

**Closed-Ended Investments Funds**


Source: Refinitiv

**Market data**

EPIC/TKR	PN
Price (p)	<b>1,944</b>
12m High (p)	2,620
12m Low (p)	1,274
Shares (m)	54,089
Mkt Cap (£m)	1,051
NAV * p/sh (p)	2,794.9
Discount to NAV *	30%
Market	Premium equity closed-ended investment funds

\*Manager valuations: 94% Dec'19; cut by 226.3p for "Manager's Provision"

**Description**

The investment objective of Pantheon International Plc (PIP) is to maximise capital growth by investing in a diversified portfolio of private equity (PE) assets and directly in private companies.

**Company information**

Chairman	Sir Laurie Magnus
Aud. Cte. Chr.	David Melvin
Sen. Ind. Dir.	Susannah Nicklin
Inv. Mgr.	Pantheon
Managers	Helen Steers
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**Key shareholders (31 May'19)**

USS	8.2%
Merian	7.0%
Esperides SA SICAV- SIF	5.7%
East Riding of Yorkshire	4.7%
APG Asset Mgt.	4.4%
Investec Wealth	4.4%
Private Syndicate pty.	3.8%
Brewin Dolphin	3.4%

**Diary**

Mid-May Apr performance update

**Analyst**

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# PANTHEON INTERNATIONAL

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PE fund businesses' NAVs normally reflect a delay in getting valuations from the underlying managers. The effect is small, unless markets move significantly. PIP has addressed the current distortion through the introduction of a "Manager's Provision", which reduced its managers' valuations (94% of which were valued at December 2019) by 8%, (226.3p, March *monthly performance report*). This level was assessed by underlying manager feedback, proprietary models and an analysis of how its PE asset values changed relative to market movements. The fact that PIP introduced this provision speaks volumes for its openness with investors.

- ▶ **March NAV:** On 30 April 2020, PIP *announced* that its NAV fell 4% in March, with a 1% valuation and 3% forex gains offset by the new Managers' Provision (-8%). PIP made 14 new investments during the month (£67.8m of new commitments). It had a net cash position (£116m) and credit facilities of US\$163.0m and €59.8m.
- ▶ **Managers' Provision:** PIP obtained guidance from 71% of its managers on the end of March value of their positions. Listed underlying holdings were marked to the end of March prices. For the rest, PIP used proprietary models, applying sector index movements and the correlation to markets seen in the financial crisis.
- ▶ **Valuation:** After recent market falls, PIP trades at a 30% discount to a NAV, which has been adjusted for market movements. This is despite its long-term record of outperformance. PIP reinvests returns for superior capital growth (no dividend).
- ▶ **Risks:** Sentiment to economic cycle and to private investments is material (noting PIP's NAV rose every year in the early 1990s' recession). PIP has conservative accounting/liquidity policies. Forex movements create short-term volatility.
- ▶ **Investment summary:** PIP is in an attractive market, can pick the best part of that market, and has competitive operational advantages. Its manager selection and portfolio structuring have added value. Corporate governance appears strong, and the "real" value of the assets is, we believe, above their accounting value. Investors are getting liquid access to the whole PE market. There are risks around the cycle, and illiquid and unquoted underlying assets; however, comparing these with the historical returns makes the current discount an anomaly, in our view.

**Financial summary and valuation**

Year-end May (£000)	2017	2018	2019	2020E	2021E
Gains on investments	201,198	149,778	204,473	64,607	181,169
Investment income	17,436	15,504	13,222	9,452	15,484
Investment manager's fee	-12,659	-15,020	-16,584	-18,000	-20,000
Other expenses	-1,783	-3,270	-573	-4,710	-4,751
Interest payable/similar expenses	-1,791	-1,950	-2,386	-2,386	-2,386
Return before taxation	204,790	131,947	194,918	41,964	163,516
NAV per share (p)	2,190	2,415	2,771	2,843	3,141
S/P discount to NAV	-11%	-19%	-30%	-32%	-38%
Investments	1,224	1,275	1,450	1,548	1,709
Equity issued/buyback	-26	-3,546	-500	0	0

Source: Hardman & Co Research