquisitive corporates at higher valuations, or to benefit from demand from larger private equity firms and open public markets.

**Another strong year for secondary markets**

The secondary market saw another strong year in 2015 with $32.5bn[10] of transaction volume, below the record levels seen in 2014, but higher than any other year in secondary market history. These volumes were supported by buoyant distribution activity and relatively full secondary pricing levels, which were helped by the general upward trend in the public equity markets before the summer.

Given the positive outlook market sentiment in the first half of the year, the average high bid for secondary interests stood at 92%[10] of NAV, in line with 2014 levels. The summer volatility in the equity and commodity markets and weakening global economic fundamentals resulted in discounts widening slightly in the second half of the year, with average pricing levels dipping to 88%[10].

As in previous years, the seller universe was diversified. Endowments and foundations accounted for 24%[10] of sellers, while the next largest investors - public plan investors and sovereign wealth funds - represented 14%[10] of sellers. Principally due to the extension of the timeline for compliance with the Volker rule to July 2017, banks comprising 10%[10] of the seller universe were somewhat less active than in prior years. 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 21%[11] of overall deal volume.

During the year, Pantheon screened over $40bn of deals, committing to 11 transactions. The portfolios purchased during the year were underpinned by companies with either strong growth prospects or a track record of being able to navigate periods of economic uncertainty. Amidst a more mixed macroeconomic outlook, the company's strategy is to emphasise transactions involving single managers or single funds with identifiable value drivers.

**Maintaining our prudent approach to co-investments**

Co-investment deal flow has been robust over the past six months with Pantheon originating approximately 50 opportunities, mostly alongside Pantheon's core managers. We continue to source a significant amount of deal flow, particularly in Pantheon's favoured niche of small and mid-market co-investment opportunities. Deal flow was broadly balanced by sector and geography, and we remained highly selective when evaluating those transactions.

Valuation and leverage of buyout transactions increased in 2015, helped by buoyant credit market sentiment and elevated pricing levels in the public equity markets. Due to our prudent approach of deploying capital alongside General Partners with proven sector expertise, and our focus on opportunities that offer strong downside protection and attractive growth features, the average entry valuation and leverage of Pantheon's co-investments were lower than the market level in 2015. The recent decline in public equity markets has been accompanied by a reduction in the aggressiveness of leveraged lenders, which should translate into reduced purchase prices.

Competition in the co-investment space has intensified and the number and size of co-investment funds have continued to increase. Pantheon is able compete effectively in this market by being highly responsive to General Partners' timetables, participating in sizeable co-investments, co-sponsoring transactions early in the underwriting process and by leveraging our industry network and portfolio company knowledge to support investment strategies.

**Outlook**

Comparatively low global economic growth and volatility should lower the return expectations of passive equity investors over the medium term. However, those investors that continue to generate alpha - that uncorrelated financial reward derived from improving performance in assets and businesses owned by knowledgeable, activist and well-aligned managers - will, in our opinion, continue to thrive.

Given the market volatility at the start of 2016, we expect transaction activity to be more muted in the first half of the year as buyers and sellers reset pricing expectations to reflect lower valuation levels. Offsetting this moderating effect, we expect that the lower public market valuations and the ensuing denominator effects will encourage more sellers of secondary interests to participate in the secondary market. Although there is the potential for realisations to slow down, there is still plenty of mid-market liquidity and interest from buyers. We expect realisations to be at a reasonable level and that volumes will pick up in the second half of the year.

[1] *Source: The World Bank, Global Economic Prospects, Forecast Table, January 2016.*

[2] *Source: US Economic Outlook Q4 2015, Higher inflation is coming, Capital Economics, December 8, 2015.*

[3] *Source: Bank of America Merrill Lynch US High Yield Master II Effective Yield, republished by Federal Reserve Bank of St. Louis. Yield given as of December 31, 2015.*

[4] *Source: Fitch Ratings, News Release, 2016 US HY Default Rate Forecast at 4.5%, Energy at 11%, December 9, 2015.*

[5] *Source: China Shares Wipe Out All Gains This Year, Chao Deng And Anjani Trivedi, Wall Street Journal, August 24, 2015.*

[6] *Source: Marketwatch - China stock trading halted after steep drop January 4, 2016.*

[7] *Source: Market Insights - China: The worst is over, but don't get too excited, Ben Luk and Global Market Insights Strategy Team, JP Morgan Asset Management, October 19, 2015.*

[8] *Source: China exports slump again but imports hint at recovery, Huileng Tan, CNBC, December 7, 2015.*

[9] *Source: Nasdaq Commodities Market, Crude Oil Brent. Price for Brent was $38.72 a barrel on 4 March 2016.*

[10] *Source: Greenhill Cogent Secondary Market Trends & Outlook, January 2016*

[11] *Source: Setter Capital Volume Report FY 2015.*

**PORTFOLIO OVERVIEW**

| | |
|---|---|
| **2.9%** | Underlying (pre FX) half year return relative to opening assets |
| **£117m** | Net cash flow generated from PIP's portfolio in the half year |
| **50%** | Average uplift on exit realisations[1] |
| **£148m** | Distributions |
| **£122m** | New investment commitments made in the half year, **£82m** of which was drawn |
| **34%** | Distributions as a percentage of opening portfolio (annualised) |
| **£37m** | New commitments made to **12** co-investments |
| **£31m** | Calls made from existing undrawn commitments |
| **7.7 years** | Weighted average fund age of portfolio |

[1] *Refer to footnote 2 'Uplifts on Exit Realisations for the Half-Year to 31st December 2015 below for the definition of average uplift on realisations.*

The Company offers a global, diversified selection of private equity assets, 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 volatility both of 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 31 December 2015[1]**

[1] *Fund geography, stage, maturity and primary/secondary/co-investment tables are based upon underlying fund valuations as at 30th September 2015 and account for 100% of PIP's overall portfolio value. Company sector and company geography tables are based upon underlying company valuations as at 30th June 2015 and account for approximately 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 | 61% |
| Europe | 26% |
| Asia and other | 13% |
| Total | 100% |

**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.

| | |
|---|---|
| Large/Mega Buyout | 32% |
| Small/Mid Buyout | 29% |
| Venture and Growth | 29% |
| Special Situations | 8% |
| Generalist | 2% |
| Total | |

| | |
|---|---|
| | 100% |

**Pantheon Vehicles**

At 31st December 2015, 4% of PIP's portfolio value and 3% 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 are increasing PIP's exposure to more recent vintages, with the 2009 and later segment of the portfolio increasing to 27% (from 20%) during the half year.

| | |
|---|---|
| 2011-2015 | 25% |
| 2010 | 1% |
| 2009 | 1% |
| 2008 | 15% |
| 2007 | 22% |
| 2006 | 14% |
| 2005 | 10% |
| 2004 | 3% |
| 2003 and earlier | 9% |
| Total | 100% |

**Investment Type**

Co-investments are becoming a more established part of PIP's portfolio at 18% of value (from 13% as at 30th June 2015). Secondary investments continue to constitute the largest component of PIP's portfolio.

| | |
|---|---|
| Primary | 38% |
| Secondary | 44% |
| Co-investments | 18% |
| Total | 100% |

**Company Sectors**

PIP's sectoral exposure diversifies the effects of cyclical trends within particular 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 utilities sectors.

| | |
|---|---|
| Consumer | 28% |
| Information Technology | 26% |
| Healthcare | 16% |
| Industrials | 12% |
| Financials | 7% |
| Energy | 6% |
| Materials | 4% |
| Telecommunication Services | 1% |
| Total | 100% |

**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.

15% of PIP's portfolio is based in Asia and other regions, providing access to faster-growing economies such as China and India.

| | |
|---|---|
| North America | 56% |
| Asia | 13% |
| UK | 9% |
| Scandinavia | 5% |
| Germany | 4% |
| Other Europe | 3% |

| | |
|---|---|
| France | 2% |
| Rest of World | 2% |
| Benelux | 2% |
| Central and Eastern Europe | 2% |
| Iberia | 1% |
| Italy | 1% |
| Total | 100% |

**PORTFOLIO ANALYSIS**

**Portfolio Performance by Stage for the Half Year to 31st December 2015[1]**

- The portfolio generated investment returns prior to foreign exchange effects of 2.9% during the half year.
- Large buyouts dominated performance during the period.

**Debt Mutiples[2]**

Venture and growth and buyout investments have differing leverage characteristics.

- The venture and growth portfolio accounts for 29% of portfolio value and has little or no reliance on leverage.
- Debt multiples on PIP's underlying companies indicate a slightly increased dependence on leverage.
- The average debt multiple for large/mega buyouts increased from 4.7 times to 5.3 times between 31st December 2014 and 30th June 2015, while the average debt multiple for small/mid buyouts increased from 3.7 times to 4.0 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 30th June 2015 was 10.7 times, compared to 11.4 times and 11.6 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 +12.3% in the 12 months to 30th June 2015, compared to -5.9% and -7.6% for the FTSE All-Share and MSCI World indices.
- Weighted average EBITDA growth for the sample buyout companies was +14.8% in the 12 months to 30th June 2015, compared to -23.9% and -10.3% 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.

*[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.*

*[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 30th June 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 30th June 2015 or, where not available, the closest annual period disclosed, and provide coverage of approximately 50% (for both 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 2011-2014 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 30th June 2015, or the closest period end disclosed. The valuation multiple sample covers approximately 28% of PIP's buyout portfolio. The debt multiple sample covers 67% of PIP's buyout portfolio and 51% of PIP's buyout portfolio. Data sourced from Bloomberg.*

**PORTFOLIO ANALYSIS - VENTURE AND GROWTH**

- Prior to foreign exchange effects, PIP's venture and growth funds generated a return of 1.1% in the six months to 31st December 2015.
- Although vintage 2006 and earlier finds generated negative returns during the six month period, these vintages continue to produce substantial levels of distributions.

- 2007 and later funds generated pre FX returns of 6.0% and distributed at an annualised rate of 28% of opening assets. 2007 and later funds constitute 47% of the venture and growth portfolio.

## DISTRIBUTIONS IN THE HALF YEAR TO 31ST DECEMBER 2015

PIP received more than 900[1] distributions in the half 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 £148m in proceeds from the portfolio in the six months to 31st December 2015, equivalent to 34% 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 = £148m | |
|---|---|
| USA | 55% |
| Europe | 30% |
| Asia and other | 15% |
| Total | 100% |

| Distributions by Stage = £148m | |
|---|---|
| Large/Mega Buyout | 38% |
| Small/Mid Buyout | 29% |
| Venture and Growth | 26% |
| Special Situations | 5% |
| Generalist | 2% |
| Total | 100% |

## DISTRIBUTION RATES

### Quarterly Distribution Rate[2]

Quarterly distribution rates remain strong, increasing to over 30% on an annualised basis during the last two quarters. This reflected the maturity of PIP's portfolio.

### Distribution Rates[2] in the Half Year to 31st December 2015 by Vintage

Mature vintages continue to distribute at higher rates, with 2008 and earlier funds distributing at a rate in excess of 30% of opening value. With a weighted fund maturity of 7.7 years, PIP's portfolio should continue to generate significant levels of cash.

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

## EXIT REALISATIONS IN THE HALF YEAR TO 31ST DECEMBER 2015

### Cost Multiples on Exit Realisations for the Half Year to 31st December 2015[1]

On a sample of exit realisations, the value-weighted average cost multiple of the sample was 3.2 times, highlighting significant value creation over the course of an investment.

*[1] The data in the sample represented approximately 34% by value of PIP's gross distributions for the half year to 31st December 2015. This data is based upon gross cost multiples available at the time of the distribution.*

### Uplifts on Exit Realisations for the Half Year to 31st December 2015[2]

On a sample of exit realisations, the value-weighted average uplift in the half year to 31st December 2015 was 50%. 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 half year and disregards the impact of any proceeds received outside of the*

*six month period covered in the uplift analysis. Exit realisations represented approximately 34% of PIP's gross distributions for the half year to 31st December 2015.*

**INVESTMENTS CALLED IN THE HALF YEAR TO 31ST DECEMBER 2015**

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

**Calls by Region and Stage**

PIP paid £31m to finance calls on undrawn commitments during the half year to 31st December 2015, equivalent to an annualised call rate of 24% of opening undrawn commitments.

| **Calls by Region = £31m** | |
|---|---|
| USA | 54% |
| Europe | 24% |
| Asia and other | 22% |
| Total | 100% |

| **Calls by Stage = £31m** | |
|---|---|
| Venture and Growth | 39% |
| Small/Mid Buyout | 33% |
| Large/Mega Buyout | 14% |
| Special Situations | 12% |
| Co-investments | 2% |
| Total | 100% |

**NEW COMMITMENTS**

PIP committed £122m to new investments during the half year, mostly to US buyout and growth equity funds. £82m was drawn at the time of purchase.

**New Commitments by Region**

The majority of commitments made in the half year were to US-focused private equity funds, reflecting greater investment opportunities in the region.

| | |
|---|---|
| USA | 73% |
| Europe | 14% |
| Asia and other | 13% |
| Total | 100% |

**New Commitments by Stage**

A majority of new investments made in the half year were to large buyout and growth equity funds.

| | |
|---|---|
| Large/Mega Buyout | 38% |
| Venture and Growth | 34% |
| Small/Mid Buyout | 18% |
| Special Situations | 10% |
| Total | 100% |

**New Commitments by Deal Type**

Secondary transactions accounted for approximately half of new commitments.

Investment activity in the half year reflected PIP's emphasis on secondaries and co-investments, committing £25m to seven select funds. PIP participated in 12 co-investments, committing a total of £37m.

| | |
|---|---|
| Secondaries | 49% |
| Co-investments | 21% |
| Primaries | 30% |
| Total | 100% |

**New Commitments by Vintage**

Primaries and co-investments, which accounted for 51% of total new commitments, offer exposure to more recent vintages.

| | |
|---|---|
| 2015 | 50% |
| 2014 | 3% |
| 2011 | 1% |
| 2009 | 2% |
| 2008 | 14% |
| 2007 | 17% |
| 2006 | 3% |

| | |
|---|---|
| 2005 and earlier | 10% |
| Total | 100% |

**NEW COMMITMENTS**
**SECONDARY AND PRIMARY (FUNDS)**

PIP committed approximately £60m to five secondary transactions during the half year, with the majority of commitments in large buyout funds. In addition, PIP committed £25m to seven primaries, adding current vintage exposure with high quality managers.

**New Secondary and Primary Commitments**[1]

**Secondary in the Half Year to 31st December 2015**

| INVESTMENT DATE | STAGE | DESCRIPTION | COMMITMENTS £M | % FUNDED |
|---|---|---|---|---|
| **Jul-15** | Special Situations | Portfolio of energy assets | **4.4** | **59%** |
| **Sep-15** | Buyout | Portfolio of US and European buyout funds | **31.2** | **90%** |
| **Sep-15** | Buyout | Portfolio of US large buyout funds | **5.9** | **88%** |
| **Dec-15** | Growth Equity | US growth equity funds focused on the financial services sector | **15.3** | **75%** |
| **Dec-15** | Buyout | US large buyout fund focused on healthcare and business services sectors | **2.7** | **94%** |
| **TOTAL** | | | **59.5** | **84%** |

**Primary Commitments in the Half Year to 31st December 2015**

| INVESTMENT | STAGE | DESCRIPTION | COMMITMENTS £M |
|---|---|---|---|
| **Searchlight Capital II** | Special Situations | Special situations fund specialising in distressed debt strategies | **9.1** |
| **Shamrock Capital Growth Fund IV** | Growth Equity | US growth equity fund | **7.7** |
| **Essex Woodlands Fund IX** | Growth Equity | US growth equity funds focused on healthcare sector | **3.4** |
| **KKR European Fund IV** | Buyout | European large buyout fund | **1.3** |
| **Summit Partners Growth Equity IX** | Growth Equity | US growth equity fund | **1.3** |
| **Ares Corporate Opportunities Fund V** | Buyout | US large buyout fund | **1.2** |
| **Pacific Equity Partners Fund V** | Buyout | Australasian mid-market buyout fund | **1.2** |
| **TOTAL** | | | **25.2** |

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

**OUTSTANDING COMMITMENTS**

PIP's outstanding commitments 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.

**Analysis of Outstanding Commitments as at 31st December 2015**

PIP's outstanding commitments to investments increased to £289m at 31st December 2015 compared with £256m at 30th June 2015. The Company paid calls of £31m and added an additional £40m of outstanding commitments associated with new investments made in the half year. Foreign exchange movements accounted for the remaining £24m increase in undrawn commitments.

**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 | 55% |
| Europe | 29% |
| Asia and other | 16% |
| Total | 100% |

**Stage**

PIP's undrawn commitments are well-diversified across all major stages of private equity.

| | |
|---|---|
| Small/Mid Buyout | 37% |
| Large/Mega Buyout | 27% |
| Venture and Growth | 22% |
| Special Situations | 12% |
| Generalist | 2% |
| Total | 100% |

**Maturity**

Approximately 40% of PIP's undrawn commitments are in the 2008 vintage or older. It is likely that a portion of these commitments will not be drawn.

The rise in vintage 2014 and 2015 undrawns reflects a recent increase in primary commitment levels.

| | |
|---|---|
| 2005 and earlier | 14% |
| 2006 | 6% |
| 2007 | 12% |
| 2008 | 9% |
| 2009 | 1% |
| 2010 | 1% |
| 2012 | 2% |
| 2013 | 3% |
| 2014 | 25% |
| 2015 | 27% |
| Total | 100% |

**FINANCE AND SHARE BUYBACKS**

**Cash and Available Bank Facility**
At 31st December 2015, PIP had cash balances of £175m.

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 31st December 2015, amount to a sterling equivalent of £102m. At 31st December 2015, the Loan Facility remained fully undrawn.

**Undrawn Commitment Cover**
At 31st December 2015, the Company had £277m of available financing, comprised of its cash balances and Loan Facility. The sum of PIP's available financing and private equity portfolio provide 4.1 times cover relative to undrawn commitments. It should be noted that a portion of the Company's undrawn commitments of £289m is unlikely to be called in full by the underlying managers. When a fund is past its investment period, which is typically between five and six years, it generally cannot make any new investments (only drawing 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 40% of the Company's undrawn commitments are in fund vintages that are greater than six years old.

**Share Buybacks**
In the six months to 31st December 2015, PIP bought back 100,000 redeemable shares at a discount of 21% to 30th June 2015 NAV, resulting in a total uplift to NAV per share of 0.6p. 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.

**LARGEST 50 MANAGERS BY VALUE AS AT 31ST DECEMBER 2015[1]**

| NUMBER | MANAGER | REGION[2] | STAGE BIAS | % OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE |
|---|---|---|---|---|
| 1 | Providence Equity Partners | USA | Buyout | 6.1% |
| 2 | TPG | Global | Buyout | 5.3% |
| 3 | KKR | Global | Buyout | 1.8% |
| 4 | Essex Woodlands | USA | Venture and Growth | 1.7% |
| 5 | Quantum Energy Partners | USA | Special Situations | 1.6% |
| 6 | Warburg Pincus Partners | Global | Generalist | 1.6% |
| 7 | EQT[3] | Asia | Buyout | 1.6% |
| 8 | Vision Capital | Europe | Buyout | 1.5% |

| | | | | |
|---|---|---|---|---|
| 9 | Carlyle Group | Global | Generalist | 1.5% |
| 10 | Golden Gate Capital | USA | Buyout | 1.4% |
| 11 | Matlin Patterson | USA | Special Situations | 1.4% |
| 12 | KRG Capital Partners | USA | Buyout | 1.3% |
| 13 | Baring Private Equity | Asia | Venture and Growth | 1.3% |
| 14 | The Banc Funds Company | USA | Venture and Growth | 1.3% |
| 15 | Bridgepoint Partners | Europe | Buyout | 1.3% |
| 16 | Francisco Partners | USA | Buyout | 1.3% |
| 17 | Ares Management | USA | Buyout | 1.2% |
| 18 | Blackstone Group | USA | Buyout | 1.1% |
| 19 | Brentwood Associates | USA | Buyout | 1.1% |
| 20 | Apax Partners | Europe | Buyout | 1.1% |
| 21 | Nordic Capital | Europe | Buyout | 1.1% |
| 22 | Shamrock Capital Advisors | USA | Buyout | 1.0% |
| 23 | Apollo Management | USA | Buyout | 0.9% |
| 24 | CVC Capital Partners | Global | Buyout | 0.9% |
| 25 | Mid-Europa Partners | Europe | Buyout | 0.9% |
| 26 | Growth Fund[4] | Europe | Venture and Growth | 0.9% |
| 27 | Yorktown Partners | USA | Special Situations | 0.8% |
| 28 | Altor Capital | Europe | Buyout | 0.8% |
| 29 | Gemini Israel Funds | Europe | Venture and Growth | 0.8% |
| 30 | Polaris Venture Partners | USA | Venture and Growth | 0.8% |
| 31 | IK Investment Partners | Europe | Buyout | 0.8% |
| 32 | Summit Partners | Global | Generalist | 0.8% |
| 33 | Quilvest Associates | Europe | Venture and Growth | 0.7% |
| 34 | Hutton Collins | Europe | Special Situations | 0.7% |
| 35 | Baring Vostok Capital Partners | Russia | Buyout | 0.7% |
| 36 | Stone Point Capital | USA | Buyout | 0.7% |
| 37 | ABS Capital Partners | USA | Venture and Growth | 0.7% |
| 38 | Oak Investment Partners | USA | Venture and Growth | 0.7% |
| 39 | Bain Capital | USA | Buyout | 0.7% |
| 40 | Equistone | Europe | Buyout | 0.7% |
| 41 | ABRY Partners | USA | Buyout | 0.7% |
| 42 | Technology Crossover Ventures | USA | Venture and Growth | 0.7% |
| 43 | Avista Capital Partners | USA | Buyout | 0.7% |
| 44 | Sun Capital Partners | USA | Buyout | 0.7% |
| 45 | Growth Fund[4] | USA | Venture and Growth | 0.6% |
| 46 | Thomas H Lee Partners | USA | Buyout | 0.6% |
| 47 | Genstar Capital Partners | USA | Buyout | 0.6% |
| 48 | ARCH Venture Partners | USA | Venture and Growth | 0.6% |
| 49 | Welsh, Carson, Anderson & Stowe | USA | Buyout | 0.6% |
| 50 | Canaan Partners | USA | Venture and Growth | 0.6% |
| **COVERAGE OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE** | | | | **59.0%** |

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

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

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

[4] *Confidential.*

**LARGEST 50 COMPANIES BY VALUE AS AT 30TH JUNE 2015[1]**

| NUMBER | COMPANY | COUNTRY | SECTOR | % OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE |
|---|---|---|---|---|
| 1 | LBX Pharmacy[3] | China | Consumer | 1.4% |
| 2 | Spotify | Sweden | Information Technology | 1.0% |
| 3 | Grupo Farmaceutico Biotoscana[2] | Colombia | Healthcare | 0.8% |
| 4 | ALM Media[2,4] | USA | Consumer | 0.8% |
| 5 | Nord Anglia Education[3,4] | Hong Kong | Consumer | 0.7% |
| 6 | CPI Card Group[4] | USA | Information Technology | 0.7% |
| 7 | Standard Pacific[3] | USA | Consumer | 0.7% |
| 8 | CPL Industries | UK | Energy | 0.7% |
| 9 | Attendo[2,4] | Sweden | Healthcare | 0.6% |
| 10 | ZeniMax Media | USA | Information Technology | 0.6% |
| 11 | Alarm.Com[3,4] | USA | Information Technology | 0.6% |
| 12 | Ministry Brands[2,4] | USA | Information Technology | 0.6% |
| 13 | Applied Medical Resources[2] | USA | Healthcare | 0.6% |

| | | | | |
|---|---|---|---|---|
| 14 | StandardAero[2] | USA | Industrials | 0.5% |
| 15 | American Tire Distributors[2] | USA | Consumer | 0.5% |
| 16 | Blackboard | USA | Information Technology | 0.5% |
| 17 | Par Pharmaceutical[4] | USA | Healthcare | 0.5% |
| 18 | Univision | USA | Consumer | 0.5% |
| 19 | Classic Fine Foods[4] | Singapore | Consumer | 0.4% |
| 20 | SoftBrands | USA | Information Technology | 0.4% |
| 21 | King.com[3] | UK | Information Technology | 0.4% |
| 22 | BrightHouse | UK | Consumer | 0.4% |
| 23 | ATI Holdings | USA | Healthcare | 0.4% |
| 24 | Maplin Electronics[2] | UK | Consumer | 0.4% |
| 25 | Michaels Stores[3,4] | USA | Consumer | 0.4% |
| 26 | McGraw-Hill Education[2] | USA | Consumer | 0.4% |
| 27 | IMS Health[3,4] | USA | Healthcare | 0.4% |
| 28 | Freescale Semiconductor[3,4] | USA | Information Technology | 0.4% |
| 29 | Standard Bancshares[2,4] | USA | Financials | 0.4% |
| 30 | USI[2,4] | USA | Financials | 0.4% |
| 31 | GTS Cayman | Brazil | Information Technology | 0.4% |
| 32 | Home Shopping Europe | Germany | Consumer | 0.3% |
| 33 | Aristotle[2] | USA | Materials | 0.3% |
| 34 | JDR Cable Systems | USA | Energy | 0.3% |
| 35 | ConvaTec Healthcare | USA | Healthcare | 0.3% |
| 36 | Jimmy John's | USA | Consumer | 0.3% |
| 37 | Neiman Marcus[2] | USA | Consumer | 0.3% |
| 38 | Sivantos (Siemens Audiology Solutions)[2] | Singapore | Healthcare | 0.3% |
| 39 | Axalta Coating Systems[3] | USA | Materials | 0.3% |
| 40 | Vitruvian Exploration | USA | Energy | 0.3% |
| 41 | Roberto Cavalli[2] | Italy | Consumer | 0.3% |
| 42 | ILX[2] | USA | Energy | 0.3% |
| 43 | Heptagon Advanced Micro-Optics[2] | Singapore | Information Technology | 0.3% |
| 44 | Asurion | USA | Industrials | 0.3% |
| 45 | S-Process Equipment | Germany | Industrials | 0.3% |
| 46 | Indus Towers | India | Information Technology | 0.3% |
| 47 | Personal & Informatik[2] | Germany | Information Technology | 0.3% |
| 48 | Rightpoint Consulting[2] | USA | Industrials | 0.3% |
| 49 | The Teaching Company | USA | Consumer | 0.3% |
| 50 | Miclyn Express Offshore[2] | Singapore | Energy | 0.3% |
| **TOTAL** | | | | **23.2%** |

[1] *The largest 50 companies table is based upon underlying company valuations at 30th June 2015, adjusted for known calls, distributions, new investment commitments and post valuation information.*

[2] *Co-investments/directs.*

[3] *Listed companies.*

[4] *Liquidation event subsequent to 30th June 2015.*

## INTERIM MANGEMENT REPORT AND RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

**Interim Management Report**

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal uncertainties for the remaining six months of the financial year are set out in the Chairman's Statement and the Manager's Review.

The principal risks facing the Company are substantially unchanged since the date of the Annual Report for the year ended 30th June 2015 and continue to be as set out in that report.

Risks faced by the Company include, but are not limited to, funding of investment commitments and default risk, risks relating to investment opportunities, financial risk of private equity, long-term nature of private equity investments, valuation uncertainty, gearing, foreign currency risk, the unregulated nature of underlying investments, taxation and the risks associated with the engagement of the Manager or other third party advisers.

**Responsibility Statement**

Each Director confirms that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with FRS 102 and FRS 104 'Interim Financial Reporting'; and gives a true and fair view of the assets, liabilities, financial position and return of the Company;

- this Half-Yearly Financial Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

This Half-Yearly Financial Report was approved by the Board of Directors on 8th March 2016 and the above responsibility statement was signed on its behalf by Tom Bartlam, Chairman.

**INCOME STATEMENT (UNAUDITED)**
**FOR THE SIX MONTHS TO 31ST DECEMBER 2015**

| | **SIX MONTHS TO 31ST DECEMBER 2015** | | | SIX MONTHS TO 31ST DECEMBER 2014 | | | YEAR TO 30TH JUNE 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **REVENUE £'000** | **CAPITAL £'000** | **TOTAL* £'000** | REVENUE £'000 | CAPITAL £'000 | TOTAL* £'000 | REVENUE £'000 | CAPITAL £'000 | TOTAL* £'000 |
| Gains on investments at fair value** | **-** | **71,063** | **71,063** | - | 88,398 | 88,398 | - | 101,905 | 101,905 |
| Currency gains on cash and borrowings | **-** | **10,905** | **10,905** | - | 8,122 | 8,122 | - | 6,337 | 6,337 |
| Investment income | **7,522** | **-** | **7,522** | 7,713 | - | 7,713 | 14,959 | - | 14,959 |
| Investment management fees | **(5,264)** | **-** | **(5,264)** | (4,908) | - | (4,908) | (9,972) | - | (9,972) |
| Other expenses | **(658)** | **(478)** | **(1,136)** | (654) | (337) | (991) | (1,284) | (437) | (1,721) |
| **RETURN ON ORDINARY ACTIVITIES BEFORE FINANCING COSTS AND TAX** | **1,600** | **81,490** | **83,090** | 2,151 | 96,183 | 98,334 | 3,703 | 107,805 | 111,508 |
| Interest payable and similar charges/finance costs | **(602)** | **-** | **(602)** | (915) | - | (915) | (1,510) | - | (1,510) |
| **RETURN ON ORDINARY ACTIVITIES BEFORE TAX** | **998** | **81,490** | **82,488** | 1,236 | 96,183 | 97,419 | 2,193 | 107,805 | 109,998 |
| Tax on ordinary | **(1,295)** | **-** | **(1,295)** | (231) | - | (231) | (1,437) | - | (1,437) |

| activities (Note 4) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **RETURN FOR THE PERIOD, BEING TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (NOTE 8)** | **(297)** | **81,490** | **81,193** | 1,005 | 96,183 | 97,188 | 756 | 107,805 | 108,561 |
| **RETURN PER ORDINARY AND REDEEMABLE SHARE (NOTE 8)** | **(0.46)p** | **124.94p** | **124.48p** | 1.53p | 146.04p | 147.57p | 1.15p | 164.05p | 165.20p |

* The Company does not have any income or expense that is not included in the return for the period and accordingly the return for the period is also the total comprehensive income for the period. The total column of the statement is 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 period.

The Notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

| | 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 six months ended 31st December 2015** OPENING EQUITY SHAREHOLDERS' FUNDS | **22,475** | **283,555** | **3,070** | **409,584** | **324,062** | **13,010** | **(55,692)** | **1,000,064** |
| Return for the period | **-** | **-** | **-** | **59,843** | **21,647** | **-** | **(297)** | **81,193** |
| Redeemable shares bought back for cancellation | **(1)** | **-** | **1** | **-** | **-** | **(1,219)** | **-** | **(1,219)** |
| **CLOSING EQUITY SHAREHOLDERS' FUNDS** | **22,474** | **283,555** | **3,071** | **469,427** | **345,709** | **11,791** | **(55,989)** | **1,080,038** |
| **Movement for the six months ended 31st December 2014** OPENING EQUITY SHAREHOLDERS' FUNDS | 22,787 | 283,555 | 2,758 | 337,152 | 288,689 | 23,198 | (56,448) | 901,691 |
| Return for the period | - | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | - | - | - | 52,485 | 43,698 | - | 1,005 | 97,188 |
| Ordinary shares bought back for cancellation | (84) | - | 84 | - | - | (1,449) | - | (1,449) |
| Redeemable shares bought back for cancellation | (2) | - | 2 | - | - | (2,163) | - | (2,163) |
| **CLOSING EQUITY SHAREHOLDERS' FUNDS** | 22,701 | 283,555 | 2,844 | 389,637 | 332,387 | 19,586 | (55,443) | 995,267 |
| **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.

The Notes form part of these financial statements.

**BALANCE SHEET (UNAUDITED)**
**AS AT 31ST DECEMBER 2015**

| | AS AT 31ST DECEMBER 2015 £'000 | AS AT 31ST DECEMBER 2014 £'000 | AS AT 30TH JUNE 2014 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments at fair value | **903,758** | 863,313 | 862,029 |
| **Current assets** | | | |
| Debtors | **2,724** | 10,602 | 1,805 |
| Cash at bank | **174,843** | 122,844 | 137,483 |
| | **177,567** | 133,446 | 139,288 |
| **Creditors: amounts falling due within one year** | | | |
| Other creditors | **1,287** | 1,492 | 1,253 |

| | | | |
|---|---|---|---|
| | **1,287** | 1,492 | 1,253 |
| **NET CURRENT ASSETS** | **176,280** | 131,954 | 138,035 |
| **NET ASSETS** | **1,080,038** | 995,267 | 1,000,064 |
| **Capital and reserves** | | | |
| Called-up share capital (Note 7) | **22,474** | 22,701 | 22,475 |
| Share premium | **283,555** | 283,555 | 283,555 |
| Capital redemption reserve | **3,071** | 2,844 | 3,070 |
| Other capital reserve | **469,427** | 389,637 | 409,584 |
| Capital reserve on investments held | **345,709** | 332,387 | 324,062 |
| Special reserve | **11,791** | 19,586 | 13,010 |
| Revenue reserve | **(55,989)** | (55,443) | (55,692) |
| **TOTAL EQUITY SHAREHOLDERS' FUNDS** | **1,080,038** | 995,267 | 1,000,064 |
| **NET ASSET VALUE PER SHARE - ORDINARY AND REDEEMABLE (NOTE 9)** | **1,657.53p** | 1,513.26p | 1,532.44p |
| **NUMBER OF ORDINARY SHARES IN ISSUE** | **33,062,013** | 33,397,013 | 33,062,013 |
| **NUMBER OF REDEEMABLE SHARES IN ISSUE** | **32,097,534** | 32,372,534 | 32,197,534 |
| **TOTAL SHARES IN ISSUE (NOTE 7)** | **65,159,547** | 65,769,547 | 65,259,547 |

The Notes form part of these financial statements.

**CASH FLOW STATEMENT (UNAUDITED)**
**FOR THE SIX MONTHS TO 31ST DECEMBER 2015**

| | **SIX MONTHS TO 31ST DECEMBER 2015 £'000** | SIX MONTHS TO 31ST DECEMBER 2014 £'000 | YEAR TO 30TH JUNE 2015 £'000 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Investment income received | **7,467** | 7,690 | 14,855 |
| Deposit and other interest received | **45** | 23 | 60 |
| Investment management fees paid | **(5,214)** | (4,824) | (9,876) |
| Secretarial fees paid | **(125)** | (101) | (209) |
| Depositary fees paid | **(93)** | (106) | (148) |
| Other cash payments | **(855)** | (704) | (1,370) |
| Withholding tax deducted | **(1,295)** | (231) | (1,437) |
| Loan commitment and arrangement fees paid | **(491)** | (1,200) | (1,953) |
| **NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITIES (NOTE 10)** | **(561)** | 547 | (78) |
| **Cash flows from investing activities** | | | |
| Purchases of investments | **(115,364)** | (106,031) | (171,799) |
| Disposals of investments | **143,614** | 136,578 | 225,971 |
| **NET CASH INFLOW FROM INVESTING ACTIVITIES** | **28,250** | 30,547 | 54,172 |
| **Cash flows from financing activities** | | | |
| Ordinary shares purchased for cancellation | **-** | (2,522) | (6,872) |
| Redeemable shares | | | |

| | | | |
|---|---|---|---|
| purchased for cancellation | **(1,219)** | (2,163) | (4,389) |
| **NET CASH OUTFLOW FROM FINANCING ACTIVITIES** | **(1,219)** | (4,685) | (11,261) |
| **INCREASE IN CASH** | **26,470** | 26,409 | 42,833 |
| **CASH AT BEGINNING OF YEAR** | **137,483** | 88,346 | 88,346 |
| **FOREIGN EXCHANGE GAINS** | **10,890** | 8,089 | 6,304 |
| **CASH AT END OF PERIOD** | **174,843** | 122,844 | 137,483 |

The Notes form part of these financial statements.

**NOTES TO THE HALF-YEARLY FINANCIAL STATEMENTS (UNAUDITED)**

**1. Financial Information**

The Company applies UK Generally Accepted Accounting Principles in its annual financial statements, and has adopted FRS 102 and the AIC's SORP issued in November 2014 for its financial year ending 30th June 2016. The results for the six months ended 31st December 2015 represent the Company's first interim financial statements and have been prepared in accordance with its accounting policies under FRS 102 and in accordance with FRS 104 'Interim Financial Reporting'. Previously, the Company reported under old UK Generally Accepted Accounting Principles and the Accounting Standards Board Statement 'Half-Yearly Financial Reports' issued in July 2007. Financial Reports' issued in July 2007.

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 accounts 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 periods previously reported. The Cash Flow Statement previously reported has been restated to comply with the new disclosure requirements of the revised reporting standard. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The financial information contained in this Half-Yearly Financial Report and the comparative figures for the financial year ended 30th June 2015 are not the Company's statutory accounts for the financial year, but are based on those accounts, restated as necessary to comply with FRS 102. The financial information for the six months ended 31st December 2015 and 31st December 2014 are not for a financial year and have not been audited but have been reviewed by the Company's auditors and their report can be found below. The statutory accounts for the financial year ended 30th June 2015 have been delivered to the Registrar of Companies and received an audit report which was unqualified, did not include a reference to any matters which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 (2) and (3) of the Companies Act 2006.

**2. 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 Chairman's Statement and Manager's Review above.

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 the foreseeable future. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

**3. Segmental Reporting**

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

**4. Tax on Ordinary Activities**

The tax charge for the six months to 31st December 2015 is £1,295,000 (six months to 31st December 2014: £231,000; year to 30th June 2015: £1,437,000). The tax charge is wholly comprised of irrecoverable withholding tax suffered. Investment gains are exempt from capital gains tax owing to the Company's status as an investment trust.

**5. Transactions with the Manager and Related Parties**

Under the FCA listing rules, the Manager, Pantheon Ventures (UK) LLP, is regarded as a related party of the Company.

During the period, services with a total value of £5,570,000, being £5,264,000 directly from Pantheon Ventures (UK) LLP and £306,000 via Pantheon managed fund investments (31st December 2014: £5,202,000; £4,908,000; and £294,000; year to 30th June 2015: £10,563,000; £9,972,000 and £591,000 respectively). At 31st December 2015, the amount due to Pantheon Ventures (UK) LLP in management fees and performance fees disclosed under creditors was £892,000 and £nil respectively.

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 for the six months to 31st December 2015 totalled £116,000 (six months to 31st December 2014: £102,000; year to 30th June 2015: £203,000)

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

**6. 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 six month period ended 31st December 2015, the notional performance fee hurdle is a net asset value per share of 2,359.71p.

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.

**7. Called Up Share Capital**

During the six months to 31st December 2015, the Company purchased 100,000 redeemable shares in the market for cancellation (31st December 2014: 125,000 ordinary shares and 200,000 redeemable shares; year to 30th June 2015: 460,000 ordinary shares and 375,000 redeemable shares). As at 31st December 2015 there were 33,062,013 ordinary shares and 32,097,534 redeemable shares in issue (31st December 2014: 33,397,013 and 32,372,534 respectively; year to 30th June 2015: 33,062,013 and 32,197,534 respectively).

**8. Return per Ordinary and Redeemable Share**

| | **SIX MONTHS TO 31ST DECEMBER 2015** | | | SIX MONTHS TO 31ST DECEMBER 2014 | | | YEAR TO 30TH JUNE 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **REVENUE** | **CAPITAL** | **TOTAL** | REVENUE | CAPITAL | TOTAL | REVENUE | CAPITAL | TOTAL |
| Return for the period £'000 | **(297)** | **81,490** | **81,193** | 1,005 | 96,183 | 97,188 | 756 | 107,805 | 108,561 |
| Weighted average ordinary and redeemable shares | | | **65,223,677** | | | 65,862,754 | | | 65,716,081 |
| Return per ordinary and redeemable share | **(0.46)p** | **124.94p** | **124.48p** | 1.53p | 146.04p | 147.57p | 1.15p | 164.05p | 165.20p |

**9. Net Asset Value per Share**

| | 31ST DECEMBER 2015 | 31ST DECEMBER 2014 | 30TH JUNE 2015 |
|---|---|---|---|
| Net assets attributable in £'000 | **1,080,038** | 995,267 | 1,000,064 |
| Ordinary and redeemable shares | **65,159,547** | 65,769,547 | 65,259,547 |
| Net asset value per share - ordinary and redeemable | **1,657.53p** | 1,513.26p | 1,532.44p |

**10. Reconciliation of Return on Ordinary Activities before Tax to Net Cash Flow from Operating Activities**

| | SIX MONTHS TO 31ST DECEMBER 2015 £'000 | SIX MONTHS TO 31ST DECEMBER 2014 £'000 | YEAR TO 30TH JUNE 2015 £'000 |
|---|---|---|---|
| Return on ordinary activities before tax | **82,488** | 97,419 | 109,998 |
| Withholding tax deducted | **(1,295)** | (231) | (1,437) |
| Gains on investments | **(71,063)** | (88,398) | (101,905) |
| Currency gains on cash and borrowings | **(10,905)** | (8,122) | (6,337) |
| Increase in creditors | **31** | 371 | 136 |
| Decrease/(increase) in other debtors | **183** | (492) | (533) |
| **NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITIES** | **(561)** | 547 | (78) |

**11. Fair Value Hierarchy**

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 cut-off 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 cut-off date.

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.

As at 31st December 2015 there was no aggregate difference on underlying investments to be recognised in profit or loss at the start or end of the period.

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

All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.

The methods of fair value measurement are classified into a hierarchy based on reliability of the information used to determine the valuation.

Level a - Fair value based on a quoted price for an identical instrument in an active market will generally include equities, some highly liquid bonds and exchange traded derivatives.

Level b - Fair value based on the price of a recent transaction for an identical instrument will generally include holdings in other schemes.

Level c - i) Fair value based on a valuation technique using observable market data will generally include evaluated pricing techniques using inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads.

ii) Fair value based on a valuation technique that relies significantly on non-observable market data will include values not primarily derived from observable market data.

**Financial Assets at Fair Value through Profit or Loss at 31st December 2015**

| | LEVEL a £'000 | LEVEL b £'000 | LEVEL c i) £'000 | LEVEL c ii) £'000 | TOTAL £'000 |
|---|---|---|---|---|---|
| Unlisted holdings | **-** | **-** | **-** | **903,234** | **903,234** |
| Listed holdings | **524** | **-** | **-** | **-** | **524** |
| **TOTAL** | **524** | **-** | **-** | **903,234** | **903,758** |

**Level c ii) Financial Assets at Fair Value through Profit or Loss at 31st December 2015**

| | PRIVATE EQUITY INVESTMENTS £'000 |
|---|---|
| Opening balance | **858,354** |
| Purchases at cost | **115,339** |
| Transfer of book cost to level a* | **(2,471)** |
| Sales proceeds | **(137,732)** |
| Total gains or losses included in "Gains on investments" in the Income Statement | |
| - on assets sold | **45,794** |
| - on assets held as at 31st December 2015 | **23,950** |
| **CLOSING BALANCE** | **903,234** |

* The transfer of book cost to level a is due to stock distributions received from private equity investments.

**Alternative Investment Fund Managers Directive[1]**

The Alternative Investment Fund Managers Directive (Directive 2011/61/EU) ("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 31st December 2015 is shown below:

| | Gross method | Commitment method |
|---|---|---|
| Leverage ratio | 85% | 101% |

[1] *The AIFMD leverage disclosure is unaudited and has not been reviewed by Grant Thornton UK LLP. Accordingly, it is not within the scope of the Independent Review Report set out below.*

**Independent Review Report to Pantheon International Plc**

**Introduction**
We have been engaged by the Company to review the financial information in the Half-Yearly Financial Report for the six months ended 31st December 2015 which comprises the Income Statement, Statement of Changes in Equity, Balance Sheet, Cash Flow Statement and Notes to the Half-Yearly Financial Statements. We have read the

other information contained in the Half-Yearly Financial Report which comprises the Half-Year at a Glance, Performance Summary, Historical Data, Chairman's Statement, Objective and Investment Policy, Manager's Review and the Interim Management Report and Responsibility Statement of the Directors and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Independent Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our review work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusion we have formed.

**Directors' responsibilities**
The Half-Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1, the annual financial statements of the Company are prepared in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practices, Financial Reporting Standard 102) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014. The financial information in the Half-Yearly Financial Report has been prepared in accordance with Financial Reporting Standard 104.

**Our responsibility**
Our responsibility is to express to the Company a conclusion on the financial information in the Half-Yearly Financial Report based on our review.

**Scope of review**
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**
Based on our review, nothing has come to our attention that causes us to believe that the financial information in the Half-Yearly Financial Report for the six months ended 31st December 2015 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

**Grant Thornton UK LLP**
*Statutory Auditor, Chartered Accountants*
London
8 March 2016

**NATIONAL STORAGE MECHANISM**

A copy of the Half-Yearly Financial Report will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at: http://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 the Company's website (or any other website) is incorporated into, or forms part of this announcement.*