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

ANNUAL REPORT FOR THE YEAR ENDED 31 MAY 2019

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 provides access to a global and diversified portfolio of private equity, today publishes its Annual Report for the year ended 31 May 2019.

PIP has continued to execute its objective of generating capital gains which outperform the equity returns of broader public markets over the long term. PIP had a positive year during which its portfolio delivered a strong performance and it continued to invest for the future.

ANNUALISED PERFORMANCE AS AT 31 MAY 2019

	1 yr	**3 yrs**	**5 yrs**	**10y yrs**	**Since inception (1987)**
Nav per share	14.7%	16.8%	14.9%	11.2%	11.9%
Ordinary share price	10.7%	19.6%	14.3%	18.9%	11.5%
FTSE All Share, TR	-3.2%	8.7%	5.3%	9.6%	7.7%
MSCI World, TR (Sterling)	2.5%	13.8%	11.8%	13.0%	7.8%

Share price outperformance

Versus FTSE All Share, TR	**+13.9%**	**+10.9%**	**+9.0%**	**+9.3%**	**+3.8%**
Versus MSCI World, TR (Sterling)	**+8.2%**	**+5.8%**	**+2.5%**	**+5.9%**	**+3.7%**

HIGHLIGHTS - 12 MONTHS ENDED 31 MAY 2019

Performance update

- NAV per share **grew by 14.7%** to 2,770.6p, reflecting a strong performance from the underlying portfolio, positive FX movements and a share buyback.
- Net assets at 31 May 2019 **increased to £1,499m** (May 2018: £1,307m).
- The ordinary share price increased from 2,010.0p to 2,225.0p, **an increase of 10.7%**.
- Five-year cumulative Total Shareholder Return was **+95%**.

Portfolio update

- Assets in the portfolio generated underlying (pre-FX) returns of **12.9%.** This figure excludes returns attributable to the Asset Linked Note.
- Distributions received in the 12 months to 31 May 2019 were **£277m**, equivalent on an annualised basis to **24%** of the opening attributable portfolio. After funding **£107m** of calls, net cash flow from the portfolio totalled **£170m**.
- **£341m** was committed to **59 new investments** during the year of which **£165m** was funded at the time of purchase.

Financial position update

- **New four-year £175m multi-currency credit facility** agreed in June 2018 to replace facility that was due to expire in November 2018; **the facility remains undrawn.**
- Undrawn commitment cover **comfortable at 3.4x.**

Company update

- Founder and Director, Rhoddy Swire, to retire from the Board at the conclusion of the Company's 2019 AGM and Audit Committee Chairman, Ian Barby, to retire from the Board by the 2020 AGM.
- Mary Ann Sieghart to be appointed to the Board in October 2019.

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

"PIP has continued its 32-year record of growth this year with both its NAV per share and share price significantly outperforming the benchmark public market indices on a one-year basis as well as since inception. PIP's strong performance was primarily driven by the gains in the underlying portfolio. The distributions from exits have been redeployed by the Manager into carefully selected new investments with some of the best private equity managers in the world. We have announced that Rhoddy Swire will retire from the Board at the forthcoming AGM. Rhoddy's contribution towards PIP's success and growth into a FTSE 250 company cannot be overstated and he leaves the Board with our warmest thanks and best wishes. We are delighted that Mary Ann Sieghart will join the Board in October and we look forward to welcoming her. As we look ahead, the Board is confident that PIP is well placed to continue to source a global, diversified portfolio of high quality private equity assets that can deliver impressive returns for the benefit of its shareholders over the long term."

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

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

A positive year of capital growth and investment for the future

PIP has continued its 32-year record of growth this year, with net assets reaching £1.5bn and a market capitalisation of £1.2bn. Your Board is confident that the strategy it has agreed with Pantheon, the Manager, provides shareholders with access to a high quality portfolio of private equity assets with more opportunities for growth than a conventional investment fund focused primarily on listed securities.

IN SUMMARY

Strong performance from the underlying portfolio

We made 59 new investments amounting to £341m in commitments

PIP's portfolio provides an attractive means of maximising long-term capital growth for shareholders

KEY STATISTICS

11.9%	Average annual NAV growth since inception
14.7%	NAV per share growth in the year
10.7%	Share price growth in the year
£1,499m	Net asset value
£170m	Portfolio net cash flow

Performance for 12 months to 31 May 2019

During the 12 months to 31 May 2019, PIP's NAV per share increased by 14.7% to 2,770.6p and net assets increased from £1,307m to £1,499m. The NAV growth (stated net movements in the Asset Linked Note) reflected the strong performance from the underlying portfolio with investment gains (+11.8%), share buybacks (+0.3p) and foreign exchange effects (+4.5%) materially exceeding expenses and taxes (-1.6%). During the 12 months to 31 May 2019, PIP's share price rose by approximately 11%. The share price increase and PIP's NAV growth outperformed the MSCI World index by +12.2% and +8.2% respectively during the same period.

Despite the Company's positive performance, the discount on the shares has remained disappointingly wide and was 19.7% at the end of the financial year. The Board remains frustrated by the continuing share price discount as it believes that this does not reflect the Company's track record both on a medium and long-term basis. PIP has generated average annual NAV growth of 11.9% since inception and 14.9% over the last five years, significantly outperforming the benchmark public market indices over these time periods. The five-year cumulative total shareholder return, which measures the return to investors after taking into account share price movements, was +95% at 31 May 2019. The Board is committed to narrowing the share price discount and, to this end, has agreed a more intensive marketing plan with the Manager's dedicated investor relations team with the aim of extending the Company's reach to potential new buyers and boosting demand for its shares.

PIP's investment strategy is to maintain a healthy mix of all stages in its portfolio, with an emphasis on the buyout and growth stages and a particular focus on the mid-market, which offers attractive prospects for long-term value creation and multiple routes to exit. Buyout and growth represent more than half of PIP's portfolio and the small/mid buyout and growth segments performed strongly during the period. This resulted from a combination of factors including the strong exits achieved by some of our managers, successful bolt-on acquisition activity and good organic growth in the underlying businesses. A number of company-specific events adversely impacted returns in the large buyout portfolio while the negative performance in special situations (consisting of energy, distressed and mezzanine funds) was primarily due to headwinds experienced in the energy sector. Venture, which is a relatively small part of PIP's portfolio, contributed positively to performance during the period.

Investment and realisation activity

During the period, PIP generated £277m of distributions attributable to shareholders, equivalent to 24% of the opening attributable portfolio. In a generally supportive exit environment, secondary buyouts and sales to corporate buyers remained the most significant sources of exits. Calls from existing commitments to private equity funds during the period amounted to £107m, equivalent to 24% of opening undrawn commitments. Overall, PIP generated a net cash inflow of £170m during the period before taking account of new investments.

PIP made 59 new investments during the year, amounting to £340.7m in commitments, of which £164.7m was drawn at the time of purchase. These investments comprised £159.8m committed to 20 primaries, £104.9m committed to 13 secondaries and £76m committed to 26 co-investments. Since the period end, PIP has committed a further £7.3m to two investments.

The issuance of the ALN has allowed the Company significantly to reduce the weighted average age of its fund and co-investment commitments and the evidence of this is clear when the average age of 5.2 years at 31 May 2019 is compared to the average age of 6.7 years at the year end in May 2017. The maturity profile of the portfolio is designed to allow PIP to remain cash-generative and an active investor well placed to refresh its investment participations through the cycle.

During the period, the Company bought back 25,000 shares for cancellation. PIP will continue its policy of opportunistically purchasing its own shares for investment purposes.

An increasing number of businesses are turning to the private equity markets globally not only as a source of capital, but also with an expectation of benefitting from the strategic and operational expertise that is offered to them by well-established private equity managers. Selecting the best managers and deals is critical to PIP's success in generating good long-term relative performance, particularly at a time when entry prices have been inflated by the high values prevailing generally for all equity assets. PIP's approach to achieving its strategic goal of long-term capital growth is to construct a diversified, global portfolio of high quality assets that can benefit from the specialised expertise of managers experienced in adding value to investments, which are sourced via Pantheon's well-established platform and its deep manager relationships that span several decades.

Careful consideration of environmental, social and governance ("ESG") issues is a key priority for many investors when deploying capital. The Board is satisfied that Pantheon takes these responsibilities seriously, investing with diligence, integrity and conviction on behalf of PIP, and that the processes employed by Pantheon, both in terms of the detailed due diligence conducted at the pre-investment stage as well as the ongoing monitoring once an investment has been made, are robust. The Board also recognises Pantheon's inclusive, progressive culture which is reflected across its entire global workforce where creative investment thinking is encouraged and developed. The Board remains confident that the Manager's approach and its ability to use its extensive network and access to privileged information enables it to source compelling investment opportunities for PIP.

Financial position and strength

PIP's balance sheet is managed to ensure that the Company can finance its undrawn commitments, which are themselves carefully controlled relative to its assets and available liquidity. This disciplined approach enables the Company to be well positioned to withstand periods of volatility and to take advantage of any compelling investment opportunities that may arise during a downturn.

The unlisted Asset Linked Note ("ALN") was issued with an initial principal value of £200m in October 2017 and is due to mature in August 2027. Repayment of the ALN is only made out of the cash distributions that have been received from a reference portfolio of older investment assets, mainly dating from 2006 and earlier. PIP has made total ALN payments of £122m since it was issued and, as at 31 May 2019, the residual ALN was valued at £94m. The issuance of the ALN has contributed 0.5% to shareholder returns during the year.

In June 2018, PIP announced that it had agreed a new £175m multi-currency revolving credit facility to replace the £150m loan facility agreement that was due to expire in November 2018. The facility, denominated as to US$163m and €60m, will expire in June 2022 and has an option to extend, by agreement, the maturity date by another year. As at 31 May 2019, PIP held net available cash of £141m and the undrawn facility was equivalent to £182m, giving the Company total liquid resources of £323m. With undrawn commitments of £521m as at 31 May 2019, PIP's undrawn commitment cover, which measures the sum of PIP's undrawn commitments against its available financing and the value of its private equity portfolio, was comfortable at 3.4 times.

Change of auditor

Grant Thornton has been the Company's auditor since 1987. PIP's Audit Committee, taking account of the regulations for the length of auditor tenure, carried out an external audit tender process during the second half of the financial year. The Audit Committee has recommended to the Board that Ernst & Young LLP ("EY"), whose audit team has extensive experience in auditing investment trusts, should be appointed to replace Grant Thornton as the independent external Auditor of the Company. I would like on behalf of the Board, to thank Grant Thornton for their audit work and assistance to the Audit Committee and the Board over many years.

Board changes

The Board regularly reviews its composition, taking into account the need to refresh its membership and diversity whilst ensuring that there is the necessary degree of continuity in recognition of the long-term nature of many of PIP's investments and its relationships with many of its underlying managers.

Ian Barby, who became a Director in 2005, has indicated that he wishes to retire no later than at the Company's AGM in 2020. Ian has been an outstanding Chairman of the Audit Committee since July 2005 and has recently led the selection process to appoint EY as the Company's auditors (in succession to Grant Thornton) for the current financial year ending 31 May 2020. The Board considers it important that Ian remains in post during the transition of audit responsibility to EY over the next few months before leaving the Board and being succeeded as Chairman of the Audit Committee by David Melvin, a Chartered Accountant, who has been on PIP's Board and Audit Committee since 2015.

Rhoddy Swire, who has been a Director since the Company's inception in 1987, will be retiring from the Board at the forthcoming AGM. He was instrumental in the foundation of PIP and has been a major contributor towards its transformation from a small investment trust with net assets of just £12m to a FTSE 250 company with net assets of over £1.5 billion today. Rhoddy's long history with the Company and in-depth familiarity with the Company's investment portfolio and its managers is not readily replaceable, particularly in relation to the older vintage investment positions. The Board therefore expects, after he retires as a Director, to retain access to Rhoddy through the Manager whereby, at no cost to the Company it can request his advice specifically in relation to issues concerning the investment portfolio.

Since the period end, the Board has conducted a formal search to complement the skills of the Board and add to its diversity. It has been announced today that. Mary Ann Sieghart will be appointed to the Board upon conclusion of the forthcoming AGM on 30 October. Mary Ann has spent most of her career as a journalist and broadcaster working for prestigious UK broadsheet publications and the BBC. She brings significant experience through serving on the boards of other investment trusts.

My fellow Directors and I are delighted that Mary Ann has agreed to join the Board and look forward to welcoming her in the coming months. Rhoddy leaves the Board with our warmest thanks and best wishes.

Outlook

The geopolitical tensions seen in 2018 have continued and there are signs of an economic slowdown in many parts of the world. While private equity is not immune to the effects of this, PIP's flexible investment approach - by investing directly in primary and secondary deals and in companies through co-investments - means that it can respond effectively to market conditions. PIP has been through a number of cycles during its 32 year history. It backs managers who themselves have experience of managing assets through times of uncertainty, have demonstrated a selective approach to the use of debt and who are able to take advantage of market dislocations by identifying those defensive and exciting high-growth businesses with compelling potential over the long term.

The private equity market is growing strongly, but the barriers to entry remain high for those seeking to invest with the top tier managers who have proven track records of generating high quality and sustainable returns from their assets. The Board believes that PIP is continuing to benefit from its ability to identify and secure access to such managers through Pantheon's global investment team of over 80 professionals with their longstanding relationships, collaborative and inclusive culture and extensive experience of private equity investing.

The Board is confident that this, coupled with PIP's conservatively managed balance sheet and its disciplined, selective investment approach, leaves the Company well-positioned to deliver healthy returns for shareholders over the long term.

The Strategic Report within the full Annual Report has been approved and signed on behalf of the Board.

Sir Laurie Magnus
Chairman
6 August 2019

What we offer our investors

We offer a simple and differentiated entry point to the impressive returns that private equity can provide.

We aim to deliver attractive and consistent returns to shareholders through actively managed private equity investments.

At a glance as at 31 May 2019

14.7%	NAV per share growth in the year
10.7%	Share price increase in the year
11.9%	Average annual NAV growth since 1987
£1.5bn	Net asset value
£1.2bn	Market capitalisation
1.22%	AIC ongoing charges[1]

1 Including financing costs, PIP's total ongoing charges would be 1.39%.

PIP's track record

PIP is the longest established private equity fund-of-funds on the London Stock Exchange.

A carefully constructed, diversified portfolio of assets

Since PIP's inception, we have been able to generate excellent returns while structuring our portfolio to minimise the risks typically associated with private equity investments. Our established portfolio of assets has been carefully selected, based on the strengths of our appointed managers, actively monitored and diversified to reduce specific timing, regional and sector risks, and managed to maximise growth and liquidity over time.

Investment type[1]
Flexible approach to portfolio construction increases potential for outperformance.

Secondary	40%
Co-investments	33%
Primary	27%

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

USA	55%
Europe	26%
Asia and EM[2]	12%
Global[3]	7%

Fund stage[1]
Well diversified across different investment stages with a particular focus on small/mid-market buyout and growth funds.

Small/mid buyout	39%
Large/mega buyout	24%
Growth	20%
Special situations	12%
Venture	5%

Fund maturity[1]
Maturity profile is managed to enhance performance while maintaining a cash-generative portfolio.

		Of which investments
2018 and later	14%	6%
2017	13%	8%
2016	16%	8%
2015	17%	7%
2014	6%	2%
2013	4%	2%
2012	5%	0%
2011	4%	0%
2010	1%	0%
2009	2%	0%
2008	7%	0%
2007	7%	0%
2006 and earlier	4%	0%

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

[2] EM: Emerging Markets.

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

Key Performance Indicators

We are focused on maximising capital growth over the long term.

	What it is	**How we have performed**		**Link to our strategic objectives**	**Examples of related factors that we monitor**
Performance					
5-Year cumulative total shareholder return 95.2%	Total shareholder return demonstrates the return to investors, after taking into account share price movements (capital growth) and, if applicable, any dividends paid during the period.	1 year 10.7% 3 years (cum) 71.2% 5 years (cum) 95.2%	PIP's ordinary shares had a closing price of 2,225.0p at the year end. Discount to NAV was 19.7% as at the year-end	•Maximise shareholder returns through long-term capital growth. •Promote better market liquidity by building demand for the Company's shares.	•Rate of NAV growth relative to listed markets. •Trading volumes for the Company's shares. •Share price discount to NAV.
NAV per share growth during the year 14.7%*	Net asset value ("NAV") per share reflects the attributable value of a shareholder's holding in PIP. The provision of consistent long-term NAV per share growth is central to our strategy. NAV per share growth in any period is shown net of all costs associated with running the Company.	11M to 31 May 2017 16.9% 12M to 31 May 2018 10.3% 12M to 31 May 2019 14.7%	• NAV per share increased by 355.8p to 2,770.6p during the year. • Strong performance further enhanced by the impact of foreign exchange movements	• Investing flexibly with top-tier private equity managers to maximise long-term capital growth. • Containing costs and risks by constructing a well-diversified portfolio in a cost-efficient manner.	• Valuations provided by private equity managers. • Fluctuations in currency exchange rates. • Ongoing charges relative to NAV growth and private equity peer group. • Potential for tax leakage from investments. • Effect of financing (cash drag) on performance.
Portfolio investment return 12.9%*	Portfolio investment return measures the total movement in the valuation of the underlying funds and companies comprising PIP's portfolio expressed as a percentage of the opening portfolio value, before taking foreign exchange effects and other expenses into account.	11M to 31 May 2017 16.2% 12M to 31 May 2018 15.4% 12M to 31 May 2019 12.9%	• Strong performance in the underlying portfolio. • PIP continues to benefit from good earnings growth in its underlying portfolio and from the favourable exit environment.	• Maximise shareholder returns through long-term capital growth.	• Performance relative to listed markets and private equity peer group. • Valuations provided by private equity managers.
Liquidity					
Net portfolio cash flow £170m*	Net portfolio cash flow is equal to fund distributions less capital calls to finance investments, and reflects the Company's capacity to finance calls from existing investment commitments. PIP manages its maturity profile through a mix of primaries, secondaries and co-investments to ensure that its portfolio remains	11M to 31 May 2017 £211m 12M to 31 May 2018 £194m 12M to 31 May 2019 £170m	• PIP's portfolio generated £277m of distributions versus £107m of calls. • The Company made new commitments of £341m during the year, £165m of which was drawn at the time of purchase. • PIP's portfolio has a weighted average fund age of 5.2 years[1]	• Maximise long-term capital growth through ongoing portfolio renewal while controlling financing risk.	• Relationship between outstanding commitments and NAV. • Portfolio maturity and distribution rates by vintage. • Commitment rate to new investment opportunities.

	cash-generative at the same time as maximising the potential for growth.				
Undrawn coverage ratio 90%*	The undrawn coverage ratio is the ratio of available financing and 10% of private equity assets to undrawn commitments. The undrawn coverage ratio is an indicator of the Company's ability to meet outstanding commitments, even in the event of a market downturn. Under the terms of its current loan facilities, PIP can continue to make new undrawn commitments unless and until the undrawn coverage ratio falls below 33%	11M to 31 May 2017 101% 12M to 31 May 2018 99% 12M to 31 May 2019 90%	• The current level of commitments is consistent with PIP's conservative approach to balance sheet management. • In line with historical experience, the Company expects undrawn commitments to be funded over a period of several years.	• Flexibility in portfolio construction, allowing the Company to select a mix of primary, secondary and co-investments, and vary investment pace, to achieve long-term capital growth.	• Relative weighting of primary, secondary and co-investments in the portfolio. • Level of undrawn commitments relative to gross assets. • Trend in distribution rates. • Ability to access debt markets on favourable terms.

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

Our Business Model

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

OUR INVESTMENT PROCESS

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

INVESTMENT STRATEGIES

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

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

Secondary
We purchase the interests of an investor in a fund or funds typically late into, or after, the investment period

- Targets favoured funds at a stage when the underlying assets' performance is visible and the funds are realising investments, returning cash to PIP more quickly.
- One of the advantages of investing in secondaries is that earlier fees will have been borne by the seller so total expenses are lower.

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

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

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

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

We aim to deliver attractive and consistent returns to shareholders over the long term, and at relatively low risk.

*Preqin April 2019.

Why we do it
Through Pantheon, we have an opportunity to invest with many of the best private equity managers globally based on the trust and experience built up over the more than 35 years during which Pantheon has been making investments.

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

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

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

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

- Build and maintain a well-balanced portfolio in a combination that we monitor and manage with the aim of maximising capital growth;

- Manage the maturity profile of our assets so that our portfolio remains naturally cash-generative on a sustainable basis;

- Ensure that the vehicle remains as cost-effective as possible for our shareholders by reducing any potential drag on returns.

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

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

What sets us apart
Track record
For 32 years, PIP has been able to adapt quickly and effectively to changing market conditions. This flexible and proactive approach means that PIP is well placed to continue to deliver on its strategic objectives. PIP has outperformed its benchmark indices on a 1, 3, 5 and 10 year basis and since the Company's inception in 1987.

Culture
Pantheon has a strong culture of collaborative and inclusive teamwork and diversity, as well as a long history of investing its clients' capital responsibly.

Broad and deep relationships
With investments in the USA, Europe, Asia and Emerging Markets, PIP provides a carefully constructed, broad-based portfolio for investors. The presence of Pantheon's dedicated investment team of 84[1] people in six offices around the world means that they are on the ground locally, working with their extensive networks of relationships with private equity managers and taking advantage of proprietary information flows and access to opportunities. These relationships enable Pantheon to source and respond quickly to the best deal flow in those regions.

[1]As at 1 July 2019.

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

- Control of investment strategy, overseen by the Board;

- Reduction of financing risk by being able to accept or decline investments offered to it by Pantheon according to its financial resources at the time;

- The flexibility to vary the size of its commitments as appropriate and in line with any adjustments to its investment strategy;

- Lower cost due to the elimination of expenses that can arise in intermediate vehicles.

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

Our Strategy

Our independent and experienced Board ensures that our strategy puts shareholders first.

The role of the PIP Board

Safeguarding shareholders' interests
The independent Board of Directors is responsible for ensuring that PIP is managed in a way that achieves the best outcome for its shareholders. As part of this, it monitors the Manager's investment strategy to ensure that it is relevant, adheres to the Company's investment policy, and is constructed around seeking the best performing assets worldwide that can generate above average returns over the long term.

Monitoring of ongoing investment strategy
At the start of each year, PIP's investment strategy is considered by the Board together with the Manager. Throughout the year, there is an ongoing dialogue between the Board and the Manager who reports regularly to the Board on progress. In addition, the manager highlights any obstacles or changes in market conditions which may impact the Company's ability to achieve its strategic goals. In cases where this may occur, the Manager will propose solutions for which it will seek the support of the Board. Equally, the Board maintains the flexibility to propose amendments to the strategy as it deems necessary.

The Manager and the Board consider how PIP can most profitably deploy capital in the prevailing investment environment. In addition, the Board also reviews individual investments that exceed exposure limits, which are set appropriate (and below the hard limits in the Company's investment policy) to reflect a diversified approach. At times, the Manager may make recommendations to the Board and seek approval for certain investments that fall outside of any limits expressed in the agreed strategic approach, but which the Manager believes to be a good investment opportunity for PIP. The Board maintains its independence at all times and robustly challenges such recommendations to ensure that they are in the best interests of shareholders.

This year, the Board assessed progress against the more detailed strategic review held in 2018 which explored how the Company's historically strong NAV performance could be built upon and improved. In addition, the Board also focused on PIP's marketing and investor relations activities, considering new initiatives that could help to increase PIP's exposure and reach potential new investors in the Company. It is the Board's view that a relentless focus on optimising investment performance is critical in attracting demand for the Company's shares and this, supported by the comprehensive marketing plan that has been agreed with the Board, could then lead to a narrowing of the discount at which the shares currently trade. The main conclusions of the Board's assessment are outlined as follows.

Maintain a diversified approach while increasing potential for outperformance

As Manager of PIP, Pantheon focuses on selecting the best private equity managers and the companies they back worldwide and thoughtfully constructing and maintaining a mature portfolio that has exposure to different parts of the investment life cycle. PIP's portfolio is carefully diversified by manager, investment type, stage, geography, fund age (vintage) and sector. One of the key advantages of this approach is that it reduces the risk of any individual underperforming company or fund having a disproportionately material adverse effect on the Company's overall performance.

This year, the Board has agreed with the Manager that the Company will continue to maintain its diversified approach recognising that its increased focus on portfolio construction, as explained below, may materially reduce the number of third party managers and companies to which the portfolio is principally exposed. The Board also confirmed it is satisfied that the Manager should continue to exercise slightly more flexibility in the types and size of investments that it makes; this is discussed in more detail below.

The Board believes that this approach gives shareholders the best of both worlds: manageable risk in the Company's portfolio by remaining diversified, while at the same time increasing the potential for outperformance. The improved transparency of PIP's underlying portfolio, and increased investment flexibility, should create a clearer link between the strongest performing companies in the portfolio and the potential to boost NAV growth in the future.

Remain flexible but controlled in approach to portfolio construction

The Company has traditionally emphasised secondaries as PIP makes new investments. Secondary investments offer very attractive characteristics as highlighted in the Business Model above, however as part of the strategic review conducted in 2018, it was recognised that certain secondary opportunities may not always be the best fit for PIP's portfolio.

There is a recent tendency in the market for some recent secondary opportunities to be dominated by older assets, defined as those in funds which are 10 years or older at the time of purchase. Although those assets often generate good levels of cash, extensive analysis has shown that the rate of value increase tends to be lower than that offered by younger assets and therefore can be a drag on overall performance. The issuance of the ALN at the end of 2017 has allowed PIP actively to de-emphasise the older funds in PIP's portfolio and tilt it towards younger funds which the Board believe will perform better as a whole relative to the portfolio prior to the ALN issue. As PIP seeks to maximise capital growth and avoid older assets becoming over-weighted in the portfolio, it was agreed by the Board that the Company would benefit from Pantheon's greater control over allocation, giving it the ability to put capital to work in primary and co-investment opportunities as well as secondaries where they represented a more compelling investment proposition. While secondaries should continue to represent a significant portion of PIP's portfolio, it is recognised that over time these three different investment types may take on more equal weightings.

The benefits of this approach are clear: Pantheon can remain highly selective and disciplined when assessing deal flow while at the same time reducing the risk of PIP being excluded from exciting opportunities due to investment constraints.

The Board recognises that on occasion, the discounts at which the Company's shares trade may make them an attractive investment proposition for PIP when considered alongside other new investment opportunities. The Manager reports to the Board on a regular basis on the investment market conditions and on those occasions, the Board may authorise the Company to buy back a specified amount of its own shares.

Focus on mid-market and growth opportunities

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

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

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

Identify inefficiencies and growth potential in sectors and geographies

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

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

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

For more information on the sectors in which PIP is invested, see the full Annual Report.

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

PIP's approach to ESG and employment issues

The Company has no employees and the Board consists entirely of Non-Executive Directors. At the end of the period under review, the Board was comprised of six male Directors and one female Director.

Upon conclusion of the forthcoming Annual General Meeting, Mr Rhoddy Swire will step down from the Board. Since the period end, the Company has announced that a new female Director will be appointed to the Board on 30 October 2019.

As an investment trust, PIP has no direct impact on the community or the environment. However, Pantheon is careful through its due diligence and ongoing monitoring processes to encourage a sustainably positive impact of our investments, with a view to generating consistently high returns over the long term. Pantheon's commitment to leading the practice of responsible investment for many years meant it was one of the first signatories to the UN's Principles for Responsible Investment in 2007. Pantheon continues to explore ways in which it can promote accountability for Environmental, Social and Governance ("ESG") ethics through its investment process and the managers that it backs. For more information on Pantheon's approach to responsible investment, see the full Annual Report.

Our Investment Policy

Our investment policy is constructed around maximising capital growth

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

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

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

The Company employs a policy of overcommitment. 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 30 June 2012);

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

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

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

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to a variety of risks and uncertainties. The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the principal risks facing PIP, together with a review of any new risks that may have arisen during the year to 31 May 2019, including those that would threaten its business model, future performance, solvency or liquidity. A summary of the risk management and internal control processes can be found in the Statement on Corporate Governance in the full Annual Report.

Investment risk

Type and Description of Risk	Potential Impact	Risk Management	Outcome for the Year
Insufficient liquid resources to meet outstanding commitments to private equity funds	Investment losses and reputational damage arising from the inability to meet capital call obligations.	PIP has a mature portfolio that is naturally cash generative. In the event that cash balances and cash distributions are insufficient to cover	The total available financing as at 31 May 2019 stood at £323m, comprising £141m in net available cash balances and a £182m undrawn revolving credit facility. Total available financing along with the private equity portfolio exceeded outstanding

		capital calls, PIP has the ability to draw funds from a credit facility. The Board manages the Company so that undrawn commitments remain at an acceptable level relative to its portfolio assets and available financing. The Board conducts a comprehensive review of the Company's cash flow model on a regular basis.	commitments by a factor of 3.4 times
Lack of suitable investment opportunities to meet strategic diversification objectives	Change in risk profile as a result of manager, fund or company exposures that are materially different from the Company's intended strategy.	Pantheon has put in place a dedicated investment management process designed to achieve the Board's intended investment strategy. The Board regularly reviews investment and financial reports to monitor the effectiveness of the Manager's investment processes.	During the year, PIP has invested within strategic limits for vintage year, geography and stage allocations, as well as within concentration limits for individual managers, funds and Companies.
Private equity investments are long term in nature and it may be some years before they can be realised	Potential decline in realisation activity which may impact portfolio performance.	PIP pursues a flexible investment strategy, combining secondary investments which typically have shorter exit horizons, with co-investments and primary commitments.	The Company's flexible investment strategy has resulted in a portfolio with a healthy mix of likely exit horizons.
Investments in unquoted Companies carry a higher degree of risk relative to investments in quoted securities	Illiquidity of underlying assets may have an adverse impact on realisations and portfolio performance.	As part of its investment process, Pantheon assesses the approach of its managers to company illiquidity as well as projected exit outcomes.	Strong realisation activity during the year, with distributions of £277m and a distribution rate, equivalent to 24% of opening portfolio assets.
Gearing, whether at the vehicle (PIP), fund or company level, could cause the magnification of gains and losses in the asset value of the Company	Potential impact on performance and liquidity, especially in the event of a market downturn.	PIP's Articles of Association and Investment Policy impose limits on the amount of gearing that the Company can take on. The principal covenant of the loan facility ensures that the Company is limited to a maximum gearing (excluding the ALN) of 34% of adjusted gross asset value (excluding the ALN.) The Board conducts regular reviews of the balance sheet and long-term cash flow projections.	The Company had no gearing at a vehicle level as at the end of the current financial year.
Non-sterling investments expose the Company to fluctuations in currency exchange rates	Unhedged foreign exchange rate movements could impact NAV total returns.	The Manager monitors the Company's underlying foreign currency exposure. As part of its investment process, the Manager takes currency denominations into account when assessing the risk/return profile of a specific investment. Multi-currency credit facility is a natural hedge for currency fluctuations relating to outstanding commitments.	Foreign exchange had a positive impact on performance during the year.
Changes in the Company's tax status or in tax legislation and practice	Failure to understand tax risks when investing or divesting could lead to tax exposure or financial loss.	Pantheon's investment process incorporates an assessment of tax. The Manager reviews the appropriateness of an investment's legal	Taxes had a minimal effect on overall NAV performance in the year.

		structure to minimise the potential tax impact on the Company.	
Possibility that another investor in a fund is unable or unwilling to meet future capital calls	Counterparty defaults can have unintended consequences on the remaining investors' obligations and investment exposure.	PIP invests in high quality funds alongside institutional private equity investors. A considerable proportion of PIP's investments are in funded positions.	Approximately 50% of new commitments made in the year were funded at the time of acquisition.

Non-investment risk

Type and Description of Risk	Potential Impact	Risk Management	Outcome for the Year
Market factors such as interest rates, inflation and equity market performance, can affect the value of investments.	Impact of general economic conditions on underlying fund and company valuations, exit opportunities and the availability of credit.	Pantheon's investment process incorporates an assessment of market risk. Active management of investments to ensure diversification by geography, stage, vintage and sector.	PIP continued to maintain a diversified approach to portfolio construction. Quoted asset exposure was below 10% as at 31 May 2019.
Reliance on the accuracy of information provided by General Partners when valuing investments.	Risk of errors in financial statements and NAV reporting.	The valuation of investments is based on periodically audited valuations that are provided by the private equity managers. Pantheon carries out a formal valuation process involving monthly reviews of valuations, the verification of audit reports and a review of any potential adjustments required to ensure reasonable valuations in accordance to fair market value principles under GAAP.	No material misstatements concerning the valuation and existence of investments during the year.
PIP relies on the services of Pantheon as its Manager and other third party service providers.	Business disruption should the services of Pantheon and other third party suppliers cease to be available to the Company.	The Board keeps the services of the Manager and third party suppliers under continual review. The Management Agreement is subject to a notice period of two years, giving the Board adequate time to make alternative arrangements in the event that the services of Pantheon cease to be available	The Board has approved the continuing appointment of the Manager and other service providers following an assessment of their respective performance during the year.
High dependency on effective information technology systems to support key business functions and the safeguarding of sensitive information.	Significant disruption to IT systems may result in financial losses, the inability to perform business critical functions, regulatory censure, legal liability and reputational damage.	Pantheon has a comprehensive set of policies, standards and procedures related to information technology. Ongoing investment and training to improve the reliability and resilience of Pantheon's information technology processes and systems.	No material issues to report for the year.
Uncertainty around the Brexit process will have consequences for the Company.	Market and currency volatility may adversely impact returns. The Company's ability to market its shares to European Investors may also be at risk.	Pantheon has been monitoring policy developments and reviewing aspects of the Company's business that rely on pan-EU arrangements.	Pantheon has opened an office in Dublin, with Pantheon Ireland authorised to conduct regulated activities within the EU on behalf of Pantheon, ensuring that Brexit will have a minimal impact on Pantheon's ability to operate in Europe.

Retail investors advised by 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 FCA's rules in relation to non-mainstream investment products.

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

Viability statement
Pursuant to provision C.2.2 of the UK Corporate Governance Code 2016, the Board has assessed the viability of the Company over a three year period from 31 May 2019. 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 and its available liquid financial resources 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 within the full Annual Report and of its present and expected financial position. In addition, the Board has also considered the Company's conservative approach to balance sheet management, which allows it to take advantage of significant investment opportunities, and the appropriateness of the Company's current investment objectives in the prevailing investment market and environment. The Board regularly reviews the prospects for the Company's portfolio and the opportunities for new investment under a range of potential scenarios to ensure it can expect to be able to continue to finance its activities for the medium-term future. Based on its review, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a three year period.

On behalf of the Board
Sir Laurie Magnus
6 August 2019

Manager's Review

We access top private equity managers who can actively add value to growing companies.

How private equity managers add value
The best managers consistently transform companies to create long-term value

What is Private Equity?
Private equity is the term used for privately negotiated investments typically made in non-public companies. It covers a range of stages of a business's life, from start-ups to well-established firms. It is an attractive asset class for a broad range of investors as it can boost the performance of their investment portfolios and provide differentiated returns.

Barriers to entry are high
For the most part, capital in the industry is managed in non-listed structures typically limited partnerships. Investors wishing to invest directly in a private equity fund are often expected to lock up their capital for at least ten years and many private equity firms only accept high minimum commitments to their funds from selected investors.

We make the private, public
However, by buying shares in a listed private equity investment trust such as PIP, investors can gain ready access to private equity opportunities. For the price of one share, investors can participate in a managed, globally diversified private equity portfolio. Investors can also benefit from the administrative simplicity and liquidity obtained from being able to buy and sell shares trading on a recognised stock exchange. In addition, the capital gains that arise are retained within an investment trust structure, and are not subject to corporation tax.

Private equity managers have clear objectives
- Acquire influential or controlling stakes in high quality companies that are typically privately owned.
- Operate according to a long-term investment horizon.
- Offer hands-on management support to implement strategic and or operational change to enhance a company's value.
- Invest alongside company management, to ensure alignment of interests, while using leverage to create an efficient capital structure.

Businesses offering significant growth potential are key
- Managers are often industry sector experts and use their knowledge and resources to create value in their portfolio companies.
- Highly skilled managers are able to manage assets through economic cycles.
- Experienced managers take advantage of mispricing and dislocations when identifying attractive investment opportunities.
- Managers take environmental, social and governance risks into account when making an investment and aim to improve their companies' performance on these metrics over time.

Top quartile private equity managers are able to produce public market-beating returns
- The spread of performance in private equity is much wider than in other asset classes.
- Managers have significant influence on performance: the same company could produce differing returns depending on the private equity manager that owns it.

Value is crystallised when the companies are sold at a profit to a variety of buyers
- Private equity managers focus on potential exit strategies when identifying target companies, and during due diligence.
- Private equity managers are able to position their investments for sale and can time their realisations, exploring each major potential exit route.
- Private equity positions can be exited in three main ways:
  - Corporate/strategic buyers;
  - Secondary sale to another private equity manager;
  - Initial public offerings.

Manager's Market Review

Andrew Lebus and Helen Steers, Partners at Pantheon, discuss the private equity market, Pantheon's activities in the past year and their expectations for the year ahead.

With an estimated value of just under $4tn[1] in 2018, the global private equity market seems to be achieving scale. What have been the key developments in the past year?

HS: The private equity market is expanding strongly, but when we consider its size relative to the assets under management of some of the largest global investors, in traditional asset classes, there seems to be further room for growth.

Those of us working in private equity tend to think of it as a mainstream asset class, however over a third of institutional investors still do not allocate to private equity.

Of those investors that do allocate to private equity, many are planning to increase their exposure. Fundraising remains robust - with $461bn[2] raised in 2018 - albeit at a slightly lower level than in the previous year. Investment activity also remains robust, keeping pace with funds raised, and exits continue to generate strong cash flow.

AL: At Pantheon, we have had another busy 12 months working with the best managers globally to source attractive investments for PIP's portfolio. These manager relationships are not formed overnight, they are the result of the tireless work of our global investment team of over 80 professionals who are able to use their extensive networks, built up over many years, and their access to privileged information to tap into the exciting deal flow that we continue to see in our pipeline.

There is an estimated $1.2tn[3] of private equity "dry powder" (capital raised and available to invest but not yet deployed) globally and many private equity investors are paying relatively high prices for assets. How is Pantheon ensuring that PIP is not overpaying for assets?

HS: During the almost 30 years that I have been in private equity, including 15 years at Pantheon, there have often been concerns about "too much capital chasing too few deals". While it is true that the amount of dry powder is high, it is important that we put this into context and compare it with capital deployment. New investment appears to be keeping pace with fundraising, resulting in a ratio of deal activity to dry powder that has been steady over the past few years.

In addition, dry powder tends to be concentrated in the mega buyout segment of the market. At Pantheon we are more focused on the mid-market, where we frequently see greater growth potential in the underlying businesses and with more routes to exit. Our mid-market managers, or General Partners ("GPs"), may choose to sell assets to these larger managers, who can then take those businesses forward into their next stages of development.

AL: Undeniably, valuations continue to be high but we think that this is true of all equity investments. Our managers are responding to this and mitigating valuation multiples by employing buy-and-build strategies, where smaller accretive acquisitions can be completed. Managers will also implement operational improvements to maximise the growth potential in the investee businesses, entering into more complex transactions, for which many strategic buyers may not have the required expertise or resources, and by specialising in sector and deal types where private equity involvement can really boost the potential of those businesses.

Amidst the growing geopolitical tensions, especially between the USA and China, and uncertainty affecting many investment decisions, to what degree is PIP exposed to businesses that could bear the brunt of such disruption?

AL: Asia (and Emerging Markets) represent a smaller part of PIP's portfolio, compared to the USA and Europe, and for the past decade Pantheon's investment focus in China has been on domestic consumption. There is negligible exposure in PIP's portfolio to companies that could be directly impacted by the US-China trade dispute, however there is no doubt that sentiment is starting to weigh on business and consumer spending through the erosion of confidence. How this plays out will very much depend on the length and intensity of the trade war and its outcome. This applies not only to China and the USA, but also to other economies through their roles in the global supply chain.

Closer to home for PIP, as it is a pound sterling - quoted stock, is the continued uncertainty around Brexit in the UK and the question of how and when the UK will leave the European Union. While Pantheon and our managers are taking a careful approach to deploying capital in the UK, it continues to be a relatively attractive jurisdiction from a private equity perspective, which is focused on long-term investment. Having said that, the UK only represents around 8% of PIP's total underlying portfolio.

HS: This highlights the importance of how PIP invests - PIP's regional and sector exposure can be increased or decreased as appropriate in response to market conditions. But even in regions or sectors where there is pressure, our managers are still able to spot compelling opportunities and take advantage of market dislocations where there are attractive growth prospects over the long term.

AL: We still see the most opportunities in the USA, which has the deepest and most established private equity market, and we expect that to continue. In Europe, many of the managers that Pantheon backs are regional or pan-European managers who are able to deploy capital in different countries as economic events unfold during an investment period.

The healthy US economy appears to be an outlier as GDP growth is slowing elsewhere, particularly in Europe and China. How well is PIP prepared for when the economic cycle turns?

AL: It is likely that the US economy has been buoyed by the changes in tax allowances, which has bolstered investment there. It appears that the emerging economies, particularly China, India and Korea, have been the main drivers behind global economic growth in recent years so any decline there will contribute to a downturn. In its more than 30 year history, PIP has been through multiple cycles, and we believe that the strength of PIP's balance sheet, with the careful control of its undrawn commitments and liquidity ratio, means that it is well positioned to withstand a downturn.

HS: Also, we are backing managers who themselves have been through a number of cycles and have experience of managing assets in less favourable conditions. Let's not forget that one of the key characteristics of private equity is that our managers are not under any pressure to sell their assets and indeed they may choose not to sell if they do not believe that the timing is right for a particular business. A key part of Pantheon's due diligence process is assessing how a manager has performed in previous downturns so that we are able to build up a picture of how they might respond and perform in the future.

AL: From all my time in private equity, of which 25 years have been at Pantheon, I have seen how our managers are able to adapt and be flexible. As they are out of the public eye, our managers have the space and time to respond to events and implement changes to grow businesses over the long term. We believe that this is one of the reasons why companies are choosing to stay private for longer before listing on public markets.

Given that risk and performance are actively managed in PIP's portfolio through its diversified approach and full control over portfolio construction, are there sectors that you are avoiding or focusing on in particular?

AL: I think that the pressures being experienced in the retail sector are well documented and so we are staying away from consumer discretionary businesses that are excessively exposed to the economic cycle. Instead we prefer defensive sectors, such as healthcare and education, that offer growth via innovation or demographics rather than being correlated to GDP.

HS: Technology disruption can be seen as a threat but it is also an opportunity. Many managers are recognising that there are overlaps between technology and other sectors, and are not only establishing technology verticals but also using technology horizontally within their existing platforms. They are driving innovation and using advanced data analytics to optimise operations and launch new products.

Pantheon is alert to the opportunities that this presents for value creation in our underlying portfolio companies and we talk about this in more detail in the full Annual Report.

The global secondary market is growing and, with an estimated record $74bn[4] of deal volume in 2018, this trend looks set to continue. As pioneers in this space, how has Pantheon kept up with these developments?

AL: I sit on the Global Secondary Investment Committee at Pantheon and have seen first hand how the secondary market has become a more established channel through which both investors and private equity managers can facilitate liquidity or reshape their portfolios.

GP-led transactions - where the GPs themselves are actively involved in finding liquidity for an investor in their fund - are an increasing part of the market and represented 32% of the total secondary volume in 2018, up from 20% in 2014[4]. The types of secondary transactions are evolving and, in addition to traditional secondary deals, now also include restructuring programmes and tenders. Single-asset deals, where GPs carve out individual assets that they do not yet wish to sell, are also increasing. A long-established, experienced secondary market player such as Pantheon is an attractive investor for these kinds of deals and we often work with our managers to shape the deal itself.

Pricing in the secondary market has remained broadly flat with good quality buyout funds, which are Pantheon's focus, tending to trade at around NAV. At Pantheon, we have manager relationships that span decades and through our platform, we are able to identify deals that offer embedded value. Maintaining discipline and selectivity is paramount and we use our in-house expertise to choose our investments carefully. We are actively avoiding early stage venture funds and deals where there is poor alignment with the GP, underperforming assets, a mixed quality GP track record, a lack of visibility around the exit or if the rationale for the secondary transaction is unclear. Instead, we focus on acquiring concentrated positions in more recent (younger than 10 years) vintages where the attributes for outperformance are more pronounced.

The co-investment market is becoming increasingly competitive - how is Pantheon able to continue to source good deal flow for PIP's portfolio?

HS: I am a long-standing member of the Global Co-investment Committee at Pantheon and have observed that our platform continues to yield significant co-investment opportunities. As with all our investments, we have maintained our disciplined approach and only invest in deals where the targeted business is a good fit for the manager in terms of their sector and geographic expertise. The valuation environment has been aggressive, and our dedicated and experienced co-investment team works continuously with our managers to understand their valuation metrics and challenge them.

Pantheon remains an attractive co-investor for several reasons - we do not compete against our managers, we are reliable, and we have the scale and ability to deploy capital quickly and efficiently. In addition, we can also co-underwrite transactions alongside our managers.

We have talked about the opportunities but what keeps you awake at night?
AL: We have discussed the high valuations but debt levels have been rising as well. However, there are some mitigating factors to this - the percentage of equity invested into businesses is healthy, there are more covenant-lite structures which allow GPs some flexibility if companies underperform and finally, and perhaps most reassuringly, many of our managers remember the Global Financial Crisis and still have the scars on their backs. Several GPs have in-house debt teams to ensure that they are making the best use of the leverage available to them on attractive terms and, importantly, are disciplined enough to decline the amount of leverage on offer if it isn't appropriate.

HS: We have also observed an increasingly complex environment for our GPs, including changing investor dynamics, greater regulation affecting operational strategies, and more detailed reporting and transparency requirements. This is why Pantheon's ability to assess the risks as well as the opportunities as part of its detailed due diligence process is so important. In my roles on the European Investment, International Investment and Co-investment Committees at Pantheon, I see most of the deals that Pantheon is sourcing for PIP and I often say that assessing those deals is both an art and a science. It's not just about the numbers - although they matter of course - but of equal importance is understanding the mechanics of how a manager operates and whether they have the right people, strategy and tools in place to be able to respond quickly to events and deliver good performance in the future.

As with any industry, there are some misconceptions about private equity - in your opinion, what are the most common ones?

AL: Sometimes private equity is portrayed in a negative light and it is true that there have been some high-profile cases of things going wrong. However, it is important to understand that the best managers operate with long-term investment horizons, looking for high quality companies that are often in niche sectors and demonstrate real growth potential. They focus on creating value in their investee businesses through hands-on operational and strategic support and there is a real alignment of interest between the investors, private equity manager and a company's management with everyone crystallising equity value at the same time once the value-creation plan has been achieved.

HS: In addition, there seems to be a belief that environmental, social and governance factors are not considered in private equity investment. This couldn't be further from the truth and our colleagues Alex Scott and Jie Gong discuss this in more detail in the full Annual Report.

Finally, what are your expectations and priorities for the year ahead?
HS: As I said at the beginning, the private equity market is growing but still has much further to go. This presents a wealth of opportunities for an established, long-term investor such as Pantheon. Even if entry prices for private equity investments remain high, we believe that there will be greater recognition of the role of private equity in stimulating growth, transforming businesses and providing attractive returns. The corollary of expanding private markets is the shrinkage that we are seeing in public markets. Investors are finding that private markets are providing access to faster growing, younger and more innovative companies.

AL: We will continue to focus on building a diversified portfolio for PIP, which we are able to achieve flexibly through our three pillars of investment - primaries, secondaries and co-investments - that we believe is capable of delivering healthy returns and of continuing to outperform benchmark public market indices over the long term.

[1] Source: Preqin April 2019, data as at June 2018.

[2] Source: Preqin, April 2019.

[3] Source: Preqin April 2019, data as at June 2018.

4 Source: Greenhill-Cogent, Global Secondary Market Trends, January 2019.

Performance
Overall, PIP's underlying portfolio continues to deliver strong returns

Private equity portfolio movements
- Excluding returns attributable to the ALN share of the portfolio, PIP's portfolio generated returns of 12.9% during the year.
- PIP's total portfolio generated investment returns, prior to foreign exchange effects, of 12.5%.

Valuation gains by stage[1]
- PIP experienced strong performance from growth and small/mid-market buyout funds, driven by both strong exits and growth in underlying portfolio company valuations.
- Large buyout returns were more modest, impacted by a number of company specific events.
- Negative performance in special situations due to valuation declines in the energy sector, outweighed by strong performance across the rest of the portfolio.

	Return (%)	Closing portfolio NAV (%)
Growth	31.3	20
Small/Mid buyout	16.2	39
Venture	14.9	5

Large/Mega buyout	7.7	24
Special situations	-6.2	12

Valuation gains by region[1]

- European investments made an important contribution to overall performance during the year.
- USA performance was negatively impacted by a handful of buyout investments.

	Return (%)	Closing portfolio NAV (%)
USA	9.5	55
Europe	25.0	26
Asia and EM	5.0	12
Global	14.2	7

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

Valuation gains by type

- Strong co-investment performance underpinned by a number of exits at significant uplifts to carrying value.
- Stronger performance from recent secondary investments offset by a deadline in value or energy secondaries..
- Primary performance driven by more recent vintage fund investments.

	Return (%)	Closing portfolio NAV (%)
Co-investment	19.6	33
Primary	15.7	27
Secondary	8.0	40

Sector Themes

Every sector is experiencing digital disruption

Disruptive technology is changing the way private equity does business. Our investment strategies are evolving, while there are many opportunities for our managers to source new types of deals and use technology to add value to our portfolio companies.

Investing

- Private equity managers are establishing technology verticals within their existing platforms, hiring senior technology-focused investment professionals from other industries and consulting firms, and partnering with top universities to attract technical talent
- Buyout GPs are actively building relationships with venture communities and acquiring venture and growth capital backed companies
- Private equity managers are employing advanced data analytics to enhance deal sourcing.
- Leading GPs' investment strategies and due diligence techniques are evolving to reflect the impact of technology

Managing

- Private equity managers are helping founder/owners develop their technologies for commercial use, and expand their application to new products and services
- GPs are accelerating the adoption of technology in portfolio companies in order to boost value creation through:
  - driving faster revenue growth (e.g. by using digital marketing)
  - reducing costs by optimising operations (e.g. digitalisation of supply chain management)
- Increasing valuation multiples by strategically repositioning businesses (e.g. transforming offline retail into a multiple channel approach).

Sector Themes

Pantheon assesses deals across many sectors and has seen interesting opportunities in information technology and healthcare as well as attractive deal dynamics in certain energy and financial sector transactions and areas in the consumer sector. Investing in, or alongside, managers who have the expertise to identify and capitalise on shifting sector trends gives PIP access to the most promising segments within these sectors. The industry reclassification[1] of certain media companies globally from Consumer to Communication Services contributed to the reduction in exposure to the Consumer sector in PIP's portfolio during the year.

Company Sectors[2]

Information Technology	**24%**
Healthcare	**18%**
Consumer	**16%**
Financials	**12%**
Industrials	**9%**
Energy	**9%**
Communication Services	**7%**
Other	**5%**

[1] Industry reclassification undertaken by the Global Industry Classification Standard ('GICS')

[2] The above is based on underlying company valuations as at 31 March 2019 and account for over 98% of PIP's overall portfolio value.

DISTRIBUTIONS

PIP received more than 1,500[1] distributions in the year, with many reflecting realisations at significant uplifts to carrying value. PIP's mature portfolio should continue to generate significant distributions.

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

Distribution by Region and Stage

PIP received £277m in proceeds from PIP's portfolio in the year to 31 May 2019 equivalent to 24%[2] of opening private equity assets. The USA accounted for the majority of PIP's distributions, where market conditions supported a good level of exits, particularly from buyouts.

[2] Including distributions attributable to the asset linked note, the distribution rate for the year was 25%.

Distributions by region	
USA	**55%**
Europe	**31%**
Asia and EM	**6%**
Global	**8%**

Distribution by stage	
Large/mega buyout	**34%**
Small/mid buyout	**33%**
Growth	**23%**
Special situations	**6%**
Venture	**4%**

Quarterly Distribution Rates

Strong quarterly distribution rates reflect the maturity of PIP's portfolio.

Distribution Rates by Vintage

With a weighted average fund maturity of 5.2 years[3], PIP's portfolio should continue to generate significant levels of cash.

[3] Calculation for weighted average age excludes the portion of the reference portfolio attributable to the Asset Linked Note.

Cost multiples on exit realisations for the year to 31 May 2019[1]

The average cost multiple of the sample was 3.3 times, highlighting value creation over the course of an investment.

Uplifts on exit realisations for the year to 31 May 2019[1]

The value-weighted average uplift in the year was 36%, consistent with our view that realisations can be significantly incremental to returns.

The method used to calculate the average uplift has been changed in this period to compare the value at exit with the value twelve months, rather than the value six months, prior to exit. The reason for this change is that six month prior valuations now more commonly reflect the value implied by an impending realisation event and may not give a true reflection of the uplift achieved through exit, particularly for co-investments which represent a growing proportion of realisation activity.

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

Exit Realisations by Sector and Type

The portfolio benefited from strong realisation activity, particularly in the information technology and consumer sectors.

Secondary buyouts and trade sales represented the most significant source of exit activity during the year. The data in the sample provide coverage for 100% (for exit realisations by sector) and 89% (for exit realisations by type) of proceeds from exit realisations received during the period.

Exit realisation by sector	
Information Technology	**35%**
Consumer	**28%**
Industrials	**12%**
Financials	**8%**
Healthcare	**7%**
Energy	**5%**
Others	**5%**

Exit realisation by type	
Secondary buyout	**40%**
Trade Sale	**39%**
Public Market Sale	**16%**
Refinancing and Recapitalisation	**5%**

Calls

Calls during the year were used to finance investments in businesses such as healthcare facilities, application software developers, insurance brokers and education services companies.

Calls by Region and Stage

PIP paid £107m to finance calls on undrawn commitments during the year.

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

Calls by region	
USA	**52%**
Europe	**29%**
Asia & EM	**12%**
Global	**7%**

Calls by stage	
Small/mid buyout	**38%**
Large/mega buyout	**28%**
Growth	**22%**
Special Situations	**11%**

Venture	**1%**

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

Calls by sector	
Healthcare	**19%**
Information Technology	**19%**
Consumer	**16%**
Financials	**13%**
Industrials	**12%**
Energy	**9%**
Telecom Services	**6%**
Materials	**3%**
Others	**3%**

Quarterly Call Rate[1]
The average annualised call rate for the year to 31 May 2019 was 24%.

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

New Commitments

Through PIP's access to an active pipeline of high quality deal flow, it committed £341m to 59 new investments during the year. Of the total commitment made, £165m was drawn at the time of purchase.

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

USA	**51%**
Europe	**26%**
Asia and EM	**7%**
Global	**16%**

New Commitments by Stage
The majority of new commitments made in the year were in the buyout segment, with particular emphasis on small and medium buyouts.

Small/mid buyout	**40%**
Large/mega buyout	**25%**
Growth	**20%**
Special Situations	**15%**

New Commitments by Investment Type
New commitment during the year reflect the attractiveness of opportunities across the spectrum of PIP's investment activity.

Primary	**47%**
Secondary	**31%**
Co-investment	**22%**

New Commitments by Vintage
Primaries and co-investments, which accounted for over two thirds of total commitments during the year offer exposure to current vintages. Secondary investments made during the period were mostly in 2015 and later funds, consistent with PIP's strategy of focusing on recent vintage investments while reducing its weighting to older tail-end funds.

2019	**35%**
2018	**54%**
2017	**3%**
2015	**2%**
2013	**2%**
2011	**2%**
2009 and earlier	**1%**

Secondary Commitments[1]
£105m committed to 13 secondary transactions during the year.

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

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

£105m committed to 13 secondary transactions during the year.

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

Examples of Secondary Commitments made during the year:

REGION	STAGE	DESCRIPTION	COMMITMENTS £M	FUNDED %[2]

USA	Growth	Portfolio of four US growth funds	**19.2**	**95%**
Europe	Small/mid	UK mid-market buyout fund	**13.2**	**61%**
USA	Small/mid	Secondary acquisition of a minority interest in an ophthalmology company	**13.0**	**100%**
Europe	Special sits	European special situations fund	**12.5**	**89%**
USA	Special sits	Secondary investment in a US oil and gas producer	**12.1**	**100%**

[2] Funding level does not include deferred payments.

Primary Commitments
£160m committed to 20 primaries during the year.

Investing in primary funds allows PIP to gain exposure to top tier, well recognised managers as well as to smaller niche funds that might not typically be traded on the secondary market. Our focus remains on investing with high quality managers who have the proven ability to drive value at the underlying company level, and generate strong returns across market cycles. In addition, we target funds with market leading specialisms in high growth sectors such as healthcare and information technology.

Examples of Primary Commitments made during the year

INVESTMENT	STAGE	DESCRIPTION	COMMITMENTS £M
Advent Global Private Equity IX USD	Large/mega	Global large buyout fund	**23.8**
Searchlight Capital III	Special sits	Global special situations fund	**20.5**
Altor Fund V	Small/mid	European mid-market buyout fund focused on the Nordic region	**19.4**
ECI 11	Small/mid	Mid-market growth buyout fund focused on the UK	**15.0**
Growth Fund[3]	Growth	North American fund targeting growth-stage technology companies	**11.0**

[3] Confidential.

Co-investments
£76m committed to 26 co-investments during the year

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

The healthcare, information technology and financials sectors in the USA in particular, offered compelling investment opportunities.

Co-investment by Geography	
USA	**67%**
Europe	**12%**
Asia & EM	**18%**
Global	**3%**

Co-investment by Sector	
Healthcare	**28%**
Information Technology	**24%**
Financials	**24%**
Industrials	**11%**
Consumer	**7%**
Energy	**6%**

Undrawn Commitments

PIP's undrawn commitments[1] enable the Company to participate in future investments in underlying companies as private equity managers build their portfolios

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

Movement in Undrawn Commitments for the Year to 31 May 2019[2]

PIP's undrawn commitments to investments increased to £521m as at 31 May 2019 from £440m as at 31 May 2018. The Company paid calls of £107m and added £176m of undrawn commitments associated with new investments made in the year. Foreign exchange effects and fund terminations accounted for the remainder of the movement.

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

Undrawn Commitments by Region
The USA and Europe have the largest undrawn commitments, reflecting the Company's investment emphasis on more developed private equity markets. Commitments to Asia and other regions provide access to faster growing economies.

USA	**50%**
Europe	**30%**
Asia and EM	**8%**
Global	**12%**

Undrawn Commitments by Stage
PIP's undrawn commitments are diversified by stage, with an emphasis on small and mid-market buyout managers.

Small/mid buyout	39%

Large/mega buyout	32%
Growth	15%
Special situations	13%
Venture	1%

Undrawn Commitments by Vintage

Approximately 22% of PIP's undrawn commitments are in vintage 2013 or older funds, where drawdowns may naturally occur at a slower pace. It is likely that a portion of these commitments will not be drawn. The rise in more recent vintages reflects PIP's recent primary commitment activity.

2019	19%
2018	24%
2017	13%
2016	12%
2015	8%
2014	2%
2013	2%
2012	2%
2009 - 2011	2%
2008	4%
2007	6%
2006 and earlier	6%

Finance and Share Buybacks

Efficient balance sheet management supports PIP's investment strategy.

Cash and Available Bank Facility

At 31 May 2019, PIP had net available cash[1] balances of £141m. In addition to these cash balances, PIP can also finance investments out of its multi-currency revolving credit facility agreement ("Loan Facility") which was renewed in June 2018. The Loan Facility is due to expire in June 2022 and comprises facilities of $163m and €60m which, using exchange rates at 31 May 2019, amounted to a sterling equivalent of £182m. At 31 May 2019, the Loan Facility remained fully undrawn.

[1] The available cash and loan figure excludes the current portion payable under the Asset Linked Note, which amounted to £2.1m as at 31 May 2019.

Asset Linked Note

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

The ALN is unlisted and subordinated to PIP's existing Loan Facility (and any refinancing), and is not transferable, other than to an affiliate of the noteholder. The ALN is expected to mature on 31 August 2027, at which point the Company will make the final repayment under the ALN. PIP has made total repayments of £122m since it was issued and as at 31 May 2019, the ALN was valued at £94m.

Undrawn Commitment Cover

At 31 May 2019, the Company had £323m of available financing, comprising its net available cash balance and Loan Facility less the current portion payable under the ALN. The sum of PIP's available financing and private equity portfolio provide 3.4 times cover relative to undrawn commitments. Generally, when a fund is past its investment period, which is typically between five and six years, it cannot make any new investments and only draws capital to fund follow-on investments into existing portfolio companies, or to pay expenses. As a result, the rate of capital calls by these older funds tends to slow dramatically. Approximately 22% of the Company's undrawn commitments are in fund vintages that are older than six years.

Share Buybacks

In the year to 31 May 2019, PIP bought back 25,000 ordinary shares at a discount of 18% to the NAV per share as at 31 May 2018 NAV, resulting in a total uplift to NAV per share of 0.3p. 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.

Other Information

The Largest 50 Managers by Value

RANK	MANAGER	REGION[2]	STAGE	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE[1]
1	Providence Equity Partners	USA	Buyout, Growth	6.2%
2	Venture Funds[3]	USA	Venture	4.0%
3	Essex Woodlands	USA	Growth	3.7%
4	Baring Private Equity Asia Ltd	Asia & EM	Growth	2.9%
5	Energy Minerals Group	USA	Special situations	2.8%
6	Ares Management	USA	Buyout	2.7%
7	Apax Partners SA	Europe	Buyout	2.5%
8	NMS Management	USA	Buyout	2.4%
9	Warburg Pincus Capital	Global	Growth	2.3%
10	IK Investment Partners	Europe	Buyout	2.2%
11	Texas Pacific Group	USA	Buyout	1.9%
12	Quantum Energy Partners	USA	Special Situations	1.6%
13	Growth Funds[3]	Europe	Growth	1.6%
14	J.C. Flowers & Co	USA	Buyout	1.6%
15	Mid-Europa Partners	Europe	Buyout	1.5%
16	Calera Capital	USA	Buyout	1.4%

17	Hellman & Friedman	USA	Buyout	1.3%
18	ABRY Partners	USA	Buyout	1.3%
19	HIG Capital	USA	Buyout	1.2%
20	First Reserve Corporation	USA	Special situations	1.2%
21	Veritas Capital	USA	Buyout	1.2%
22	Yorktown Partners	USA	Special Situations	1.1%
23	Gemini Capital	Europe	Venture	1.1%
24	IVF Advisors	Asia & EM	Buyout	1.0%
25	Growth Funds[3]	USA	Growth	1.0%
26	Lee Equity Partners	USA	Growth	1.0%
27	Francisco Partners Management	USA	Buyout	1.0%
28	Buyout Funds[3]	USA	Buyout	0.9%
29	Searchlight Capital Partners	Global	Special situations	0.9%
30	Marguerite	Europe	Special situations	0.9%
31	LYFE Capital	Asia & EM	Growth	0.9%
32	Avenue Broadway Partners LLC	Europe	Buyout	0.9%
33	Altor Capital	Europe	Buyout	0.8%
34	Altas Partners	USA	Buyout	0.8%
35	Advent International	Global	Buyout	0.8%
36	Parthenon Capital	USA	Buyout	0.8%
37	Abris Capital	Europe	Buyout	0.8%
38	The Vistria Group	USA	Buyout	0.8%
39	Equistone Partners	Europe	Buyout	0.7%
40	ECI Partners	Europe	Buyout	0.7%
41	ABS Capital	Growth	Venture	0.7%
42	Shamrock Capital Advisors	USA	Buyout	0.7%
43	TPG Asia	Asia & EM	Buyout	0.7%
44	Lyceum Capital	Europe	Buyout	0.7%
45	Chequers Partenaires SA	Europe	Buyout	0.7%
46	CHAMP Private Equity	Asia & EM	Buyout	0.6%
47	Apollo Advisors	USA	Buyout	0.6%
48	Oak HC/FT Associates	Asia & EM	Buyout	0.5%
49	1901 Partners	USA	Special situations	0.5%
50	The Barc Funds Company	USA	Growth	0.5%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE[1]				**70.6%**

[1] Percentages look through feeders and funds-of-funds and excludes the portion of the reference portfolio attributable to the Asset Linked Note.
[2] Refers to the regional exposure of funds.
[3] Confidential.

The Largest 50 Companies by Value[1]

	COMPANY	COUNTRY	SECTOR	% of PIP'S NAV
1	EUSA Pharma[2]	United Kingdom	Healthcare	2.7%
2	Energy Company[2,4]	USA	Energy	1.4%
3	Abacus Data Systems	USA	Information Technology	1.2%
4	Dermatology Company[4]	USA	Healthcare	1.1%
5	Ophthalmology Company[4]	USA	Healthcare	1.1%
6	Insurance Company[4]	USA	Financials	0.9%
7	LBX Pharmacy[3]	China	Consumer	0.9%
8	Software Company[2,4]	USA	Information Technology	0.8%
9	Vistra Group[2]	Hong Kong	Financials	0.8%
10	Permian Resources[2]	USA	Energy	0.8%
11	Apollo Education	USA	Consumer	0.7%
12	Atria Convergence Technologies[2]	India	Communication Services	0.7%
13	Education Services Company[4]	Luxembourg	Consumer	0.7%
14	Adyen[3]	Netherlands	Information Technology	0.6%
15	Vertical Bridge[2]	USA	Communication Services	0.6%
16	Centric Group[2]	USA	Consumer	0.6%
17	ZeniMax Media	USA	Communication Services	0.6%
18	ALM Media[2]	USA	Communication Services	0.6%
19	National Veterinary Associates	USA	Consumer	0.6%
20	Nexi[2,3]	Italy	Financials	0.6%
21	Melita[2]	Malta	Communication Services	0.6%
22	Kyobo Life Insurance	South Korea	Financials	0.6%
23	GE Capital Services India[2]	India	Financials	0.6%

24	Salad Signature[2]	Belgium	Consumer	0.5%
25	Arnott Industries[2]	USA	Consumer	0.5%
26	Groupe Inseec[2]	France	Consumer	0.5%
27	Communications Company[2,4]	France	Communication Services	0.5%
28	Colisée[2]	France	Healthcare	0.5%
29	Capital Vision Services	USA	Healthcare	0.5%
30	Profi Rom[2]	Romania	Consumer	0.4%
31	Mobilitie[2]	USA	Industrials	0.4%
32	Navitas	USA	Energy	0.4%
33	Nord Anglia[2]	Hong Kong	Consumer	0.4%
34	Confie Seguros[2]	USA	Financials	0.4%
35	Ministry Brands[2]	USA	Information Technology	0.4%
36	NIBC Bank	Netherlands	Financials	0.4%
37	CIPRES[2]	France	Financials	0.4%
38	RightPoint Consulting[2]	USA	Industrials	0.4%
39	Jfrog	Israel	Information Technology	0.4%
40	Hoffmaster Group	USA	Consumer	0.4%
41	Acuon Capital	South Korea	Financials	0.4%
42	OWP Butendiek	Germany	Utilities	0.4%
43	Thomson Reuters Intellectual Property[3]	USA	Information Technology	0.3%
44	Engencap Holding	Mexico	Financials	0.3%
45	Shawbrook[2]	United Kingdom	Financials	0.3%
46	Southern Dental[2]	USA	Healthcare	0.3%
47	HUB International[2]	USA	Financials	0.3%
48	CallRail[2]	USA	Information Technology	0.3%
49	Alion Science and Technology[2]	USA	Industrials	0.3%
50	Affinity Education Group[2]	Australia	Consumer	0.3%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE				**30.4%**

[1]The largest 50 companies table is based upon underlying company valuations at 31 December 2018 adjusted for known call and distributions to 31 May 2019, and includes the portion of the reference portfolio attributable to the Asset Linked Note.

[2]Co-investments/directs.

[3]Listed companies.

[4] Confidential

Portfolio Concentration as at 31 May 2019

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

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

THE DIRECTORS

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

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

** Independent of the Manager*

EXTRACTS FROM THE DIRECTORS' REPORT

Share Capital

As at 31 May 2019 and as at the date of this Report, the Company had shares in issue as shown in the table below, all of which were listed on the official list maintained by the FCA and admitted to trading on the London Stock Exchange. No shares were held in treasury at the year end.

During the year, the Company purchased 25,000 ordinary shares for cancellation (with a nominal value of £16,750) at a total cost of £499,729. This represented 0.05% of the issued share capital at 31 May 2019. Since 31 May 2019, the Company has not purchased any further shares.

Share Capital and Voting Rights at 31 May 2019	**Number of Shares in issue**	**Voting rights attached to each share**	**Number of shares held in treasury**
Ordinary shares at £0.67 each	54,089,447	1	-
Total voting rights	**54,089,447**	-	-

Going Concern

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

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

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

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

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

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

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

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

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

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

Signed on behalf of the Board by
Sir Laurie Magnus
Chairman
6 August 2019

NON-STATUTORY ACCOUNTS
The financial information set out below does not constitute the Company's statutory accounts for the year ended 31 May 2019 and period ended 31 May 2018 but is derived from those accounts. Statutory accounts for 2018 have been delivered to the Registrar of Companies, and those for 2019 will be delivered in due course. The Auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The text of the Auditors' report can be found in the Company's full Annual Report and financial statements at www.piplc.com.

Income Statement
Year ended 31 May 2019

		Year ended 31 May 2019			Year ended 31 May 2018		
	Note	**Revenue £'000**	**Capital £'000**	**Total* £'000**	Revenue £'000	Capital £'000	Total* £'000
Gains on investments at fair value through profit or loss**	9b	**-**	**204,473**	**204,473**	-	149,778	149,778
Losses on financial liabilities at fair	13	**(1,229)**	**(8,815)**	**(10,044)**	(1,083)	(10,083)	(11,166)

value through profit or loss - ALN**							
Currency gains/(losses) on cash and borrowings	17	**-**	**6,810**	**6,810**	-	(1,929)	(1,929)
Investment income	2	**13,222**	**-**	**13,222**	15,504	-	15,504
Investment management fees	3	**(16,584)**	**-**	**(16,584)**	(15,020)	-	(15,020)
Other expenses	4	**(5)**	**(568)**	**(573)**	(296)	(2,974)	(3,270)
Return before financing and taxation		**(4,596)**	**201,900**	**197,304**	(895)	134,792	133,897
Interest payable and similar expenses	6	**(2,386)**	**-**	**(2,386)**	(1,950)	-	(1,950)
Return before taxation		**(6,982)**	**201,900**	**194,918**	(2,845)	134,792	131,947
Taxation	7	**(2,594)**	**-**	**(2,594)**	(9,170)	-	(9,170)
Return for the year, being total comprehensive income for the year		**(9,576)**	**201,900**	**192,324**	(12,015)	134,792	122,777
Return per ordinary share	8	**(17.70)p**	**373.17p**	**355.47p**	(20.72)p	232.48p	211.76p

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

** Includes currency movements on investments.

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

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

No operations were acquired or discontinued during the period.

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

Statement of Changes in Equity
Year ended 31 May 2019

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other capital reserve £'000	Capital reserve on investments held £'000	Revenue reserve* £'000	Total £'000
Movement for the year ended 31 May 2019							
Opening equity shareholders' funds	**36,257**	**269,535**	**3,308**	**572,278**	**500,079**	**(74,693)**	**1,306,764**
Return for the year	**-**	**-**	**-**	**163,326**	**38,574**	**(9,576)**	**192,324**
Ordinary shares bought back for cancellation	**(17)**	**-**	**17**	**(500)**	**-**	**-**	**(500)**
Closing equity shareholders' funds	**36,240**	**269,535**	**3,325**	**735,104**	**538,653**	**(84,269)**	**1,498,588**
Movement for the year ended 31 May 2018							
Opening equity shareholders' funds	22,456	283,555	3,089	645,011	496,100	(62,678)	1,387,533
Return for the year	-	-	-	130,813	3,979	(12,015)	122,777
Ordinary shares bought back for cancellation	(128)	-	128	(3,546)	-	-	(3,546)
Redemption of redeemable shares to ALN	(91)	-	91	(200,000)	-	-	(200,000)
Bonus issue of deferred shares to redeemable shareholders	14,020	(14,020)	-	-	-	-	-
Conversion of deferred and redeemable shares to ordinary shares	(14,232)	-	-	-	-	-	(14,232)
Ordinary shares issued following conversion of deferred and redeemable shares as part of the share class consolidation	14,232	-	-	-	-	-	14,232
Closing equity shareholders' funds	36,257	269,535	3,308	572,278	500,079	(74,693)	1,306,764

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

The Notes form part of these financial statements.

Balance Sheet
As at 31 May 2019

	Note	31 May 2019 £'000	30 May 2018 £'000
Fixed assets			
Investments at fair value	9a/b	**1,449,634**	1,274,737
Current assets			
Debtors	11	**3,222**	3,891
Cash at bank		**142,773**	162,292
		145,995	166,183
Creditors: Amounts falling due within one year			
Other creditors	12	**4,682**	19,046
		4,682	19,046
Net current assets		**141,313**	147,137
Total assets less current liabilities		**1,590,947**	1,421,874
Creditors: Amounts falling due after one year			
Asset Linked Loan	13	**92,359**	115,110
		92,359	115,110
Net assets		**1,498,588**	1,306,764
Capital and reserves			
Called-up share capital	14	**36,240**	36,257
Share premium	15	**269,535**	269,535
Capital redemption reserve	15	**3,325**	3,308
Other capital reserve	15	**735,104**	572,278
Capital reserve on investments held	15	**538,653**	500,079
Revenue reserve	15	**(84,269)**	(74,693)
Total equity shareholders' funds		**1,498,588**	1,306,764
Net asset value per share - ordinary	16	**2,770.57p**	2,414.82p

The Notes form part of these financial statements.

The financial statements were approved by the Board of Pantheon International Plc on 6 August 2019 and were signed on its behalf by

Sir Laurie Magnus
Chairman
Company No. 2147984

Cash Flow Statement
Year ended 31 May 2019

	Note	Year ended 31 May 2019 £'000	Year ended 31 May 2018 £'000
Cash flow from operating activities			
Investment income received		**12,818**	13,619
Deposit and other interest received		**1,359**	830
Investment management fees paid		**(16,401)**	(14,969)
Secretarial fees paid		**(231)**	(223)
Depositary fees paid		**(191)**	(229)
Other cash payments		**405**	(5,857)
Withholding tax deducted		**(3,407)**	(10,483)
Net cash outflow from operating activities	17	**(5,648)**	(17,312)
Cash flows from investing activities			
Purchases of investments		**(285,326)**	(254,426)
Disposals of investments		**313,330**	351,335
Net cash inflow from investing activities		**28,004**	96,909
Cash flows from financing activities			
ALN repayments		**(44,909)**	(77,152)
Ordinary shares purchased for cancellation		**(500)**	(3,546)
Loan commitment and arrangement fees paid		**(3,286)**	(1,577)
Net cash outflow from financing activities		**(48,695)**	(82,275)
Decrease in cash in the year		**(26,339)**	(2,678)
Cash and cash equivalents at beginning of the period		**162,292**	167,252
Foreign exchange gains/(losses)		**6,820**	(2,282)
Cash and cash equivalents at end of the year		**142,773**	162,292

The Notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

A. Basis of Preparation
The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 May 2019. 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 financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value.

On 18 April 2017, the Board of the Company approved, with immediate effect, a change in the Company's accounting reference date from 30 June to 31 May of each year. The change in accounting reference date and quicker publication of results enables the Company to provide more up-to-date information on its underlying portfolio.

B. AIC SORP
The financial statements have been prepared in accordance with the SORP (as amended in November 2014 and updated in January 2017 and February 2018 with consequential amendments) 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 an 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 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 value 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 recognised at fair value on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business at the Balance Sheet date. For investments that are not actively traded in organised financial markets, fair value is determined using reliable valuation techniques as described below:

i Unquoted fixed asset investments are stated at the estimated fair value.
In the case of investments in private equity funds, this is based on the net asset value of those funds ascertained from periodic valuations provided by the managers of the funds and recorded up to the measurement date. Such valuations are necessarily dependent upon the reasonableness of the valuations by the fund managers of the underlying investments. In the absence of contrary information the values are assumed to be reliable. These valuations are reviewed periodically for reasonableness and recorded up to the measurement date. If a class of assets were sold post period end, management would consider the effect, if any, on the investment portfolio.

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

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

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

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

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

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

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

See Note 13 for further information.

F. 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.

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

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

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

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

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

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

- Investment performance fees.

I. 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 period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the revenue or capital column of the Income Statement depending on whether the gain or loss is of a capital or revenue nature. For non-monetary assets these are covered by fair value adjustments. For details of transactions included in the capital column of the Income Statement please see (J) and (K) below.

J. 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.

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

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

L. Investment Performance Fee
The Manager is entitled to a performance fee from the Company in respect of each 12 calendar month period ending on 31 May in each year and, prior to 31 May 2017, the period of 12 calendar months ending 30 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 31 May 2019, the notional performance fee hurdle is a net asset value per share of 3,454.52p. 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.

M. 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 19.

2. Income

	31 May 2019	31 May 2018

	£'000	£'000
Income from investments		
Investment income	**11,905**	14,618
	11,905	14,618
Other income		
Interest	**1,320**	884
Exchange difference on income	**(3)**	2
	1,317	886
Total income	**13,222**	15,504
Total income comprises		
Dividends	**11,905**	14,618
Bank interest	**1,320**	884
Exchange difference on income	**(3)**	2
	13,222	15,504
Analysis of income from investments		
Unlisted	**11,905**	14,618
	11,905	14,618
Geographical analysis		
UK	**134**	803
USA	**7,344**	9,568
Other overseas	**4,427**	4,247
	11,905	14,618

3. Investment Management Fees

		31 May 2019			31 May 2018	
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fees	**16,584**	**-**	**16,584**	15,020	-	15,020
	16,584	**-**	**16,584**	15,020	-	15,020

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

During the year, services with a total value of £17,046,000 (year to 31 May 2018: £15,510,000), being £16,584,000 (year to 31 May 2018: £15,020,000) directly from Pantheon Ventures (UK) LLP and £462,000 (year to 31 May 2018: £490,000) 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 £18,050,000 as at 31 May 2019 (31 May 2018: £24,014,000). In addition, the Manager has agreed that the total fees (including performance fees) payable by Pantheon Funds to members of the Pantheon Group and attributable to the Company's investments in Pantheon Funds shall be less than the total fees (excluding the performance fee) that the Company would have been charged under the Management Agreement had it invested directly in all of the underlying investments of the relevant Pantheon Funds instead of through the relevant Pantheon Funds.

At 31 May 2019, £1,467,000 (31 May 2018: £1,284,000) was owed for investment management fees. No performance fee is payable in respect of the year to 31 May 2019 (31 May 2018: nil). The basis upon which the performance fee is calculated is explained in Note 1(L) and in the Directors' Report within the Company's full Annual Report.

4. Other Expenses

		31 May 2019			31 May 2018	
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Secretarial and accountancy services	**239**	**-**	**239**	235	-	235
Depositary fees	**211**	**-**	**211**	221	-	221
Fees payable to the Company's Auditor for the audit of the annual financial statements	**55**	**-**	**55**	64	-	64
Fees payable to the Company's Auditor for						
- audit-related assurance services - Half-Yearly report	**9**	**-**	**9**	8	-	8
- other non-audit services not covered above - net asset value calculations	**27**	**-**	**27**	25	-	25
Directors' remuneration (see Note 5)	**264**	**-**	**264**	264	-	264
Employer's National Insurance	**31**	**-**	**31**	26	-	26
Irrecoverable VAT	**56**	**-**	**56**	142	-	142
Legal and professional fees	**152**	**570**	**722**	144	972	1,116
Printing	**93**	**-**	**93**	52	-	52
Other*	**326**	**-**	**326**	319	-	319
ALN issue costs	**-**	**(2)**	**(2)**	-	2,002	2,002
ALN Expense Charge (see Note 1 (E))	**(1,458)**	**-**	**(1,458)**	(1,204)	-	(1,204)
	5	**568**	**573**	296	2,974	3,270

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

* See Note 9b for detailed information.

5. Directors' Remuneration

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

6. Interest Payable and Similar Expenses

	31 May 2019 £'000	31 May 2018 £'000
Negative bank interest	**25**	18
Loan commitment and arrangement fees	**2,361**	1,932
	2,386	1,950

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

The new £175m four-year loan facility has been redenominated using current exchange rates to $163.0m and €59.8m. The terms of the new facility are materially the same as those of the previous facility but will expire in June 2022 with an option after one year to extend, by agreement, the maturity date by another year.

Upfront fees of £1.575m are being amortised over the four-year life of the facility. A commitment fee of 0.94% per annum is payable quarterly, in respect of the amounts available for drawdown. Interest payable on any drawn down amount is payable for the duration of the drawdown period.

The new loan facility provides a margin of additional assurance that the Company has the ability to finance its unfunded commitments in the future. At 31 May 2019 and 31 May 2018 the loan facility remained fully undrawn.

7. Taxation

			31 May 2019			31 May 2018
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Withholding tax deducted from distributions	**2,594**	**-**	**2,594**	9,170	-	9,170

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

Net return before tax	**(6,982)**	**201,900**	**194,918**	(2,845)	134,792	131,947
Theoretical tax at UK corporation tax rate of 19% (31 May 2018: 19%)	**(1,327)**	**38,361**	**37,034**	(540)	25,610	(25,070)
Non-taxable investment, derivative and currency gains	**-**	**(38,469)**	**(38,469)**	-	(26,175)	(26,175)
Effect of expenses in excess of taxable income	**-**	**108**	**108**	-	185	185
Expenses disallowable for tax purposes	**-**	**-**	**-**	-	380	380
Carry forward management expenses	**1,327**	**-**	**1,327**	540	-	540
Withholding tax deducted from distributions	**(2,594)**	**-**	**(2,594)**	(9,170)	-	(9,170)
	(2,594)	**-**	**(2,594)**	(9,170)	-	(9,170)

Factors That May Affect Future Tax Charges

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

No deferred tax asset has been recognised in respect of excess management expenses and expenses in excess of taxable income as they will only be recoverable to the extent that there is sufficient future taxable revenue. As at 31 May 2019, excess management expenses are estimated to be in excess of £180m (31 May 2018: £165m).

At 31 May 2019, the Company had no unprovided deferred tax liabilities (31 May 2018: £nil).

8. Return per Share

			31 May 2019			31 May 2018
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return for the financial period in £'000	**(9,576)**	**201,900**	**192,324**	(12,015)	134,792	122,777
Weighted average ordinary shares			**54,104,721**			57,980,242
Return per share	**(17.70)p**	**373.17p**	**355.47p**	(20.72)p	232.48p	211.76p

There are no dilutive effects to earnings per share.

9a. Movements on Investments

	31 May 2019 £'000	31 May 2018 £'000
Book cost brought forward	**764,575**	729,164
Acquisitions at cost	**284,846**	251,327
Capital distributions - proceeds	**(314,341)**	(350,693)
Capital distributions - realised gains on sales	**157,003**	134,777

Book cost at year end	**892,083**	764,575
Unrealised appreciation of investments		
Unlisted investments	**551,852**	509,592
Listed investments	**5,699**	570
Valuation of investments at year end	**1,449,634**	1,274,737

9b. Analysis of Investments

	31 May 2019 £'000	31 May 2018 £'000
Sterling		
Unlisted investments	**43,155**	26,694
	43,155	26,694
US dollar		
Unlisted investments	**1,141,081**	980,063
Listed investments	**5,698**	568
	1,146,779	980,631
Euro		
Unlisted investments	**235,188**	238,925
	235,188	238,925
Other		
Unlisted investments	**24,511**	28,485
Listed investments	**1**	2
	24,512	28,457
	1,449,634	1,274,737
Realised gains on sales	**157,003**	134,777
Amounts previously recognised as unrealised appreciation on those sales	**570**	1,364
Increase in unrealised appreciation	**46,819**	13,820
Revaluation of amounts owed in respect of transactions	**81**	(183)
Gains on investments	**204,473**	149,778

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 (31 May 2018: £nil) and to the disposals of investments totalled £6,000 (31 May 2018: £11,000) for the year. In addition, legal fees incidental to the acquisition of investments totalled £568,000 (31 May 2018: £972,000) and the ALN issue costs totalled (£2,000) being a write back of over-accrued expenses (31 May 2018: £2,002,000) as disclosed in Note 4, have been taken to the capital column in the Income Statement since they are capital in nature.

9c. Material Investment

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

Investment	**% ownership**	**Closing net assets value £m**
Ares Corporate Opportunities Fund IV	0.9%	31.7

10. Fair Value Hierarchy

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

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Unlisted holdings	**-**	**-**	**1,443,395**	**1,443,935**
Listed holdings	**5,699**	**-**	**-**	**5,699**
	5,699	**-**	**1,443,935**	**1,449,634**

Financial Assets at Fair Value Through Profit or Loss at 31 May 2018

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Unlisted holdings	-	-	1,274,167	1,274,167
Listed holdings	570	-	-	570
	570	-	1,274,167	1,274,737

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

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

Financial Liabilities at Fair Value Through Profit or Loss at 31 May 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000

Asset Linked Note	-	-	131,585	131,585
	-	-	131,585	131,585

11. Debtors

	31 May 2019	31 May 2018
	£'000	£'000
Amounts owed by investment funds	**1,808**	724
Prepayments and accrued income	**1,414**	3,167
	3,222	3,891

12. Creditors Amounts Falling Due Within One Year

	31 May 2019	31 May 2018
	£'000	£'000
Investment management fees	**1,467**	1,284
Amounts owed in respect of transactions	**339**	478
ALN repayment to the Investor	**2,090**	16,475
Other creditors and accruals	**786**	809
	4,682	19,046

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

	31 May 2019	31 May 2018
	£'000	£'000
Opening value of ALN	**131,585**	-
Initial principal amount issued	**-**	200,000
Repayments of net cashflows received	**(44,909)**	(77,152)
Fair value movements through profit or loss	**10,044**	11,166
Expense Charge and ALN share of witholding taxes	**(2,271)**	(2,429)
Closing Value of ALN	**94,449**	131,585
Transfer to creditors due within one year	**(2,090)**	(16,475)
	92,359	115,100

As part of the share consolidation effected on 31 October 2017, the Company issued an ALN with an initial principal amount of £200m to the Investor. Payments under the ALN are made quarterly in arrears and are linked to the ALN share (c75%) of the net cash flow from a reference portfolio which is comprised of interests held by PIP in over 300 of its oldest private equity funds, substantially 2006 and earlier vintages. PIP retains the net cash flow relating to the remaining c25% of the reference portfolio.

The ALN is held at fair value through profit or loss and therefore movements in fair value are reflected in the Income Statement. The Directors do not believe there to be a material own credit risk, due to the fact that repayments are only due when net cash flow is received from the reference portfolio. Fair value is calculated as the sum of the ALN share of fair value of the reference portfolio plus the ALN share of undistributed net cash flow which is equivalent to the amount which would be required to be repaid had the ALN matured on 31 May 2019. Therefore no fair value movement has occurred during the year as a result of changes to credit risk.

A pro rata share of the Company's Total Ongoing Charges is allocated to the ALN, reducing each quarterly payment ("the Expense Charge") and deducted from Other Expenses in the Income Statement.

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

During the year, the Company made repayments totalling £44.9m, representing the ALN share of net cash flow for the year to 28 February 2019. The fair value of the ALN at 31 May 2019 was £94.4m, of which £2.1m represents the net cash flow for the three months to 31 May 2019, due for repayment on 31 August 2019. This amount has therefore been transferred to amounts due within one year (see Note 12).

14. Called-up Share Capital

		31 May 2019		31 May 2018
	Shares	**£'000**	Shares	£'000
Allotted, called-up and fully paid:				
Ordinary shares of 67p each				
Opening position	**54,114,447**	**36,257**	33,062,013	22,153
Issue of shares following conversion	**-**	**-**	21,242,434	14,232
Cancellation of shares	**(25,000)**	**(17)**	(190,000)	(128)
Closing position	**54,089,447**	**36,240**	54,114,447	36,257
Redeemable shares of 1p each				
Opening position	**-**	**-**	30,297,534	303
Redemption of shares to ALN	**-**	**-**	(9,055,100)	(91)
Conversion to ordinary shares	**-**	**-**	(21,242,434)	(212)
Closing position	**-**	**-**	-	-
Deferred shares of 66p each				
Opening position	**-**	**-**	-	-
Bonus issue of shares to redeemable shareholders	**-**	**-**	21,242,434	14,020
Conversion to ordinary shares	**-**	**-**	(21,242,434)	(14,020)
Closing position	**-**	**-**	-	-
Total shares in issue	**54,089,447**	**36,240**	54,114,447	36,257

During the year to 31 May 2018, the Company consolidated its ordinary and redeemable share capital into a single class of ordinary shares. The Company also issued an unlisted ALN (see Note 13 for further information).

The reorganisation of the share capital was implemented on 31 October 2017 and consisted of:

a) a redemption by the Company of 9,055,100 redeemable shares owned by the largest holder of the redeemable shares ("the Investor") for an aggregate consideration of £200m and the subsequent application of these redemption proceeds for the subscription for the ALN by the Investor;

b) a bonus issue of new deferred shares of 66p each in the capital of the Company; and

c) the subsequent consolidation, sub-division and redesignation of the remaining redeemable shares and the new deferred shares into new ordinary shares of 67p each in the capital of the Company, ranking pari passu in all respects with the existing ordinary shares.

During the period 25,000 ordinary shares (31 May 2018: 190,000) were bought back in the market for cancellation. The total consideration paid, including commission and stamp duty, was £500,000 (31 May 2018: £128,000).

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

15. Reserves

	Share premium £'000	Capital redemption reserve £'000	Other capital reserve £'000	Capital reserve on investments held £'000	Revenue reserve* £'000
Beginning of year	**269,535**	**3,308**	**572,278**	**500,079**	**(74,693)**
Net gain on realisation of investments	**-**	**-**	**157,003**	**-**	**-**
Increase in unrealised appreciation	**-**	**-**	**-**	**46,819**	**-**
Losses on financial instruments at fair value through profit or loss - ALN	**-**	**-**	**-**	**(8,815)**	**-**
Transfer on disposal of investments	**-**	**-**	**-**	**570**	**-**
Revaluation of amounts owed in respect of transactions	**-**	**-**	**81**	**-**	**-**
Exchange differences on currency	**-**	**-**	**6,820**	**-**	**-**
Exchange differences on other capital items	**-**	**-**	**(10)**	**-**	**-**
Legal and professional expenses charged to capital	**-**	**-**	**(570)**	**-**	**-**
Other expenses charged to capital	**-**	**-**	**2**	**-**	**-**
Share buybacks	**-**	**17**	**(500)**	**-**	**-**
Revenue return for the year	**-**	**-**	**-**	**-**	**(9,576)**
End of Year	**269,535**	**3,325**	**735,104**	**538,653**	**(84,269)**

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

16. Net Asset Value per Share

	31 May 2019	31 May 2018
Net assets attributable in £'000	**1,498,588**	1,306,764
ordinary shares	**54,089,447**	54,114,447
Net asset value per share - ordinary	**2,770.57p**	2,414.82p

The Company had redeemable shares which were converted to ordinary shares on 31 October 2017 and were admitted to trading on the Main Market of the London Stock Exchange on 1 November 2017. As at 31 May 2018 and 2019 there are only ordinary shares in issue.

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

	31 May 2019 £'000	31 May 2018 £'000
Return before taxation and finance costs	**197,304**	133,897
Withholding tax deducted	**(2,594)**	(9,170)
Gains on investments	**(204,473)**	(149,778)
Currency (gains)/losses on cash and borrowings	**(6,810)**	1,929
Increase/(decrease) in creditors	**398**	(31)
Decrease/increase in other debtors	**2,754**	(2,896)
Losses on financial liabilities at fair value through profit or loss	**10,044**	11,166
Expenses and taxation associated with ALN	**(2,271)**	(2,429)
Net cash outflow from operating activities	**(5,648)**	(17,312)

18. Contingencies, Guarantees and Financial Commitments

At 31 May 2019, there were financial commitments of £521.0m (31 May 2018: £440.2m) in respect of investments in partly paid shares and interests in private equity funds.

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

19. Analysis of Financial Assets and Liabilities

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

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

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

- Liquidity/marketability risk;
- Interest rate risk;
- Market price risk; and
- Foreign currency risk.

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

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

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

There are times when opportunities for the Company to acquire secondary unquoted portfolios of interests or co-investments may be limited due to the cyclical nature of their occurrence. As a result, at times of low investment opportunity, some funds may be held on deposit or invested in gilts and other fixed interest government bonds. It is the nature of investment in private equity that a commitment (see Note 18 for outstanding commitments as at 31 May 2019) 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 entered into a multi-currency revolving credit facility with The Royal Bank of Scotland plc and Lloyds Bank plc and comprising facilities of $139m and €67m of which at 31 May 2018 the sterling equivalent of £nil was drawn down.

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

The principal covenant that applies to the loan facility is that gross borrowings do not exceed 34% of adjusted gross asset value.

Total available financing as at 31 May 2019 stood at £323.0m (31 May 2018: £308.6m), comprising £140.7m (31 May 2018: £145.8m) in available cash balances and £182.3m (31 May 2018: £162.8m) (sterling equivalent) in undrawn bank facilities. The available financing along with the private equity portfolio exceeded the outstanding commitments by 3.4 times (31 May 2018: 3.6 times).

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

Interest on the revolving credit facility is payable at variable rates determined subject to drawdown. Variable rates are defined as LIBOR or EURIBOR + 2.35%, dependent on the currency drawn. The interest rate is then fixed for the duration that the loan is drawn down. At 31 May 2019, there was the sterling equivalent of £nil funds drawn down on the loan facilities (31 May 2018: £nil). A commitment fee of 0.94% per annum is payable in respect of the amounts available for drawdown available under the 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 2019 and 2018 consisted of investments, cash and debtors (excluding prepayments). As at 31 May 2019, the interest rate risk and maturity profile of the Company's financial assets was as follows

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

The interest rate and maturity profile of the Company's financial assets as at 31 May 2018 was as follows:

31 May 2018	**Total £'000**	**No Maturity Date £'000**	**Matures within 1 year £'000**	**Matures after 1 year £'000**	**Fixed interest average interest rate %**
Rate risk financial assets fair value of no interest					
Sterling	58,993	58,993	-	-	-
US dollar	1,109,499	1,109,499	-	-	-
Euro	241,035	241,035	-	-	-
Other	29,347	29,347	-	-	-
	1,438,874	1,438,874	-	-	-

Financial Liabilities
At 31 May 2019 the Company had drawn the sterling equivalent of £nil (31 May 2018: £nil) of its new four-year committed revolving multi currency credit facility, expiring June 2022, with Lloyds Bank and NatWest Markets. Interest is incurred at a variable rate as

agreed at the time of drawdown and is payable at the maturity date of each advance. At the year end, interest of £nil (31 May 2018: £nil) was accruing as the facilities were unutilised.

At 31 May 2019 and 31 May 2018, other than the ALN, all financial liabilities were due within one year and comprised short-term creditors. The ALN is repayable by no later than 31 August 2027.

Market Price Risk
The method of valuation of the fixed asset investments is described in Note 1(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 31 May 2019 valuation, with all other variables held constant, there would have been a reduction of £289,927,000 (31 May 2018 based on a fall of 20%: £254,958,000) in the return before taxation. An increase of 20% would have increased the return before taxation by an equal and opposite amount.

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

The investment approach and the Manager's consideration of the associated risk are discussed in further detail in the Strategic Report 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 31 May 2019, realised exchange losses of £10,000 (31 May 2018: realised exchange gains of £353,000) and realised gains relating to currency of £6,820,000 (31 May 2018: realised losses of £2,282,000) have been taken to the capital reserve.

The Company's exposure to foreign currency excluding private equity investments is shown below. In relation to this exposure, if the sterling/dollar and sterling/euro exchange rate had reduced by 10% from that obtained at 31 May 2019, it would have the effect, with all other variables held constant, of increasing equity shareholders' funds by £11,012,000 (31 May 2018: £13,592,000). 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 £13,768,000 (31 May 2018: £12,686,000). The calculations are based on the financial assets and liabilities and the exchange rate as at 31 May 2019 of 1.2597 (31 May 2018: 1.33035) sterling/dollar and 1.1309 (31 May 2018: 1.13945) sterling/euro. The Company's investment currency exposure is disclosed in Note 9b.

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

	31 May 2019 Assets £'000	**31 May 2019 Liabilities £'000**	31 May 2018 Assets £'000	31 May 2018 Liabilities £'000
US dollar	**118,523**	**638**	128,812	731
Euro	**2,981**	**122**	2,110	118
Swedish krone	**1,597**	**-**	95	-
Norwegian krone	**569**	**-**	113	-
Australian dollar	**451**	**-**	653	-
	124,121	**760**	131,783	849

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

As at 31 May 2019 and 31 May 2018 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.

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

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

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

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on Wednesday, 30 October 2019 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.

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

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Important Information

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