RNS Number : 0097E
Pantheon International PLC
22 February 2024

For immediate release

The information contained in this announcement is restricted and is not for publication, release or distribution in the United States of America, Canada, Australia (other than to persons who are both wholesale clients and professional or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

PANTHEON INTERNATIONAL PLC
INTERIM REPORT FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023

The full Interim 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)333 300 1950.

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

Pantheon International Plc, a FTSE 250 investment trust that provides access to an actively-managed global and diversified portfolio of private equity-backed companies, today publishes its Interim Report and Accounts for the six months ended 30 November 2023.

Corporate activity

- Capturing value for PIP's shareholders:
  - Launch of up to **£200m share buyback programme** to take advantage of the wide discount on PIP's shares and invest in PIP's own portfolio during the financial year to 31 May 2024. During the half year to 30 November 2023, **£157m was invested** in share buybacks, including a **£150m tender offer** which was completed in October 2023.
- Optimised capital structure for more flexibility and robustness because of the longer, staggered debt maturity profile and more diversified funding sources:
  - During the period, PIP agreed **a new £500m equivalent credit facility** to replace the previous credit facility and Credit Suisse as one of the lenders.
  - Following the period end, PIP agreed a private placement of **US$150m of loan notes**, structured over different maturities of five, seven and ten years, with five high quality North American investors.
  - The refinancing and the private placement have increased the number of PIP's credit counterparties from three to ten within two separate highly liquid markets.

Performance update

- PIP's share price **increased by 8.1%** during the period and it was **up by 20%** for the calendar year 2023.
- NAV per share **grew by 3.1%** during the half year. Valuation gains in the portfolio and NAV accretion from share buybacks were partially offset by unfavourable currency movements, given that PIP's portfolio is predominantly USD-denominated. Currency movements tend to balance out over the long term.
- PIP **has a strong long-term track record**. Annualised NAV per share growth over the last 10 years was 13.8%. The NAV **performance beats** the public market benchmarks over the last three, five and ten years and since the Company's inception in 1987.

ANNUALISED PERFORMANCE AS AT 30 NOVEMBER 2023

	1 yr	3 yrs	5 yrs	10 yrs	Since inception[1]

NAV per share (stated net of fees)	1.5%	14.9%	12.2%	13.8%	12.0%
Ordinary share price	8.7%	8.2%	7.5%	11.1%	10.8%
FTSE All-Share, Total Return	1.8%	8.4%	4.9%	5.1%	7.3%
MSCI World, Total Return (Sterling)	6.8%	9.5%	10.7%	11.7%	8.3%

[1] Inception in September 1987.

NAV per share vs. market performance

	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Versus FTSE All-Share, Total Return	-0.3%	+6.5%	+7.3%	+8.7%	+4.7%
Versus MSCI World, Total Return (Sterling)	-5.3%	+5.4%	+1.5%	+2.1%	+3.7%

Share price vs. market performance

	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Versus FTSE All-Share, Total Return	+6.9%	-0.2%	+2.6%	+6.0%	+3.5%
Versus MSCI World, Total Return (Sterling)	+1.9%	-1.3%	-3.2%	-0.6%	+2.5%

Portfolio update

- **Annualised EBITDA and revenue growth of 19% and 18%** respectively in PIP's underlying portfolio company investments over the past five financial years, indicating the **strength and resilience** of these companies and **underpinning our confidence in PIP's reported NAV**.
- PIP's loss ratio for all investments, realised and unrealised, made over the last 10 years **is low at 2.4%**[1].
- Weighted average uplift from fully realised exits was **17%** and the weighted average uplift since 2012 has been 30%. The average cost multiple on exit realisations was **2.5 times** during the half year, and that figure since 2012 has been 3.0 times. The cost multiple on the existing portfolio, as implied by the current NAV, is 1.6 times. These figures point to the significant embedded value in PIP's portfolio.
- PIP's portfolio has remained cash-generative during the period with **net cash inflow** from the portfolio of **£30m**.

[1] *Loss ratio is calculated by the sum of 1) the loss made in the realised investments which have exited below cost and 2) the difference between the unrealised value and the cost on the unrealised investments which are held at below the cost, divided by the aggregate investment costs of all investments*

Financial position update

- As at 30 November 2023, PIP had access to net available cash of **£24m** in addition to its multi-currency revolving **£500m** credit facility of which £121m was drawn at the period end.
- The proceeds of the US$150m private placement loan notes have been used to repay the existing drawings on the credit facility. As such, the issuance of the privately placed loan notes has not resulted in a significant change in PIP's leverage. As at 31 January and following the issuance of the privately placed loan notes, PIP's net debt to NAV, excluding the Asset Linked Note, is conservative at 5.5%.

Company update

- Zoe Clements and Rahul Welde were appointed to the Board of PIP, providing additional expertise in private equity investment, corporate finance, marketing and audit.

Commenting on the half year, **John Singer CBE, Chair of PIP**, said: "The past six months have clearly been an extremely busy period for PIP, which included a substantial share buyback programme of up to £200m, involving a tender offer, and a reworking of our capital structure. These activities are enabling us to fulfil our purpose, which remains to deliver excellent risk-adjusted long-term capital appreciation to a growing shareholder base of institutions and individuals, through easier access to diversified and well selected private companies, while offering the daily liquidity of a quoted stock. We will continue our dialogue with a wide group of shareholders and ensure that we put their interests first."

Commenting on PIP, **Jie Gong, Partner at Pantheon and Co-lead Manager of PIP**, said: "PIP has been designed to provide an "all weather", high quality portfolio that can withstand macroeconomic volatility and market cycles. The majority of PIP's portfolio is invested in buyouts of profitable and differentiated businesses, with technology and healthcare companies making up a considerable slice of PIP's exposure. Our preference is to "lean in" to the dynamic parts of the economy, while avoiding cyclical businesses, and this underpins our strategy in generating stable, attractive risk-adjusted returns over the long term."

Commenting on the private equity market, **Helen Steers, Partner at Pantheon and Co-lead Manager of PIP**, said: "Market dislocation offers good opportunities for those investors that have the capital and the expertise to take advantage of them, and we have seen new deal activity starting to tick up towards the end of 2023. We believe that Pantheon's reputation as an established and a reliable partner through market cycles will continue to serve us well for securing high quality deal flow from private equity managers on behalf of PIP."

A video of John Singer CBE discussing corporate activity during the half year and a video of the team at Pantheon discussing PIP's half-year results are available on PIP's website at www.piplc.com.

LEI: 2138001B3CE5S5PEE928

For more information please contact:

Pantheon

Helen Steers / Vicki Bradley	+44 (0)20 3356 1800 pip.ir@pantheon.com
Jie Gong	+65 6027 1060
Investec Bank plc *Joint Corporate Broker* Tom Skinner (Corporate Broking) Lucy Lewis (Corporate Finance)	+44 (0)20 7597 4000
J.P. Morgan Cazenove *Joint Corporate Broker* William Simmonds (Corporate Finance)	+44 (0)203 493 8000
Montfort Communications Gay Collins / Pippa Bailey / Isabel Garnon	+44 (0)7738 912267 PIP@montfort.london

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

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.

CHAIR'S STATEMENT

Authenticity, relevance for Shareholders and differentiation

Key Statistics

+3.1%	NAV per share growth in the half year
+12.0%	Average annual NAV per share growth since inception
+3.8%	NAV accretion from share buybacks
+8.1%	Share price change in the half year
+10.8%	Average annual share price growth since inception
£157m	Shares repurchased during the half year

Corporate activity

- Initiation of three-stage process, following consultation with shareholders.

- Launch of up to £200m share buyback programme in FY24 to invest in our own portfolio at an attractive discount.
- Optimised PIP's capital structure to support long-term investment strategy.

CHAIR'S STATEMENT

The past six months have clearly been an extremely busy period for PIP. I would like to thank my fellow Board members and the PIP management team for the energy and teamwork which have ensured the success of various initiatives.

Even more importantly, I would like to express my gratitude to you, our shareholders, an increasing number with whom I have established an ongoing dialogue, who have given us constructive suggestions, feedback and encouragement as we have continued our journey during this period.

After working in recent years with our Manager on reshaping our investment strategy - the increase in direct company investments to 54% of PIP's NAV being one example - this year's work on the portfolio and related capital allocation was accompanied by a heavy programme of activity to implement our PIP corporate strategy, as I set out in last year's Annual Report. The first phase of this corporate strategy included a substantial share buyback programme of up to £200m, involving a tender offer, and a reworking of our capital structure. These activities have emphatically not been carried out for their own sake, but rather to enable us to fulfil our purpose, which remains to deliver excellent risk-adjusted long-term capital appreciation to a growing shareholder base of institutions and individuals, through easier access to diversified and well selected private companies, while offering the daily liquidity of a quoted stock. Let me address what we did, but also what our objectives were, and the eventual outcomes.

Increase in our direct company investments to 54% of PIP's NAV

Our Three-Step Corporate Programme

As discussed in my Chair's Statement in August 2023, after personal meetings with many shareholders, and working with the Board and the Team, we announced this three-step process of corporate activity, with the first step being a buyback programme for up to £200m for the financial year ending 31 May 2024. As I explained at the time, buybacks are not the universal panacea to reduce discounts between NAV and share price in stock markets. However large, used as a one-off event, they tend to disappoint as a long-term solution to this issue. Thus, we conceived of this programme to meet multiple objectives. Primarily, this was a way of allocating a portion of capital to an existing, high-quality portfolio that we know extremely well, and where we benefit both from value creation on the purchase, given the discount, and from the eventual future NAV uplifts which we regularly experience. Warren Buffett has stated his belief that not doing this would amount to "economic illiteracy"! Secondly, we wanted to send a signal to the market of our deeply held conviction in the value of PIP's investment portfolio. Thirdly, by incorporating a tender offer into this process, we were able to offer those shareholders who wanted to obtain liquidity for all or part of their shareholding the opportunity to do so through an egalitarian process open to all. Finally, according to data provided by Peel Hunt, buyback activity does reduce discount volatility, which is a deterrent to certain potential investors in our sector.

1 Step One

As an update, since August last year, PIP has bought back 56,760,264 shares for a total amount of £172.4m[1], at an average price of 303.7 pence per share, representing an average 36% discount to NAV. The most important element was a £150m reverse tender offer completed on 19 October 2023, at which time PIP purchased 49.2m shares at a strike price of 305.0p per share, representing a weighted average discount of 35% to the then prevailing NAV per share. Given the overall buyback budget of up to £200m, PIP has £27.6m left for buybacks for the remainder of this financial year. In carrying out these transactions, we feel satisfied that the multiple objectives set out above were met, and it was particularly gratifying to receive such an outpouring of positive feedback from you, our shareholders, when the tender was announced on 25 September 2023.

2 Step Two

As I said in last year's Annual Report, a one-off large buyback is insufficient to meet our objectives. Our next step will set out a clear continuing buyback mechanism to be implemented over the next financial year, beginning June 2024. This is an extension to our capital allocation policy of dedicating a proportion of the Company's net portfolio cash flow to share buybacks. As a transparent Board, we will share details of this policy with you nearer to the time of implementation, as I have consistently stated since setting out our strategy.

3 Step Three

To achieve our long-term ambitions for narrowing the discount further, we have been working on ideas to stimulate further demand for our shares at a price that more accurately reflects the NAV per share. It would be very easy to excuse inactivity on this front by blaming everything on cyclical causes resulting from the ebb and flow seen through different market environments - such as cycles in global M&A volumes, or periods of indigestion such as we saw following the record-breaking year of new investment trust launches in 2021, followed by the rapid rise of interest rates and worsening macroeconomic conditions in 2022. Our sector was disproportionately penalised during that latter "risk-off" environment.

Financial year	Discount
May 2019	20%
May 2020	28%
May 2021	21%
May 2022	35%
May 2023	41%
Nov 2023	38%

But as promised, we have been taking various initiatives during this period to understand how we might deal with the non-cyclical causes.

- On the marketing side we have continued work on segmentation of the global market, and, through our Marketing Sub-Committee, have set up the process for choosing our marketing agency partner to carry this work forwards.

- Our due diligence work on the marketing side has uncovered various "distrust factors" surrounding the Listed Private Equity sector which appear to be holding back demand for our sector's excellent products, which should form a long-term holding of every portfolio. Several issues are listed below. Clearly many need to be solved through joint actions and communications by the private equity sector as a whole. Indeed much of the feedback from shareholders after the tender suggested working with other members of the sector to explore joint solutions. If concerted action were to be agreed upon, it would need to be on the basis of each contributing to meet the needs of this sector's existing and potential shareholders in ways appropriate to that Trust. We intend to work with our peers in the sector to try and help educate and to dispel some of the myths surrounding Private Equity.

- There can be no doubt that the closed-end fund sector, particularly trusts that invest in alternatives with necessarily higher costs and therefore fees, has been severely held back in the UK by the lack of a level playing field regarding the disclosure of those costs. Helen Steers, our Co-Lead Manager, has been working closely for some time with a large group of interested parties across the closed-end fund industry who do seem, at last, to be making their voices heard within government and elsewhere. We must be optimistic and keep our fingers crossed that the regulations evolve such that we disclose costs, rather than double count.

Creating a more flexible capital structure

Other important corporate actions during the last six months involved PIP's refinancing of its revolving credit facilities, and a landmark private placement of long-dated loan notes. These actions were planned in the first half of 2023 as a sequence, and the execution work took place in the second half with the closing of the private placement in January 2024. These moves were made to further increase PIP's flexibility and balance sheet strength as a holistic part of our overall journey, not in order to increase our overall leverage, which has not changed as a result of the refinancing and the subsequent private placement. PIP's net debt (excluding the ALN) to NAV ratio as at 31 January 2024 of 5.5% is conservative as an absolute figure given the robustness of NAV, and broadly in line with peers. Our strategic thinking as we worked on our refinancing plans was as follows:

- While needing to replace Credit Suisse, a major lender in the previous credit facility, the refinancing and private placement have increased the number of credit counterparties from three to 10 within two separate highly liquid markets. As a consequence, PIP is now much better placed to replace any particular credit counterparty that faces a similar situation to Credit Suisse in the future.

- The refinancing and private placement reflect our Board's intention to use PIP's balance sheet in a more considered manner than in the past. Our conservative approach resulted in excessive cash balances which caused cash drag for PIP, with a meaningfully negative effect on NAV performance. As a Board, we spend a lot of time considering the balance between capital efficiency, return enhancement and balance sheet prudence. I will elaborate further on the calibration of our balance sheet strategy as we discuss the new discount-based buyback mechanism in the months ahead.

- In putting together the new financing package, we have not speculated on the trajectory of interest rates nor attempted to "time the market". Having said that, there was considerable work conducted on interest rate scenario analysis before the decision was made. Based on today's 3-month US interest forward rate, the all-in revolving credit facility rate would become 6.5% in the second half of 2025 and beyond, based on the projected floating base rate and assuming the same interest spread as today, which is very close to the blended coupon achieved on the privately placed loan notes.

We are maintaining the figure of
3.9x
financing cover of undrawn commitments

Bearing in mind all these considerations, in October 2023 PIP signed an agreement with lenders for a new £500m equivalent multi-tranche, multi-currency revolving credit facility, which replaced the existing £500m equivalent credit facility, and removed Credit Suisse as a lender. In addition to the Credit Suisse exposure de-risking, the refinancing secured a more flexible and diverse capital structure, strengthening the balance sheet. The facility has an uncommitted accordion option, and it has a covenant package which is more favourable than before. Despite the significant change in the interest rate environment, the blended margin of the revolving credit facility is only modestly higher than the prior credit facility, having increased by 46 basis points.

On 12 January 2024, PIP completed a private placement of $150m (£118m equivalent) of loan notes structured over maturities of five, seven and 10 years, with a 6.9-year weighted average maturity. The loan notes were three times oversubscribed and purchased by five sophisticated North American institutional investors with considerable in-house knowledge of the private equity asset class, as they also invest in private equity funds from their balance sheets. These loan notes have a blended coupon rate of 6.49%, whereas the revolving credit facility has an all-in rate[2] of 7.56% for the one-year tranche and 8.26% for the three-year tranche. The privately placed loan notes repaid the revolving credit facility drawings by the equivalent amount, and hence there is no change in PIP's overall leverage after the private placement.

We believe we have met the objectives we set ourselves, with the debt replacement being done not only at a lower cost, but also over longer, staggered maturities which reduce repayment risk. It should be reassuring for us all that this capital structure gives access to two separate liquidity markets with relatively small correlation to each other: global banks located in the UK & Europe, and insurer and pension investors in North America. Given the significant volatility of the banking market over the past 18 months, it is reassuring to know that we now have the benefit of being able to access the private placement market in the future, taking advantage of whichever market is offering the most attractive terms, if and when liquidity is required.

PIP's share price and NAV performance over the last six months

The beginning of 2023 was the near nadir of market sentiment towards investment trusts, and in particular private equity investment trusts. It is hard to imagine that, only one year earlier, the investment trust sector overall celebrated a record-breaking year of annual new issuances - twice that of the preceding five-year average.

Against this backdrop, I am particularly pleased to report that PIP's share price increased by 8.1% during the six months being reported on, and for the calendar year 2023 it was up by 20%. The discount on PIP's ordinary shares decreased from 41% as at 31 May 2023 to 38% as at 30 November 2023. Although it is encouraging to see the discount closing, these are still early days regarding the three-step corporate programme outlined earlier, and the discount is still too wide at 34% at the time of writing. While it is impossible to find objective data to explain this share price increase, I would like to think that it is a healthy mix of consistency in performance; our strategic corporate activity; and the suitability of PIP's risk profile for all macroeconomic climates.

Turning to NAV and portfolio performance, against a background of still considerable market volatility, the highlights can be summarised as follows. During the six months to 30 November 2023, PIP's NAV per share grew by 3.1%. Over 70% of PIP's portfolio is invested in buyouts, and they generated positive returns during the period, along with the growth and special situations segments. The small-to-mid buyout segment, which represents nearly half of our portfolio, showed a NAV growth of 1% for this six-month period ended 30 November 2023, compared with 10% for the prior six months ended

31 May 2023. The venture portion of PIP's portfolio was the only negative growth strategy during the six months ended November 2023, but it accounts for only 3% of PIP's exposure. Overall, the valuation gains in the portfolio were 1.4%, on top of which share buybacks added 3.8% to the NAV. Just over three-quarters of PIP's portfolio is USD denominated, and therefore adverse currency movements, due to the strengthening of sterling against the dollar, offset the valuation gains. However, in our experience, currency movements tend to balance out over the long term. PIP's impressive long-term track record has remained intact with its NAV outperforming the public market benchmarks over the last three, five and ten years, and since the company's inception in 1987.

NAV per share progression[4]

May 2023	Valuation gains[3]	Investment income[3]	FX impact[3]	Share buybacks	Expenses and taxes[4,5]	November 2023
462.4p	6.4p	1.8p	(7.5p)	17.5p	(4.1p)	476.5p
	+1.4p	+0.4%	(1.6%)	+3.8%	(0.9%)	+3.1%

1 As of 21 February 2024.

2 Based on SOFR of 5.31% as at 15 February 2024

3 PIP's valuation policy for private equity funds is based on the latest valuations reported by the managers of the funds in which PIP has holdings. In the case of PIP's valuation as at 30 November 2023, 89% of reported valuations are dated 30 September 2023 or later.

4 Figures are stated net of movements associated with the ALN share of the reference portfolio.

5 Taxes relate to withholding taxes on investment distributions.

This last point highlights our emphasis on long-term outperformance through the cycle. Our NAV performance is the accumulation of value in investments made over many vintage years, of which 2023 investments comprised only a small percentage. And these new investments would inevitably be held at cost during 2023 and would have no impact on NAV movement one way or the other. I therefore felt it would be helpful for shareholders to look at specific variables that are relevant for long-term performance and see how they performed during this six-month period.

- **Valuations.** While many public market investors were expecting a large drop in private equity valuations during 2023, translating into a sharp dip in Listed Private Equity NAV performance, this has not happened. While PIP's NAV growth for the reported six-month period appears somewhat muted at 3.1%, the figures show the inherent conservatism of our managers and reflect the fact that they did not write companies up to the levels being indicated by booming public market comparables in 2021. Therefore while public market comparables sank in 2022 and 2023, our managers did not have to make significant write-downs, given also the very healthy growth in EBITDA which forms an important part of those valuations. And the 17% average uplift on exit value in a difficult six-month period ended November 2023 gives confidence - especially as these 30 September valuations do not allow for the Q4 rally in public stocks.

- EBITDA growth. The 19% growth in annualised EBITDA of our underlying investments over the past five financial years, and 18% revenue growth during that same period, indicate the maintenance of growth and margins in the portfolio that support those valuations which we are reporting to you. This level of EBITDA growth means that valuations can be maintained even if the multiples used in those valuations are being lowered to reflect this point in the cycle.

- **Direct investments.** These continue to constitute the majority of our NAV, giving further comfort around the valuations because of the closer relationship that we have with these companies.

- **PIP low-risk characteristics.** We are keen to maintain the low-risk profile embedded in our portfolio, strategy and capital structure. For investments made over the past ten years, our loss ratio[5] (including not just absolute losses incurred upon realisation of investments, but also the gap between unrealised values and cost for those positions marked below cost, which may be reversable) is still only 2.4%. A second good sign is that we are maintaining the figure of 3.9x financing cover of undrawn commitments, as defined previously. This provides great reassurance for us and our shareholders at a time when distributions of £111.5m represent a historic low of 9% of the portfolio value, and the call rate is at 19%.

2.5x average multiple upon exit realisation in the six months	**17%** average uplift on exit value in the six months ended	**19%** annualised EBITDA growth[6] over the past five financial	Extremely low **2.4%** loss ratio[5] over 10 years… without having sacrificed

ended November 2023, and	November 2023, and	years	healthy long-term NAV growth
3.0x long-term average since 2012	**30%** long term average since 2012	**18%** annualised revenue growth[6] over the past five financial years	

[5] Loss ratio is calculated by the sum of (1) the loss made in the realised investments which have exited below cost and (2) the difference between the unrealised value and the cost on the unrealised investments which are held at below the cost, divided by the aggregate investment costs of all investments.

[6] Source: Bloomberg. Five-year annualised figures are derived from underlying annual performance growth data.

These six months of portfolio management and corporate activity have created one of the busiest periods in memory for the PIP Board and management team - often involving three formal meetings a week as a result of the compressed time schedules. I am so lucky to be surrounded by such an experienced, enthusiastic and willing group of colleagues who have worked seamlessly - together with other members of the broader Pantheon Group team- to deliver these results for our shareholders, whilst strictly respecting governance "red lines". It was therefore very gratifying to hear, first, the strong positive feedback from shareholders regarding the tender offer, but also to receive the Investment Trust Board of the Year award from Citywire in October - not for the corporate actions per se, but rather for the independence we have shown as a Board, and for listening to, and then acting on, our shareholders' wishes - always putting our shareholders' interests first.

The Board's and the Manager's interests continue to be closely aligned with PIP's shareholders, as the Board Directors collectively own 3.7m shares in the Company, valued at the time of writing at £11.9m, while 18 Partners of Pantheon collectively held a further 1.8m shares as at 31 December, 2023, which were valued at £5.7m at the time of writing. And, finally, on the topic of the Board, I am delighted to report that the two new Directors whom I mentioned in my last report, Zoe Clements and Rahul Welde, were elected to our Board at the AGM last October, and are actively bringing their experience and skills (an essential element of the diversity I promised) to our Board and Committees. We continue to monitor needs for Director recruitment at and between Nominations Committee meetings.

Outlook

The private equity investment trust sector is highly valued by investors I have spoken to for its ability to provide long term capital gains and its highly democratising characteristics, yet challenges remain. Cyclical pressures, which created 40-50% discounts to NAV in the market, will reverse, helping to reduce those discounts. But to achieve the discount (or premium) levels the sector deserves and dreams of requires a rerating to stimulate new demand, as described in step three above. That in turn requires work by private equity General Partners ("GPs") and investment trusts together to provide clear and simple explanations of what we do and how we do it to the other two players in our chain - namely wealth managers and investors in general.

My conversations with the latter have exposed constant misunderstandings, mistrust and recurring questions. Here are just a few examples of the questions, and I hope in future communications to be able to expand on these:

Q. Isn't investing in public markets and private equity similar enough to expect common methodologies and outcomes on areas covering valuations, fees etc.

A. Actually, in my view they are highly dissimilar. Public markets link capital with companies (which in turn have their own relatively protected management teams) in a two-partner relationship where "active vs passive" normally refers purely to the selection process between investor and company. In private equity, the creation of a triangle by adding a value-adding partner to the other two components (such as general partners, investment trusts, operating and specialist partners) means that capital passes to companies via those partners who always work actively with a portfolio company and its incentivised and hard-driven management team to achieve a specific strategic and business plan in a defined period to create value for shareholders. The track record of alpha generation, operating expertise, skills and resources, as well as the investment strategy, are therefore vital criteria for an investor to help choose their value-adding partner who then takes responsibility for the creation of gains in those companies. Here we use attribution calculations, key person analysis and other methods for assessing the likelihood of continuing alpha-generation by those partners' firms.

Given this very different business model, valuations of portfolio companies can be undertaken by the value-adding GP directly based on their assessments of each company's business plan - including the impact of macroeconomic and microeconomic factors that may impair or enhance the anticipated value and market multiples used for calculating those valuations. Business and strategic plans are changed actively by the value-adding partner to enhance or transform the business. But this is very different to the rationale for sector valuation sentiment of public markets. And this is why many investors and commentators are mystified by the strong evidence of continuing healthy uplifts to final valuations before company exits, which have been shown over decades by private equity investment trusts like PIP. Costs, in turn, will inevitably be higher because of the value-adding team, but the upper two quartile GPs continue to produce returns net of fees which significantly beat global indices of other assets, and therefore show a very positive return on those additional costs.

Q. Aren't private equity managers greedy, putting their own interests first?

A. Undoubtedly there will always be self-interested operators in the world, but we need to explain the power of alignment of interest not only between private equity managers and portfolio company management teams, but also between the former and their investors which uniquely empowers the outperformance of this asset class. Private equity managers' compensation is not determined by a performance fee that is related to unrealised value. Instead, their ongoing management fees are a function of the invested cost of investments, and their carried interest (performance fee) is earned only after the portfolio companies are exited from the fund. Their interests are aligned with ours, and therefore with yours.

Q. Isn't the era of cheap leverage and good private equity returns is over?

A. Long-term sustainable capital gains have never been made by private equity managers who rely predominately on leverage or multiple arbitrage for their portfolio capital gains. Neither one of these drivers is under their control. The only driver which is under their control is EBITDA growth - which explains PIP's focus on EBITDA growth in our portfolio companies and why I emphasise the 18% EBITDA growth in the past six months which our PIP portfolio showed in what would be considered a tough year for growth. This EBITDA growth element is particularly important in small to medium-sized businesses which provide the growth element for a very large part of the private equity market - including our own. The alpha-focused creators of value will continue to show market-beating returns.

18% EBITDA growth in the last six months...in what would be considered a tough year for growth

Q. Isn't private equity too risky - even taking higher returns into consideration?

A. As an example within our sector, PIP's risk containment ethos in the construction and selection of assets means we can show an extremely low 2.4% loss rate over ten years without having sacrificed healthy long-term NAV growth.

These represent just a sample of the information-sharing work ahead, but let us turn finally to PIP itself, and its anticipated future.

An advantage of my, and my colleagues', personal maturing process is that we have lived through several cycles, and know well those moments of darkness and gloom before dawn returns. Because of the fast-changing external environment we have been facing, sadly one is never in a position to say anything sensible about timing. However, the data that I have seen recently suggests that rays of sunshine are on their way. For deals involving debt, the cost and availability of this is improving as spreads are compressing, and there is markedly increased single-lender capability compared with the several lenders needed until recently in order to get a deal done. More generally, the large pricing gaps are narrowing as pressure to buy and sell at a GP level is increasing. Despite all the continuing macroeconomic and geopolitical challenges, the business model for growth in portfolio companies of all sizes has very frequently involved add-on acquisitions of other companies, and this has driven activity in PIP's underlying investments as well.

However, to explain my confidence in PIP's future (and my own PIP shareholding!) I return to my opening words regarding authenticity, relevance and differentiation.

Regarding authenticity, staying true to one's values and culture, even if the exit environment stays sticky - and according to Pitchbook.com, in 2023, average PE holding periods in the USA recently breached 6.4 years - our heavy focus on active value-added investments and continuing EBITDA growth puts us in a very good position. Another example is GP-led secondaries where pressure is rising to provide liquidity for some investors while allowing GPs to continue building companies. We continue to be invited to participate in these deals both because of our close relationships with those GPs as partners, and our investment team's capability to work within a deal's tight timeframe.

Regarding relevance, we aim to be relevant at all points of the cycle, but especially in a world of macroeconomic and microeconomic turbulence where EBITDA growth needs to be sustained through well-stewarded companies to produce the long-term gains with carefully measured risk which PIP can offer.

And differentiation through the capital allocation and corporate actions described above, which are carefully designed to produce consistent above-market returns within a low-risk investing framework - is guided by extensive, hands-on private equity experience at Board level (which the majority of our Directors possess), and our Manager Pantheon as well. I believe that this private equity experience will be required more and more, in addition to governance skills, in an increasingly complex private equity world. With our values and culture, our strength in these areas, and the continued support of our shareholders (for which my Board and I would like to thank you warmly once again), we remain confident that these will continue to guide the journey forward in the service of shareholders' interests.

PIP's Strategic Report has been approved by the Board and should be read in its entirety by shareholders.

JOHN SINGER CBE
Chair
21 February 2024

ANNUALISED PERFORMANCE AS AT 30 NOVEMBER 2023

	1 yr	3 yrs	5 yrs	10 yrs	Since inception*
NAV per share	1.5%	14.9%	12.2%	13.8%	12.0%
Ordinary share price	8.7%	8.2%	7.5%	11.1%	10.8%
FTSE All-Share	1.8%	8.4%	4.9%	5.1%	7.3%
MSCI World, Total Return (Sterling)	6.8%	9.5%	10.7%	11.7%	8.3%

NAV per share vs. public market performance

	1 yr	3 yrs	5 yrs	10 yrs	Since inception*
Versus FTSE All-Share, Total Return	-0.3%	6.5%	7.3%	8.7%	4.7%
Versus MSCI World, Total Return (Sterling)	-5.3%	5.4%	1.5%	2.1%	3.7%

Share price relative performance

	1 yr	3 yrs	5 yrs	10 yrs	Since inception*
Versus FTSE All-Share, Total Return	6.9%	-0.2%	2.6%	6.0%	3.5%
Versus MSCI World, Total Return (Sterling)	1.9%	-1.3%	-3.2%	-0.6%	2.5%

** Inception in September 1987.*

Key Performance Indicators

	What this is	**How PIP has performed**		**Link to our strategic objectives**	**Examples of related factors that we monitor**
Performance					
Five-year cumulative total shareholder return 43.4%	Total shareholder return constitutes the return to investors, after taking into account share price movements (capital growth) and, if applicable, any dividends paid during the period.	30 Nov 2021 89.1% 30 Nov 2022 44.7% 30 Nov 2023 43.4%	• PIP's ordinary shares had a closing price of 294.0p at the half year end (31 May 2023: 272.0p). This was an 8% increase compared with the prior financial year end. PIP share	• Maximise shareholder returns through long-term capital growth. • Promote better market liquidity and narrow the discount by building demand for the	• Rate of NAV growth relative to listed markets. • Trading volumes for the Company's shares. • Share price discount to NAV.

	The Board's strategy is to deliver returns for shareholders through the growth in NAV and not through the payment of dividends.		price increased by 20% between 1 January 2023 and 31 December 2023. • Narrowing of share price discount following significant progress in implementing PIP's financial year 2024 share buyback programme of up to £200m. • Share price discounts to NAV have remained wide in the listed private equity sector. Despite the improvement in PIP's share price during the period, the discount on PIP's shares was 38% as at the half year end (31 May 2023: 41%). The median discount for listed private equity peers[1] as at the same date was 39% (May 2023: 39%).	Company's shares.	
NAV per share growth[2] during the six-month period 3.1%	NAV per share reflects the attributable value of a shareholder's holding in PIP. The provision of consistent long-term NAV per share growth is central to our strategy. NAV per share growth in any period is shown net of foreign exchange movements and all costs associated with running the Company. The NAV is robustly calculated and the balance sheet is audited by PIP's auditors.	6M to Nov 2021 22.1% 6M to Nov 2022 4.0% 6M to Nov 2023 3.1%	• NAV per share increased by 14.1p during the period to 476.5p (31 May 2023: 462.4p). This was an increase of 3.1% compared to the prior financial year end. • Uplifts from share buybacks contributed +3.8% to NAV per share growth during the period. • PIP's NAV per share outperformed the MSCI World by 1.6% over the interim period.	• Investing in high performing private companies alongside and through top-tier private equity managers globally, to maximise long-term capital growth. • Containing costs and risks by constructing a well-diversified portfolio in a cost-efficient manner.	• Valuations provided by the underlying private equity managers. • Fluctuations in currency exchange rates. • Tax efficiency of investments. • Effect of financing (cash drag) on performance. • Ongoing charges relative to NAV growth and listed private equity peer group.
Portfolio investment return[2] during the six-month period 1.5%	Portfolio investment return measures the total movement in the valuation of the underlying companies and funds comprising PIP's portfolio, expressed as a percentage of the opening portfolio value, before taking foreign exchange effects and other expenses into account.	6M to Nov 2021 19.7% 6M to Nov 2022 0.9% 6M to Nov 2023 1.5%	• Modest increase in underlying portfolio valuation against a backdrop of market volatility. . • PIP's portfolio is actively managed and focuses on resilient, high-growth sectors.	• 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[2]	Net portfolio cash flow is equal to	6M to Nov 2021	• PIP's portfolio generated £112m	• Maximise long-term capital	• Relationship between

during the six-month period £30m	distributions less capital calls to finance investments, and reflects the Company's capacity to finance calls from existing investment commitments. PIP manages its maturity profile through a mix of primaries, secondaries and co-investments to ensure that its portfolio remains cash generative at the same time as maximising the potential for growth.	£121m 6M to Nov 2022 £34m 6M to Nov 2023 £30m	(six months to 30 November 2022: £112m) of distributions versus £82m of calls (six-month period to 30 November 2022: £78m). • In addition, the Company made new commitments of £15m (six months to 30 November 2022: £303m) during the year, which was fully drawn at the time of purchase (30 November 2022: £183m). • As at 30 November 2023, PIP's portfolio had a weighted average age of 5.0 years[3] (31 May 2023: 4.8 years).	growth through ongoing portfolio renewal while controlling financing risk.	outstanding commitments and NAV. • Portfolio maturity and distribution rates by vintage. • Commitment rate to new investment opportunities.
Undrawn coverage ratio[4] 88%	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.	30 Nov 2021 120% 30 Nov 2022 102% 30 Nov 2023 88%	• The current undrawn coverage ratio reflects lower cash balances and modest usage of PIP's credit facility. • The optimisation of PIP's balance sheet will enable the Company to further enhance its performance, by allowing PIP to lean into attractive opportunities across market cycles and by reducing cash drag. • PIP's undrawn coverage ratio remains healthy. • The vintage diversification of unfunded commitments helps PIP manage future capital calls.	• Flexibility in portfolio construction, allowing the Company to select a mix of manager-led secondaries, co-investments, and primaries, and vary investment pace, to achieve long-term capital growth.	• Relative weighting of primary, secondary and co-investments in the portfolio. • Level of undrawn commitments relative to gross assets. • Trend in distribution rates. • Ability to access debt markets on favourable terms.

[1] *Peer group comprised: Abrdn Private Equity Opportunities Trust, CT Private Equity Trust PLC, HarbourVest Global Private Equity Ltd, ICG Enterprise Trust PLC.*

[2] *Excludes valuation gains and/or cash flows associated with the ALN.*

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

[4] *Outstanding commitments relating to funds outside their investment period (>13 years old) were excluded from the calculation as there is a low likelihood of these being drawn.*

INVESTMENT POLICY

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company may borrow to make investments and typically uses its borrowing facilities to manage its cash flows flexibly, enabling the Company to make investments as and when suitable opportunities arise, and to meet calls in relation to existing investments without having to retain significant cash balances for such purposes. Under the Company's Articles of Association, the Company's borrowings may not at any time exceed 100% of the Company's NAV. 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.

OPTIMISING PIP'S CAPITAL STRUCTURE

We aim to build a sustainable, diverse and flexible capital structure that can support PIP's long-term investment strategy.
As part of this, during the period PIP agreed a new £500m equivalent multi-currency revolving credit facility ("credit facility") provided by five relationship lenders, replacing the previous credit facility and Credit Suisse as a lender. In addition, following the period end, PIP secured a private placement of US$150m of loan notes, structured over different maturities.

As a result of these actions, PIP has successfully diversified its financing counterparties, expanded its sources of liquidity and reduced refinancing risk. New investments and calls on undrawn commitments will be funded primarily by distributions and, where appropriate, short-term drawdowns from the credit facility.

Managing our financing cover
We regularly stress test PIP's balance sheet against a range of scenarios and market conditions to ensure that it is well positioned for the long term. We manage PIP to ensure that it has sufficient liquidity to finance its undrawn commitments, which represent capital committed to funds but yet to be drawn by the private equity managers, as well as to take advantage of new investment opportunities. A critical part of this exercise is ensuring that the undrawn commitments do not become excessive relative to PIP's private equity portfolio and available financing. We achieve this by managing PIP's investment pacing as well as constructing its portfolio to ensure the right balance of exposure to primaries, manager-led secondaries and co-investments.

As at 30 November 2023, PIP had net available cash[1] balances of £24m (31 May 2023: £63m).

In addition to these cash balances, PIP also has access to a £500m equivalent credit facility, split as follows:
- Facility A: £400m, expiring in October 2026 with an ongoing option to extend, by agreement, the maturity date by 364 days at a time; and
- Facility B: £100m, expiring in October 2024.

Using exchange rates as at 30 November 2023, the credit facility amounted to a sterling equivalent of £485m, of which £365m remained undrawn as at the period end.

With £24m of net available cash and an undrawn credit facility of £365m, PIP had £389m of available financing as at 30 November 2023 (31 May 2022: £554m) which, along with the value of the private equity portfolio, provides comfortable cover of 3.9 times (31 May 2023: 3.7 times) relative to undrawn commitments for funds within their investment periods.

Another important measure is the undrawn coverage ratio, which is the ratio of available financing and 10% of private equity assets to undrawn commitments. The undrawn coverage ratio is a key indicator of the Company's ability to meet outstanding commitments, even in the event of a market downturn, and was 88% as at 30 November 2023 (31 May 2023: 98%)[2].

Minimal gearing level

As at 30 November 2023, PIP had £121m drawn down under the credit facility and £29m remaining on the Asset Linked Note. Taken in conjunction with PIP's net available cash, this results in a conservative net debt[3] to NAV ratio of 4.3%. The net debt to NAV ratio already reflects share buybacks that the Company undertook in October 2023, using a combination of operating cash flow and drawdowns from the credit facility.

Following the period end, PIP announced that it had agreed a private placement of US$150m of loan notes ("the loan notes") structured over different maturities of five, seven and 10 years. The transaction provides PIP with access to long-term funding at a blended US Dollar coupon of 6.49%, which is cheaper than the all-in interest cost currently payable on the revolving credit facility. The loan notes were three times oversubscribed at this pricing point and purchased by five high-quality North American institutional investors.

The proceeds of this issuance will be used to repay the existing drawings on the credit facility, resulting in additional liquidity capacity. As at 31 January 2024 and following the issuance of the loan notes, PIP's net debt[3] to NAV was 5.5%.

Undrawn commitments by vintage[4]

PIP's undrawn commitments were £761m as at 30 November 2023 (31 May 2023: £857m). Of the £761m undrawn commitments as at the period end, £45m relate to funds that are more than 13 years old and therefore, outside their investment periods. Generally, when a fund is past its investment period, it cannot make any new investments and only draws capital to fund follow-on investments or to pay expenses. As a result, the rate of capital calls by these funds tends to slow dramatically.

2023	18%
2022	33%
2021	18%
2020	3%
2019	6%
2018	4%
2017	3%
2014 - 2016	6%
2010 - 2013	3%
2009 and earlier	6%

[1] *The available cash and loan figure excludes the current portion payable under the Asset Linked Note, which amounted to £1.3m as at 30 November 2023.*

[2] *Excludes outstanding commitments relating to funds outside their investment period (>13 years old), amounting to £45.1m as at 30 November 2023 (31 May 2023: £48.2m).*

[3] *Net debt calculated as borrowings (excluding the outstanding balance of the Asset Linked Note) less net available cash. The ALN is not considered in the calculation of gross borrowings or the loan-to-value ratio, as defined in PIP's credit facility and note agreements. If the ALN is included, net debt to NAV was 5.5% as at 30 November 2023, and 6.7% as at 31 January 2024.*

[4] *Includes undrawn commitments attributable to the reference portfolio related to the ALN.*

MANAGER'S REVIEW

OUR MARKET

Resilience and strength

Helen Steers and Jie Gong, Partners at Pantheon and Co-lead managers of PIP, reflect on how the private equity industry and PIP are positioned in the current macroeconomic environment and what they believe lies ahead.

Looking back over the past two years, what have been your biggest takeaways?

The volatility in public markets over the past 24 months has been particularly striking, reflecting major geopolitical and macroeconomic events and investor uncertainty. In 2022, the year started off relatively benignly but ended in a very different place as a result of the onset of the Russia-Ukraine war, the energy crisis, the unwinding of quantitative easing, high inflation in developed economies and the ensuing succession of interest rate hikes.

In 2023, we saw the pendulum start to swing back, with the impact of higher interest rates and lower energy prices helping inflation to recede, enabling central banks to pause rate rises, and leading to predictions of a "soft landing". Markets began to factor in rate cuts, and most major share indices recorded double digit gains for the year, helped by a strong, albeit lopsided rally in November and December. The so-called "Magnificent Seven" (Apple, Microsoft, Alphabet, Amazon, Tesla, Nvidia and Meta) share prices grew by an average of 111% in 2023, compared with 8% for the other constituents of the S&P 500 index. As we entered 2024, investors worried about whether the US Federal Reserve and other central banks could keep rates high enough to slow the economy and continue to reduce inflation, without causing a recession, and whether the recovery in public markets would widen further.

In private markets, the last two years have been marked by the end of decades-long low interest rates, resulting in rising deal financing costs, and a slowdown in Mergers & Acquisitions (M&A) activity, reduced deal-making and slow fundraising. However, the cooling of the market should be put in context. Deal flow may be much lower compared with the exceptionally high levels of activity registered in 2021, but it is in line with pre-pandemic levels. In 2022 and 2023 we have seen the best managers continue to execute new transactions, build value in portfolio companies, achieve exits at substantial uplifts, and successfully fundraise. In fact, in this market cycle, change and disruption can create opportunities for the best operationally focused private equity investors, while others who have relied on historically low interest rates to generate returns, may suffer disproportionately.

Recent performance in private equity has been impacted by rate hikes and lower valuation multiples, although company earnings have held up better than many observers might have expected. Despite short-term volatility, private equity returns continue to be resilient over the long term, and outperform public markets on a consistent basis. In more difficult economic periods, dispersion of returns between private equity managers increases, and those that focus on investing in companies that offer opportunities for improving operating performance and increasing growth differentiate themselves from the "financial engineers". This highlights the importance of both manager selection and deal selection, when the market becomes more challenging and a bifurcation emerges between the top tier operators and the rest.

How is PIP positioned in this environment?

Given the significant changes that have taken place during the last two years, investors are looking for stability, liquidity and predictability. PIP has been designed to provide an "all weather", high-quality portfolio that can withstand macroeconomic volatility and market cycles. The majority of PIP's portfolio is invested in buyouts, which are mature, well-established businesses. Profitable technology and healthcare companies make up a considerable slice of PIP's exposure, therefore growth has not been sacrificed for the sake of resilience and stability. Our preference is to "lean in" to the dynamic parts of the economy, while avoiding highly cyclical businesses, and this underpins our focus on generating appropriate risk-adjusted returns over the long term.

PIP's portfolio has performed well over the past 18 months, which is a testament to the strength of the underlying companies, that have been deliberately selected for their resilience and cross-cyclical characteristics. Overall, the levels of debt in our portfolio companies are appropriately managed and much of it has been hedged. This is just one of the many proactive risk management tools used by our private equity managers.

Another important factor in the resilience of the portfolio is that many of our companies are able to pass their costs on to their customers efficiently because of the differentiated must-have products and services that they offer. For example, software-as-a-service (SaaS) providers have the advantage that their clients cannot do without these essential business tools, and price increases can be implemented immediately. PIP's private equity managers are also doing a huge amount of work to contain costs in their underlying companies, obtain better terms from suppliers and drive through change. Notably, they are using technology for a variety of purposes, such as improving productivity and making efficiency gains, and for better risk management. We can really see the effects of these actions shining through in the continued EBITDA growth of PIP's underlying companies. We are heartened by fact that the average EBITDA growth of PIP's buyout portfolio in the last five years is a robust 19%, despite the many external shocks we have witnessed in the last five years including a global pandemic, an inflation shock, a rise in interest rates to the highest level for two decades, and the outbreak of conflicts in Europe and the Middle East.

Market dislocation offers good opportunities for those investors that have the capital and the expertise to take advantage of them, and we have seen new deal activity starting to pick up towards the end of 2023. Whereas some private equity managers might not have recognised the impetus for change and value creation in their portfolios, we have seen, during our many years of experience in the industry that, in more difficult times such as these, the best private equity managers perform even better than their less experienced peers, and tend to achieve even greater outperformance over public markets than in more settled times. This is because they have both the operational expertise and the "muscle memory" to remember what happened before. Although no crisis generally repeats itself, experienced investors retain the learnings from those previous crises which they can adapt and apply to their portfolios.

An evolving private equity secondary market (US$bn)[3]

	2018	2019	2020	2021	2022	2023
Manager-led secondaries	23	26	32	68	48	51
Traditional fund secondaries	49	54	28	66	55	63
Total secondary transactions volume	72	80	60	134	103	114

The size of the companies matters as well. We focus predominantly on small and mid-sized businesses where there is plenty of "low-hanging fruit" for fundamental value creation, as these are often businesses that have not been owned by private equity before. In many cases they are family-owned businesses with succession issues, or those that have been around for decades but have not had the benefit of professional management, or there is latent growth that hasn't been capitalised upon by the incumbent management. We think that this demonstrates the power of unleashing private equity on a mid-sized business.

Also one of the reasons why we haven't seen valuation impairments in PIP's underlying portfolio versus what people might have expected is because our managers are investing in companies that are benefiting from fundamental long-term trends that are not going to go away. For example, they are backing businesses that are tapping into the opportunities arising from automation and digitalisation, ageing demographics and sustainability. These are all multi-year trends and not "fashionable" investment fads that could end up being discarded tomorrow. Part of our detailed investment due diligence process includes gaining a full understanding of the investment rationale and the expected exit routes for these businesses. While healthy public markets are important for the economy overall, we are not dependent on initial public offerings (IPOs) for exits. Typically, PIP's underlying portfolio companies are sold to trade buyers or to other private equity managers that might be larger or have a different set of skills and networks. There are record levels of dry powder (US$1.5tn[1]) in our industry, which is capital that has been raised and is available to invest but has not yet been deployed, however, a majority of this is concentrated among the largest buyout funds. This capital sitting above us at the mega end of the market is good for PIP as these managers can buy our smaller portfolio companies.

As a result of the current macroeconomic environment, exits and distributions remained low in 2023. In times like these, the private equity secondaries market can really come to the fore and in 2023, it recorded its second biggest year on record for deal volume which was US$114bn[2]. Manager-led secondaries are when the private equity managers themselves instigate deals in order to provide liquidity options for the investors in their funds. They can consist of either multi-asset portfolios or single-asset secondaries. We focus on single-asset secondaries and they are attractive to investors like PIP because they are often "trophy" companies that the private equity manager believes have significant runway for additional value uplift from a lengthened period of ownership by the same manager. The development of single-asset secondaries is relatively new but we believe that they are here to stay and are an example of how private equity is always renewing and reinventing itself, and finding new ways to add value.

This type of secondaries transaction accounted for 44%[3] of all secondary transactions in 2023, with the remainder being traditional fund sales.

However, not all manager-led deals are created equal. With an increasingly large volume of deals entering the secondary market, it is up to an experienced investor like Pantheon to be extremely selective regarding asset quality and manager quality, as well as the alignment of interest between the manager and new investors. We believe that Pantheon's scale, investment capacity and specialist expertise, combined with the global reach enabled by our broader private equity platform and deep industry relationships, positions us well to capitalise on the opportunities that we are seeing in the market on behalf of PIP.

PIP also gains exposure to direct company investments via co-investments. Sourced predominantly from the managers that we have backed on a primary basis on the Pantheon platform, and typically without any fee or carried interest being charged, co-investments are economically very advantageous as an investment strategy.

Private equity managers select their co-investment partners based on several criteria. Large and sophisticated co-investors, such as Pantheon, have an opportunity to differentiate themselves and source greater deal flow relative to smaller and less sophisticated co-investors. This has particularly been the case since the heightened levels of public market volatility began in 2022. Pressures on valuations in the public markets over this period have resulted in a "denominator effect" that has caused many traditional co-investment investors to pull away from new private equity transactions as they manage their relative exposure to private assets versus public assets. By contrast, Pantheon has remained in the market supporting private equity managers as new transactions are evaluated and completed. We believe that Pantheon's reputation as an established and a reliable co-investment partner through market cycles will continue to serve us well for securing high-quality deal flow from private equity managers.

All of our co-investment opportunities pass through a "double quality filter", since each opportunity has first been evaluated by a private equity manager, who themselves have passed our rigorous manager selection hurdles. The opportunity is then subjected to our own detailed due diligence process, carried out by our dedicated co-investment team, who will confirm, among other things, that the deal is a good fit for the manager. Entry valuation continues to be the biggest reason for a deal to be screened out at the stage that it is brought to the investment committee, although a number of other factors are also considered, including the resilience of the company's end market, competitive differentiation and revenue quality.

Co-investment deal flow volume gradually recovered in the second half of 2023 as the macro environment improved. As with all of our deals, selectivity remains key and the approval rate in 2023 in terms of number of deals - from pre-qualified deals entering into the pipeline for our review to those completed - was just 10% (compared to the last ten-year average of 15%).

You spoke about trends and, without doubt, a major topic in 2023 was the development and use of Artificial Intelligence ("AI"). What impact could AI have on PIP's portfolio in 2024?
AI is an exciting and transformational technology breakthrough, and we are already seeing the use of AI tools in everyday life. For example, in areas such as written content and image production, AI can produce this much faster and for a fraction of the cost of more traditional methods. Most people will also have experienced AI "chatbots" that augment and enhance online customer service. AI is being used to predict demand patterns more accurately, and therefore to forecast revenues and associated costs more dynamically. In our opinion, the full fruits of AI application are going to develop in front of our eyes, not just in 2024 but over a longer time horizon. According to research, the global AI market size is expected to grow 37% every year from 2023 to 2030 and will contribute over US15tn to the global economy by 2030[4].

We believe that the use of AI is going to affect almost every sector. Clearly it is disrupting the technology sector but we're seeing it in healthcare as well, particularly in the developed world where there is a focus on reducing costs and improving efficiency. We expect it to become even more effective than it is already in areas such as the interpretation of diagnostic scans and drug discovery. There's been a huge trend of moving away from globalisation and shifting towards more onshoring, which is resulting in supply chains becoming more complicated. AI could be a perfect solution for managing them in a more intelligent and efficient way. Another interesting area will be education. We are sure that there are areas that we haven't even thought of yet - we are just scratching the surface!

We are encouraged by our private equity managers' keenness to embrace AI and their thirst for knowledge about it. Of course, this doesn't come as a surprise given how nimble private equity managers are and their ability to apply and adapt the latest technology to the needs of their portfolio companies. While we are seeing capital pouring into the development of AI itself, PIP doesn't generally participate in early stage venture opportunities. However, PIP's portfolio companies are focused on the application of new AI tools because of the long-term benefits that they can bring. They may have an initial cost overlay but the payback for productivity and efficiency will be palpable during the years to come.

What are your expectations for 2024 from PIP's perspective?
We are now finding ourselves at a confluence of different factors. We have emerged from ten years of monetary expansion and historically low interest rates. At the same time, there are the after-effects of the COVID-19 pandemic, the trend towards deglobalisation and substantial geopolitical risk. This is a late cycle period that is ushering in a new era. Having said that, by the end of 2023, the major economies had outperformed the start of the year forecasts by considerable margins and the year ended at a much higher point in terms of public market confidence.

Of course, we do not have a crystal ball but we believe that the worst of the interest rate threat is behind us, albeit the path to a "soft landing" may be bumpy and unpredictable. Nevertheless, the indications are that optimism is starting to return to the market, and the buyer-seller price expectation gap is narrowing, which should result in a more active M&A environment and therefore a renewed flow of private equity transactions. This should give a boost to the muted exit environment that we have experienced over the past 18 months. And there really is pent-up demand: numerous companies in PIP's portfolio are ripe for sale because our managers, who can choose when and how to exit their portfolio companies, have held onto them in order to continue to build value and position them for the right buyer.

Private equity assets under management ("AUM") have been growing year on year and are forecast to reach US$8.5tn by 2028, representing an annualised growth rate of 10% from 2022 to 2028[5]. Therefore, we have cautious hope for the year ahead in terms of the private equity market, as well as the broader economic environment. We also have confidence in the strength and health of PIP's portfolio and that it has the right ingredients to continue to achieve its aim of generating public market-beating returns for shareholders over the long term.

[1] *Source: Preqin, February 2024.*

[2] *Source: Evercore Private Capital Advisory, FY 2023 Secondary Market Survey Results - Highlights, January 2024.*

[3] *Source: Evercore Private Capital Advisory, FY 2023 Secondary Market Survey Results - Highlights, January 2024.*

[4] *Source: Hostinger Tutorials, 27 AI Statistics and Trends in 2024 (Top 27 AI Statistics and Trends for 2024 (hostinger.com)).*

[5] *Source: Preqin, Future of Alternatives 2028.*

PORTFOLIO AS AT 30 NOVEMBER 2023

Since its inception, PIP has been able to generate excellent returns while at the same time structuring its 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 private equity managers, actively monitored and diversified to reduce specific timing, regional and sector risks; and managed to maximise growth and liquidity over time.

Type and region

Flexible approach to portfolio construction increases potential for outperformance.

Investment type[1]	
Primaries	34%
Co-investments	33%
Manager-led secondaries	21%
Fund secondaries	12%

54% invested directly in companies.

Weighted towards the more developed private equity markets in the USA and Europe.

Region[1]	
USA	54%
Europe	30%

Asia	8%
Global[2]	8%

[1] Investment type and region percentages are based upon underlying fund and company valuations and exclude the portion of the reference portfolio attributable to the Asset Linked Note.

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

Maturity and stage

PIP's portfolio has a weighted average age of 5.0 years.

Maturity[1]	
2022 and later	19%
2021	13%
2020	7%
2019	13%
2018	13%
2017	10%
2016	9%
2015	6%
2014	3%
2011-2013	4%
2010 and earlier	3%

Well-diversified with an emphasis on the buyout stages.

Stage[1]	
Small/mid buyout	46%
Large/mega buyout	25%
Growth	20%
Special situations	6%
Venture	3%

[1] Fund stage and maturity percentages are based upon underlying fund and company valuations and exclude the portion of the reference portfolio attributable to the ALN.

Sector[1]	
Information technology	33%
Healthcare	20%
Consumer	14%
Industrials	11%
Financials	10%
Communication services	6%
Energy	3%
Materials	2%
Others	1%

[1] The company sector percentages are based upon underlying company valuations as at 30 September 2023, adjusted for calls and distributions to 30 November 2023. These account for 100% of PIP's overall portfolio value.

PERFORMANCE

PIP's portfolio value has increased modestly over the period. Access to top-performing managers and a tilt towards resilient and high-growth sectors has helped PIP to withstand the current macroeconomic environment.

Private equity portfolio movements

PIP's portfolio generated returns of 1.5% during the six-month period[1].

Portfolio value 31 May 2023	£2,387m
Valuation gains	£35m
Foreign exchange impact	(£32m)
Distributions	(£112m)
Calls	£82m
New investments[2]	£15m
Portfolio value 30 Nov 2023	£2,375m

[1] *Excluding returns attributable to the ALN share of the portfolio.*

[2] *Amount drawn down at the time of commitment.*

Valuation movement by type[1]

Resilient portfolio performance despite the current challenging macroeconomic environment. The return on manager-led secondaries reflects the relative immaturity of this segment of the portfolio.

	Closing portfolio NAV%	**Return**
Fund secondaries	12%	3.0%
Co-investments	33%	2.9%
Manager-led Secondaries	21%	0.5%
Primary	34%	0%

Valuation movement by stage[1]

Positive performance across PIP's portfolio with the exception of venture, which was impacted by the volatility in public markets.

	Closing portfolio NAV%	**Return**
Growth	20%	2.6%
Special situations	6%	2.5%
Large/mega buyout	25%	1.1%
Small/ Mid buyout	46%	1.1%
Venture	3%	(0.6)%

Valuation movement by region[1]

PIP's portfolio is weighted towards investments in the USA and Europe, which generated positive returns during the period.

The global part of the portfolio was impacted by a handful of company-specific write-downs.

	Closing portfolio NAV%	**Return**
USA	54%	2.0%
Europe	30%	1.2%
Asia & Emerging Markets	8%	0.7%
Global	8%	(0.8%)

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

REALISATIONS

PIP's mature portfolio continued to generate distributions despite a subdued exit environment. Distributions have been incremental to returns, with many reflecting realisations at significant uplifts to carrying value

Uplifts on exit realisations

The value-weighted average uplift on exit realisations in the year was 17%, consistent with our view that realisations can be incremental to returns.

The method used to calculate the average uplift is to compare the value at exit with the value of the investment 12 months prior to exit or if known, the latest valuation unaffected by pricing effects arising from market participants becoming aware of the imminent sale of an asset. Since 2012, the weighted average uplift on exit is 30%.

Cost multiples on exit realisations

The average cost multiple on exit realisations of the sample was 2.5 times, demonstrating value creation over the course of PIP's investment.

The annual average cost multiple on exit since 2012 is 3.0 times.

Exit realisations by sector and type

Realisation activity was strongest in the communication services and financials sectors. Secondary buyouts and trade sales represented the most significant sources of exit activity during the year. The data in the sample provides coverage for 100% (for exit realisations by sector) and 100% (for exit realisations by type) of proceeds from exit realisations received during the period.

Exit realisations by sector

For the half year to 30 November 2023

Communication services	35%
Financials	31%
Information Technology	10%
Industrials	9%
Healthcare	8%
Consumer	4%
Energy	3%

Exit realisations by type

For the half year to 30 November 2023

Strategic sales	47%
Secondary buyouts	44%
IPO[1] and secondary share sale	7%
Refinancing and recapitalisation	2%

[1] Initial Public Offering.

NET PORTFOLIO CASH FLOW

Net portfolio cash flow equals distributions less capital calls.

A continued focus on the portfolio's maturity profile means that PIP is well-positioned to generate positive cash flows.

With an average distribution rate of 25% since 2012, PIP's portfolio has been cash flow positive since 2010.

During the period, PIP's net portfolio cash flow was £30m. PIP has generated £1.7bn over the last 10 years.

Net positive cash flow generation has continued despite a challenging macroeconomic environment.

DISTRIBUTIONS

With a weighted average fund maturity of 5.0 years at the end of the period (31 May 2023: 4.8 years), PIP's portfolio continued to generate positive net cash.

PIP received £112m in proceeds from PIP's portfolio in the six-month period to 30 November 2023 (six-month period to 30 November 2022: £112m) equivalent to an annualised distribution[1] rate of 9% of opening portfolio value (31 May 2023: 10%).

Although PIP's portfolio has continued to generate cash, there has been a slowdown in distributions during the period. The challenging economic environment has impacted exit activity.

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

CALLS

PIP paid £82m to finance calls on undrawn commitments during the year (six-month period to 30 November 2022: £78m).

Quarterly call rate[1]

The annualised call rate[1] for the six-month period to 30 November 2023 was equivalent to 19% of opening undrawn commitments (31 May 2023: 21%).

The "observed" call rate is below historical average levels is a reflection of the subdued M&A market.

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

NEW COMMITMENTS

PIP committed £15m to three new investments during the year (for six-month period to 30 November 2022: £303m, committed to 21 new investments).

The company intentionally managed investment pacing to ensure liquidity was preserved in a market environment experiencing lower exit levels than historically.

Our investment process

Investment opportunities in companies and funds are originated via Pantheon's extensive and well-established platform.

We invest with many of the best private equity managers who are able to identify and create value in their portfolio companies.

Cash generated from the sale of those companies is returned to PIP and redeployed into new investment opportunities.

New commitments by region

Europe	87%
USA	13%

New commitments by stage

Growth	13%
Small/mid buyout	87%

BUYOUT ANALYSIS[1]

Revenue and EBITDA growth

Over the last 12 months, weighted-average growth for both revenue and EBITDA was 18%. PIP's sample buyout companies have consistently exceeded growth rates seen among companies that constitute the MSCI World Index. Strong top-line performance, disciplined cost control, operational expertise and good earnings growth, together with an efficient use of capital, underpin the investment thesis of our private equity managers.

Valuation multiple

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

PIP's sample-weighted average Enterprise Value (EV)/EBITDA was 18.5 times compared to 19.5 times for the MSCI World Index.

PIP invests proportionately more in high-growth sectors such as mission-critical B2B information technology and healthcare, and these sectors tend to trade at a premium to other sectors.

Buyout portfolio*

Information technology	28%
Healthcare	21%
Consumer	17%
Industrials	14%
Financials	11%
Communication Services	5%
Materials	3%
Others	1%

MSCI World**

Information technology	22%
Consumer	19%
Financials	15%
Healthcare	13%
Industrials	11%
Others	9%
Communication Services	7%
Materials	4%

** 100% coverage of buyout portfolio.*

*** As at 30 June 2023.*

Debt multiples

Venture, growth and buyout investments have differing leverage characteristics.

Average debt multiples for small/mid buyout investments, which represent the largest segment of PIP's buyout portfolio, are typically lower than debt levels in the large/mega-buyout segment.

The venture and growth portfolios have little or no leverage.

	% of PIP's portfolio	**Debt multiple**
Small/mid buyout	46%	5.2x
Large/mega buyout	25%	5.9x

[1] *The sample buyout figures for the 12 months to 30 June 2023 were calculated using all the information available to the Company. The figures are based on unaudited data. MSCI data was sourced from Bloomberg. See the Alternative Performance Measures section in the Full Half Year Report for sample calculations and disclosures.*

LARGEST 50 COMPANIES BY VALUE[1]

Rank	Company	Country[2]	Sector	Investment type	Description
1	Action	Netherlands	Consumer	Manager-led Secondary	Non-food discou
2	Kaseya	USA	Information Technology	Co-investment; Secondary	Provider of infor management ar services
3	Smile Doctors	USA	Healthcare	Manager-led Secondary	Orthodontic trea provider
4	ShiftKey	USA	Healthcare	Manager-led Secondary	Recruitment pla
5	Valantic	Germany	Information Technology	Manager-led Secondary	Digital consultir company
6	doit	USA	Information Technology	Co-investment	Provider of clou engineering ser
7	Asurion	USA	Financials	Primary; Secondary	Mobile phone in
8	Omni Eye Services	USA	Healthcare	Manager-led Secondary	Specialist eye s provider
9	Froneri	United Kingdom	Consumer	Manager-led Secondary	Ice cream and f manufacturer
10	Tag	Israel	Healthcare	Manager-led Secondary	Manufacturer ar surgical and der implants
11	Anaplan	USA	Information Technology	Co-investment; Primary	Developer of a c and planning pla
12	Visma	Norway	Information Technology	Primary; Co-investment	Provider of acco software solutio
13	JSI	USA	Industrials	Manager-led Secondary	Consultant to te service provider
14	LifePoint Health	USA	Healthcare	Co-investment; Manager-led Secondary	Healthcare serv
15	Millenium Trust Company	USA	Financials	Co-investment; Primary	Provider of tech retirement and i
16	MRO	USA	Healthcare	Co-investment; Primary	Provider of disc services
17	Recorded Future	USA	Information Technology	Primary; Co-investment; Secondary	Cybersecurity s
18	Eversana	USA	Healthcare	Manager-led Secondary	Commercial ser life sciences se
19	Ascent Resources Plc	USA	Energy	Secondary	Natural gas and
20	Nord Anglia Education	Hong Kong	Consumer	Primary; Co-investment	Operator of edu
21	Confie	USA	Financials	Co-investment	Personal lines ir
22	RLDatix	USA	Healthcare	Manager-led Secondary	Developer of clo and risk manag
23	SunMedia	Spain	Communication Services	Co-investment	Digital advertisi
24	Kaspi.KZ	Kazakhstan	Financials	Primary	Banking produc
25	24seven	USA	Industrials	Manager-led Secondary	Digital marketin

					services provide
26	Krispy Krunchy Chicken	USA	Consumer	Co-investment; Primary	Operator of fast
27	OptConnect	USA	Information Technology	Manager-led Secondary	Provider of wire connectivity sol
28	Access	United Kingdom	Information Technology	Co-investment	Provider of busi software solutic
29	Logic Monitor	USA	Information Technology	Primary; Co-investment; Secondary	Managed inforn service provider
30	101	USA	Industrials	Co-investment	Provider of food services
31	Tanium	USA	Information Technology	Co-investment	Cybersecurity s
32	Kilcoy Global Foods	Australia	Consumer	Manager-led Secondary	Producer of bee protein products
33	StoneRidge Insurance Brokers	Canada	Financials	Manager-led Secondary	Insurance broke
34	Arby's	USA	Consumer	Manager-led Secondary	Operator of rest
35	IFS	Sweden	Information Technology	Co-investment; Primary	Developer of en planning softwa
36	KD Pharma	Germany	Healthcare	Manager-led Secondary	Specialist pharn
37	Flynn Restaurant Group	USA	Consumer	Co-investment	Operator of rest
38	SailPoint	USA	Information Technology	Co-investment; Primary	Provider of ente governance solu
39	Perspecta	USA	Information Technology	Co-investment	Information tecl management cc
40	Star Health	India	Financials	Primary	Health insuranc
41	VIZRT	Norway	Information Technology	Primary; Manager-led Secondary	Developer of co for the digital m
42	Trimech	USA	Information Technology	Co-investment	Provider of three engineering and solutions
43	Sonar	Switzerland	Information Technology	Primary; Secondary	Developer of co
44	Satlink	Spain	Information Technology	Co-investment	Satellite commu provider for the
45	Personio	Germany	Information Technology	Primary	Developer of a h management ar
46	Toll Global Express	Australia	Industrials	Primary	Provider of trans services
47	SVT	Germany	Industrials	Secondary	Manufacturer of and systems
48	Regina Maria	Romania	Healthcare	Secondary	Provider of priva
49	Renaissance Learning	USA	Communication Services	Secondary; Primary	Online educatio
50	Prelude	USA	Healthcare	Co-investment; Secondary	Fertility treatme
Coverage of PIP's private equity asset value					

[1] *The largest 50 companies table is based upon underlying company valuations as at 30 September 2023 adjusted for known call and distributions to 30 November 2023, and includes the portion of the reference portfolio attributable to the ALN.*

[2] *Classified according to location of Headquarters.*

OTHER INFORMATION - LARGEST 50 MANAGERS BY VALUE

Rank	Manager	Region[1]	Stage	% of total private equity asset value[2]
1	Insight Partners	USA	Growth	7.1%
2	Index Ventures	Global	Venture, Growth	3.8%
3	Hg	Europe	Buyout	3.4%
4	Providence Equity Partners	USA	Buyout, Growth	3.2%
5	Water Street Healthcare Partners	USA	Buyout	2.4%
6	Advent International	Global	Buyout	2.3%
7	Parthenon Capital	USA	Buyout	2.2%
8	ABRY Partners	USA	Buyout	2.1%
9	ThomaBravo	USA	Buyout	1.7%
10	Investment Partners	Europe	Buyout	1.6%
11	Charlesbank	USA	Buyout	1.6%
12	Veritas Capital	USA	Buyout	1.5%
13	Seven2 (Previously Apax Partners SAS)	Europe	Buyout	1.5%
14	LYFE Capital	Asia	Growth	1.4%
15	Mid Europa Partners	Europe	Buyout	1.4%
16	Searchlight	Global	Special situations	1.3%
17	Deutsche Private Equity	Europe	Buyout	1.3%
18	Hellman & Friedman	Global	Buyout	1.3%
19	Altamont Capital Partners	USA	Buyout	1.3%

20	3i	Europe	Buyout	1.2%
21	BPEA	Asia	Buyout	1.2%
22	Apollo	Global	Buyout	1.1%
23	HIG Capital	USA	Buyout	1.1%
24	OAK HC/ FT	USA	Growth	1.1%
25	LINDEN	USA	Buyout	1.1%
26	Main Post Partners	USA	Buyout	1.0%
27	Lorient Capital	USA	Buyout	1.0%
28	Five Arrows	Europe	Buyout	1.0%
29	Altor Capital	Europe	Buyout	1.0%
30	Ergon Capital Partners	Europe	Buyout	0.9%
31	The Energy and Minerals Group	USA	Special Situations	0.9%
32	Onex Partners	USA	Buyout	0.9%
33	Growth Fund[3]	USA	Growth	0.9%
34	PAI Partners	Europe	Buyout	0.9%
35	Francisco Partners	USA	Buyout	0.8%
36	NMS Group	USA	Buyout	0.8%
37	Chequers Capital	Europe	Buyout	0.8%
38	Calera Capital	USA	Buyout	0.8%
39	Stone Goff	USA	Buyout	0.8%
40	BC Partners	Europe	Buyout	0.8%
41	Quantum Energy Partners	USA	Special Situations	0.7%
42	ECI	Europe	Buyout	0.7%
43	Roark Capital Group	USA	Buyout	0.7%
44	Shamrock Capital Advisors	USA	Buyout	0.7%
45	Alpine	USA	Buyout	0.7%
46	Wasserstein & Co.	USA	Buyout	0.7%
47	Balderton	Europe	Growth	0.6%
48	Tene Investment Funds	Europe	Growth	0.6%
49	Magnum Industrial Partners	Europe	Buyout	0.6%
50	Sentinel Capital Partners	USA	Buyout	0.6%
Coverage of PIP's total private equity asset value				**69.1%**

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

[2] *Percentages look through underlying vehicle structures and exclude the portion of the reference portfolio attributable to the ALN.*

.

INTERIM MANGEMENT REPORT AND RESPONSIBILITY STATEMENT OF THE DIRECTORS

Interim management report

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

The principal risks facing the Company are substantially unchanged since the date of the Annual Report for the financial period ended 31 May 2023 and continue to be as set out in that report on pages 44 to 48.

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

Responsibility statement

Each Director confirms that, to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with FRS 104 "Interim Financial Reporting"; and gives a true and fair view of the assets, liabilities, financial position and return of the Company.
- This Interim Financial Report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

This Interim Financial Report was approved by the Board on 21 February 2024 and was signed on its behalf by John Singer CBE, Chair.

INDEPENDENT REVIEW REPORT TO PANTHEON INTERNTIONAL PLC

Conclusion

We have been engaged by Pantheon International Plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2023 which comprises the Condensed Income Statement, the Condensed Statement of Changes in Equity, the Condensed Balance Sheet, the Condensed Cash Flow Statement, and the Related Notes 1 to 12 (together the "condensed financial statements"). We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 November 2023 is not prepared, in all material respects, in accordance with FRS 104 "Interim Financial Reporting" and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis of conclusion

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

As disclosed in Note 1 Basis of Preparation, the annual financial statements of the Company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the Financial Reporting Standard FRS 104 "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis of Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

ERNST & YOUNG LLP
London, United Kingdom
21 February 2024

CONDENSED INCOME STATEMENT (UNAUDITED) FOR THE SIX MONTHS TO 30 NOVEMBER 2023

	Six months ended 30 November 2023			Six months ended 30 November 2022			Year Ended 31 May 2023		
	Revenue £'000	**Capital £'000**	**Total* £'000**	Revenue £'000	Capital £'000	Total* £'000	Revenue £'000	Capital £'000	Total* £'000
(Losses)/gains on investments at fair value through profit or loss	-	**(4,848)**	**(4,848)**	-	82,513	82,513	-	50,885	50,885
(Losses)/gains on financial liabilities at fair value through profit or loss - ALN	**(320)**	**(519)**	**(839)**	(80)	2,838	2,758	(856)	4,240	3,384
Currency gains on cash and borrowings	**-**	**4,229**	**4,229**	-	10,877	10,877	-	9,179	9,179
Investment income	**9,430**	**-**	**9,430**	7,697	-	7,697	18,084	-	18,084
Investment management fees	**(12,573)**	**-**	**(12,573)**	(13,932)	-	(13,932)	(27,707)	-	(27,707)
Other expenses	**(1,236)**	**(1,406)**	**(2,642)**	(1,011)	(1,387)	(2,398)	(2,059)	(1,625)	(3,684)

(Loss)/return before financing costs and taxation	**(4,699)**	**(2,544)**	**(7,243)**	(7,326)	94,841	87,515	(12,538)	62,679	50,141
Interest payable and similar expenses	**(4,860)**	**-**	**(4,860)**	(3,784)	-	(3,784)	(6,366)	-	(6,366)
(Loss)/return before taxation	**(9,559)**	**(2,544)**	**(12,103)**	(11,110)	94,841	83,731	(18,904)	62,679	43,775
Taxation paid	**(1,702)**	**-**	**(1,702)**	(940)	-	(940)	(1,494)	-	(1,494)
(Loss)/return for the period/year being total comprehensive income for the period /year	**(11,261)**	**(2,544)**	**(13,805)**	(12,050)	94,841	82,791	(20,398)	62,679	42,281
(Loss)/return per ordinary share	**(2.18)p**	**(0.49)p**	**(2.67)p**	(2.26)p	17.74p	15.48p	(3.83)p	11.77p	7.94p

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

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

The Notes below form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS TO 30 NOVEMBER 2023

	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 six months ended 30 November 2023							
Opening equity shareholders' funds	**35,503**	**269,535**	**4,062**	**1,620,532**	**653,695**	**(133,255)**	**2,450,072**
Return for the period	**-**	**-**	**-**	**50,554**	**(53,098)**	**(11,261)**	**(13,805)**
Ordinary shares bought back for cancellation via tender offer	**(3,295)**	**-**	**3,295**	**(151,050)**	**-**	**-**	**(151,050)**
Ordinary shares bought back for cancellation in the market	**(179)**	**-**	**179**	**(7,397)**	**-**	**-**	**(7,397)**
Closing equity shareholders' funds	**32,029**	**269,535**	**7,536**	**1,512,639**	**600,597**	**(144,516)**	**2,277,820**
Movement for the six months ended 30 November 2022							
Opening equity shareholders' funds	36,012	269,535	3,553	1,556,346	674,875	(112,857)	2,427,464
Return for the period	-	-	-	42,623	52,218	(12,050)	82,791
Ordinary shares bought back for cancellation in the market	(425)	-	425	(16,737)	-	-	(16,737)
Closing equity shareholders' funds	35,587	269,535	3,978	1,582,232	727,093	(124,907)	2,493,518
Movement for the year ended 31 May 2023							

Opening equity shareholders' funds	36,012	269,535	3,553	1,556,346	674,875	(112,857)	2,427,464
Return for the year	-	-	-	83,859	(21,180)	(20,398)	42,281
Ordinary shares bought back for cancellation in the market	(509)	-	509	(19,673)	-	-	(19,673)
Closing equity shareholders' funds	35,503	269,535	4,062	1,620,532	653,695	(133,255)	2,450,072

The Notes below form part of these financial statements.

CONDENSED BALANCE SHEET (UNAUDITED) AS AT 30 NOVEMBER 2023

	Note	**30 November 2023 £'000**	30 November 2022 £'000	31 May 2023 £'000
Fixed assets				
Investments at fair value		**2,404,240**	2,476,152	2,417,620
Current assets				
Debtors		**1,965**	2,993	2,347
Cash at bank		**28,579**	52,560	66,043
		30,544	55,553	68,390
Creditors: Amounts falling due within one year				
Bank loan (Expiry Oct 2024)	5	**(96,389)**	-	-
Other creditors		**(6,697)**	(3,960)	(4,617)
		(103,086)	(3.960)	(4,617)
Net current (liabilities)/assets		**(72,542)**	51,593	63,773
Total assets less current liabilities		**2,331,698**	2,527,745	2,481,393
Creditors: Amounts falling due after one year				
Bank Loan (Expiry Oct 2026)	5	**(24,200)**	-	-
Asset Linked Loan ("ALN")	6	**(29,678)**	(34,227)	(31,321)
		(53,878)	(34,227)	(31,321)
Net assets		**2,277,820**	2,493,518	2,450,072
Capital and reserves				
Called-up share capital	7	**32,029**	35,587	35,503
Share premium		**269,535**	269,535	269,535
Capital redemption reserve		**7,536**	3,978	4,062
Other capital reserve		**1,512,639**	1,582,232	1,620,532
Capital reserve on investments held		**600,597**	727,093	653,695
Revenue reserve		**(144,516)**	(124,907)	(133,255)
Total equity shareholders' funds		**2,277,820**	2,493,518	2,450,072
Net asset value per share - ordinary	9	**476.49p**	469.46p	462.37p
Total ordinary shares for NAV calculation	7	**478,041,656**	531,143,457	529,893,457

The Notes below form part of these financial statements.

CONDENSED CASH FLOW STATEMENT (UNAUDITED) FOR THE SIX MONTHS TO 30 NOVEMBER 2023

	Note	**Six months ended 30 November 2023 £'000**	Six months ended 30 November 2022 £'000	Year Ended 31 May 2023 £'000
Cash flow from operating activities				
Investment income received - comprising:				
Dividend income		**7,414**	4,999	12,325
Interest income		**1,424**	2,142	4,756
Other investment income		**30**	116	211
Deposit and other interest received		**560**	323	780

Investment management fees paid		**(10,687)**	(13,716)	(27,586)
Secretarial fees paid		**(224)**	(167)	(354)
Depositary fees paid		**(128)**	(86)	(284)
Directors fees paid		**(158)**	(167)	(303)
Legal and professional fees paid		**(772)**	(1,503)	(1,996)
Other cash payments[1]		**(1,661)**	(671)	(1,036)
Withholding tax (deducted)/ recovered		**(1,721)**	(945)	(1,502)
Net cash outflow from operating activities	**10**	**(5,923)**	(9,675)	(14,989)
Cash flows from investing activities				
Purchases of investments		**(75,330)**	(231,592)	(289,020)
Disposals of investments		**84,078**	76,531	161,168
Net cash inflow/(outflow) from investing activities		**8,748**	(155,061)	(127,852)
Cash flows from financing activities				
Loan drawdowns		**125,000**	-	-
ALN repayments		**(2,122)**	(3,582)	(5,035)
Ordinary Shares bought back for cancellation		**(7,397)**	(16,741)	(19,678)
Ordinary Shares bought back for cancellation via tender offer		**(151,050)**	-	-
Loan commitment and arrangement fees paid		**(3,285)**	(4,726)	(7,071)
Loan interest paid		**(1,259)**	-	-
Net cash outflow from financing activities		**(40,113)**	(25,049)	(31,784)
Decrease in cash in the period/year		**(37,288)**	(189,785)	(174,625)
Cash and cash equivalents at beginning of the period/year		**66,043**	231,458	231,458
Foreign exchange (losses)/gains on cash		**(176)**	10,887	9,210
Cash and cash equivalents at the end of the period/year		**28,579**	52,560	66,043

1 *Includes bank interest paid during the period of £nil (30 November 2022: £22,000; 31 May 2023: £22,000) and loan interest paid of £1,259,000 (30 November 2022: £nil; 31 May 2023: £nil).*

The Notes below form part of these financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. ACCOUNTING POLICIES

A. Basis of preparation

PIP is a listed public limited company incorporated in England and Wales.

The Company applies FRS 102 and the Association of Investment Companies ("AIC") SORP for its financial yearending 31 May 2023 in its Financial Statements. The financial statements for the six months to 30 November 2023 have therefore been prepared in accordance with FRS 104 "Interim Financial Reporting". The condensed financial statements have been prepared on the same basis as the accounting policies set out in the statutory accounts for the period ending 31 May 2023. 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 information contained in this report has been prepared in accordance with the SORP for the financial statements of investment trust companies and venture capital trusts issued by the AIC (issued in April 2021), other than where restrictions are imposed on the Company which prohibit specific disclosures.

The financial information contained in this Interim Report and Accounts and the comparative figures for the financial year ended 31 May 2023 are not the Company's statutory accounts for the financial period as defined in the Companies Act 2006. The financial information for the half-year periods ended 30 November 2023 and 30 November 2022 are not for a financial year and have not been audited but have been reviewed by the Company's auditors and their report can be found above. The Annual Report and Financial Statements for the financial year ending 31 May 2023 have been delivered to the Registrar of Companies. The report of the auditors was: (i) unqualified; (ii) did not include a reference to any matters which the auditors drew attention by way of emphasis without qualifying the report; and (iii) did not contain statements under section 498 (2) and (3) of the Companies Act 2006.

B. Going Concern

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

The Directors have made an assessment of going concern, taking into account the Company's current performance and financial position as at 30 November 2023. In addition, the Directors have assessed the outlook, which considers the potential further impact of the ongoing geopolitical uncertainties as a result of the Russia-Ukraine and Middle East conflicts, including the disruption to the global supply chain and increases in the cost of living as a result, persistent inflation, high interest rates and the impact of climate change on PIP's portfolio using the information available as at the date of issue of these financial statements. As part of this assessment the Directors considered:

- Various downside liquidity modelling scenarios with varying degrees of decline in investment valuations, decreased investment distributions, and increased call rates, with the worst being a downside case downside scenario representing an impact to the portfolio that is worse than that experienced during the Global Financial Crisis.

- The Company manages and monitors liquidity regularly ensuring it is adequate and sufficient and is underpinned by its monitoring of investments, distributions, capital calls and outstanding commitments. Total available financing as at 30 November 2023 stood at £389m (30 November 2022: £560m; 31 May 2023: £554m), comprising £24m (30 November 2022: £52m; 31 May 2023: £63m) in available net cash balances and £365m in undrawn, sterling equivalent, bank facilities (30 November 2022: £508m; 31 May 2023: £491m).

- PIP's 30 November 2023 valuation is primarily based on reported GP valuations with a reference date of 30 September 2023, updated for capital movements and foreign exchange impacts.

- Unfunded commitments - PIP's unfunded commitments at 30 November 2023 were £761m (30 November 2022: £848m; 31 May 2023: £857m). The Directors have considered the maximum level of unfunded commitments which could theoretically be drawn in a 12-month period, the ageing of commitments and available financing to fulfil these commitments. In these scenarios PIP can take steps to limit or mitigate the impact on the Balance Sheet, namely drawing on the credit facility, pausing on new commitments, selling assets to increase liquidity and reducing outstanding commitments if necessary. In addition, subject to market conditions, the Company could also seek to raise additional debt or equity capital.

- The impact of share buybacks and the Company's capital allocation policy on available liquidity.

- Tenure of credit facilities - A £100m tranche of the facility expires in October 2024 and will either be re-financed or repaid with cash or drawings from the other existing loan.

- The Directors have also considered the impact of climate change on PIP's portfolio and have come to the conclusion that there is no significant impact on the Company as a result of climate change.

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

C. Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. Consequently, no businesses segmental analysis is provided.

2.Tax on ordinary activities

The tax charge for the six months to 30 November 2023 is £1.7m (six months to 30 November 2022: £0.9m; year to 31 May 2023: £1.5m). The tax charge is wholly comprised of irrecoverable withholding tax suffered with the exception of an amount of £0.1m, received during the year to 31 May 2023, in relation to the recovery of tax from prior years which has been offset against the tax charge.

Investment gains are exempt from capital gains tax owing to the Company's status as an investment trust.

3. Transactions with the Manager and related parties

During the six month period ended 30 November 2023, services with a total value of £14,419,000, being £12,573,000 directly from Pantheon Ventures (UK) LLP and £1,846,000 (30 November 2022: £14,734,000; £13,932,000; and £802,000; year to 31 May 2023: £29,010,000; £27,707,000 and £1,303,000 respectively) via Pantheon managed fund investments were purchased by the Company.

At 30 November 2023, the amount due to Pantheon Ventures (UK) LLP in management fees and performance fees disclosed under creditors was £4,130,000 and £nil respectively (30 November 2022: £2,340,000 and £nil respectively; 31 May 2023: £2,245,000 and £nil respectively).

Fees paid to the Company's Board of Directors for the six months to 30 November 2023 totalled £175,000 (six months to 30 November 2022: £157,000; year to 31 May 2023: £291,000). At 30 November 2023, the amount payable in Directors fees disclosed under creditors was £62,000 (30 November 2022: £47,000; 31 May 2023: £45,000).

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

4. Performance fee

The Manager is entitled to a performance fee from the Company in respect of each 12 calendar month period ending on 31 May in each year. The performance fee payable in respect of each such calculation period is 5% of the amount by which the NAV at the end of such period exceeds 110% of the applicable "high-water mark", i.e. the NAV at the end of the previous calculation period in respect of which a performance fee was payable, compounded annually at 10% for each subsequent completed calculation period up to the start of the calculation period for which the fee is being calculated. For the six month calculation period ended 30 November 2023, the notional performance fee hurdle is a NAV per share of 561.22p. The performance fee is calculated using the adjusted NAV.

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 of the following:

- 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.
- Any other reduction in the Company's share capital or any distribution to shareholders.

No performance fee has been paid or accrued during the period.

5. Bank Loan

On 19 October 2023, the Company announced that it has agreed a new £500m equivalent multi-tranche, multi-currency revolving credit facility agreement (the "credit facility"), which on 20 October 2023 replaced the existing £500m equivalent credit facility and Credit Suisse AG London Branch as a Lender. There are five Lenders of the new facility, being Lloyds Bank plc, Mizuho, RBC Europe, Royal Bank of Scotland and State Street. The new credit Facility is secured by certain assets of the Company and is split as follows:

- Facility A: £400m, expiring in October 2026 with an ongoing option to extend, by agreement, the maturity date by 364 days at a time; and
- Facility B: £100m, expiring in October 2024.

The Company has sought to build a long-term, sustainable, more flexible, and diverse capital structure as part of this process, further strengthening the Company's balance sheet. The structure permits Facility A to be increased from £400m to £700m via an uncommitted accordion option, subject to the consent of the participating Lenders, with a covenant package that better supports utilisation under the credit facility, the announced tender offer and the ongoing share buyback programme.

Depending on the utilisation of the "credit facility", PIP will pay a commitment fee of between 0.70% and 1.15% per annum on the undrawn portion of the credit facility. The rate of interest payable on the drawn portion is the aggregate of the relevant benchmark rate plus 2.95% or 2.25% depending on whether Facility A or B is utilised respectively.

The credit facility had a sterling equivalent value of £485.1m as at 30 November 2023, at which point the Company had drawn down £120.6m split £24.2m through Facility A and £96.4m through Facility B.

6. Asset Linked Note ("ALN")

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 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 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 30 November 2023. Therefore no fair value movement has occurred during the period 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 six months to 30 November 2023, the Company made repayments totalling £2.1m, representing the ALN share of the net cash flow for the three month period to 31 May 2023 and three month period to 31 August 2023. The fair value of the ALN at 30 November 2023 was £31.0m, of which £1.3m represents the net cash flow for the three months to 30 November 2023, due for repayment on 28 February 2024.

During the six months to 30 November 2022, the Company made repayments totalling £3.6m, representing the ALN share of the net cash flow for the three month period to 31 May 2022 and three month period to 31 August 2022. The fair value of the ALN at 30 November 2022 was £34.8m, of which £0.6m represents the net cash flow for the three months to 30 November 2022, due for repayment on 28 February 2023.

During the year to 31 May 2023, the Company made repayments totalling £5.0m, representing the ALN share of the net cash flow for the year to 28 February 2023. The fair value of the ALN at 31 May 2023 was

£32.5m, of which £1.2m represents cash flows for the three months to 31 May 2023, due for repayment on 31 August 2023.

7. Called up share capital

Allocated, called up and fully paid:	**30 November 2023 Shares**	**£'000**	**30 November 2022 Shares**	**£'000**	**31 May 2023 Shares**	**£'000**
Ordinary shares of 67p each						
Opening position	**529,893,457**	**35,503**	537,493,640	36,012	537,493,640	36,012
Cancellation of shares bought back in Market	**(2,671,474)**	**(179)**	(6,350,180)	(425)	(7,600,183)	(509)
Cancellation of shares bought back via tender offer	**(49,180,327)**	**(3,295)**	-	-	-	-
Closing position in issue	**478,041,656**	**32,029**	531,143,457	35,587	529,893,457	35,503
Total shares for NAV calculation	**478,041,656**	**32,029**	**531,143,457**	35,587	529,893,457	35,503

On 3 August 2023, upon publication of its annual results for the year ended 31 May 2023, the Company announced its intention to invest up to £200m in the Company's portfolio by buying back its own ordinary shares during the financial year to 31 May 2024. On 25 September 2023, the Company announced it would undertake a "Tender Offer", conducted as a reverse auction, for up to £150m in value (at the Strike Price) of ordinary shares with settlement taking place on 26 October 2023. Shareholders on the Register on the Record Date of 17 October 2023 were invited to tender for sale some or all (subject to the overall size limit of the tender offer) of their ordinary shares.

On 19 October 2023, the result of the tender offer was announced, being that the Company had acquired 49,180,327 of the Company's ordinary shares. All Shares repurchased by the Company have been cancelled. Each Share acquired by the Company in the tender offer was purchased at the Strike Price of 305 pence per ordinary share.

During the period to 30 November 2023 and in addition to the tender offer, 2,671,474 ordinary shares were bought back by the Company for cancellation at a total cost, including stamp duty, of £7.4m. In total, during the period to 30 November 2023, the Company acquired, for cancellation, 51,851,801 shares.

During the six months ended 30 November 2022, 6,350,183 ordinary shares were bought back for cancellation at a total cost, including stamp duty, of £16.7m.

During the year ended 31 May 2023, 7,600,183 ordinary shares were bought back for cancellation at a total cost, including stamp duty, of £19.7m.

As at 30 November 2023, there were 478,041,656 ordinary shares in issue (30 November 2022: 531,143,457 ordinary shares; year to 31 May 2023: 529,893,457 ordinary shares).

8. Return per share

	Six months to 30 November 2023			**Six months to 30 November 2022**			**Year to 31 May 2023**		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Return for the financial period £'000	**(11,261)**	**(2,544)**	**(13,805)**	(12,050)	94,841	82,791	(20,398)	62,679	42,281
Weighted average number of ordinary shares			**516,456,314**			534,675,332			532,707,383
(Loss)/return per share	**(2.18)p**	**(0.49)p**	**(2.67)p**	(2.26)p	17.74p	15.48p	(3.83)p	11.77p	7.94p

There are no dilutive shares in issue in any period.

9. Net asset value per share

	30 November 2023	**30 November 2022**	**31 May 2023**

Net assets attributable in £'000	**2,277,820**	2,493,518	2,450,072
Ordinary shares in issue	**478,041,656**	531,143,457	529,893,457
Net asset value per share	**476.49p**	469.46p	462.37p

10. Reconciliation of return before financing costs and taxation to net cash flow from operating activities

	Six months to 30 November 2023 £'000	**Six months to 30 November 2022 £'000**	**Period to 31 May 2023 £'000**
Return before finance costs and taxation	**(7,243)**	87,515	50,141
Withholding tax deducted	**(1,702)**	(940)	(1,494)
Losses/(gains) on investments	**4,898**	(82,513)	(50,885)
Currency gains on cash and borrowings	**(4,229)**	(10,877)	(9,179)
Increase in creditors	**1,851**	388	394
Increase in other debtors	**(33)**	(230)	(147)
Gains/(reductions) on financial liabilities at fair value through profit or loss - ALN	**839**	(2,758)	(3,384)
Expenses and taxation associated with ALN	**(254)**	(260)	(435)
Net cash outflow from operating activities	**(5,923)**	(9,675)	(14,989)

11. Fair Value Hierarchy

(i) Unquoted fixed asset investments are stated at the estimated fair value

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

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

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

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

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

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

(iii) Fair value hierarchy

The fair value hierarchy consists of the following three levels:

- Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

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

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

In accordance with FRS 104, the Company must disclose the fair value hierarchy of financial instruments.

Financial assets at fair value through profit or loss at 30 November 2023

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unlisted holdings	-	-	2,400,933	**2,400,933**
Listed holdings	3,307	-	-	**3,307**
Total	3,307	-	2,400,933	**2,404,240**

Financial liabilities at fair value through profit or loss at 30 November 2023

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Asset Linked Note	-	-	30,984	**30,984**
Total	-	-	30,984	**30,984**

Financial assets at fair value through profit or loss at 30 November 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unlisted holdings	-	-	2,472,990	**2,472,990**
Listed holdings	3,162	-	-	**3,162**
Total	3,162	-	2,472,990	**2,476,152**

Financial liabilities at fair value through profit or loss at 30 November 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Asset Linked Note	**-**	-	34,776	**34,776**
Total	**-**	-	34,776	**34,776**

Financial assets at fair value through profit or loss at 31 May 2023

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unlisted holdings	-	-	2,415,800	**2,415,800**
Listed holdings	1,820	-	-	**1,820**
Total	1,820	-	2,415,800	**2,417,620**

Financial liabilities at fair value through profit or loss at 31 May 2023

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Asset Linked Note	-	-	32,520	**32,520**
Total	-	-	32,520	**32,520**

12. Post balance sheet event

On 12 January 2024, the Company announced that it has agreed a private placement of $150m (£118m equivalent) of loan notes, with proceeds being received on 1 February 2024. The loan notes have been structured over different maturities of 5, 7 and 10 years. Proceeds from the loan notes have been used to partially repay the existing drawn loan facilities.

NATIONAL STORAGE MECHANISM

A copy of the Half-Yearly Financial Report will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM, which is situated at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

Ends

LEI: 2138001B3CE5S5PEE928

END

IR SEEESFELSELE