

Closed-Ended Investments Funds


Source: Refinitiv

Market data

EPIC/TKR	PIN
Price (p)	2,150
12m High (p)	2,620
12m Low (p)	1,274
Shares (m)	54,089
Mkt Cap (£m)	1,163
NAV p/sh (p)*	2,865.3
Discount to NAV*	25%
Market	Premium equity closed-ended investment funds

*Manager valuations: 1% Dec'19, 98% Mar'20, 1% Jun'20

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
Contact	Vicki Bradley
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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

6 Aug	Report and Accounts
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Analyst

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PANTHEON INTERNATIONAL

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The **23 July announcement** noted that, in June, the NAV fell 0.6%, driven primarily by valuation losses. End-June net available cash balances were £121m, and the undrawn loan facility was £311m, giving total available finance of £432m. Total outstanding commitments (including those outside their investment period, which are less likely to be drawn) were £533m. Realisations in the month were £12m. In terms of outlook, the company commented, "Although the company made no new commitments during the month, PIP's pipeline points to an active period for new commitments in the second half of 2020."

- **Portfolio mix:** The [June newsletter](#) noted that the two largest sectors were IT 25% and Healthcare 21%. By stage, it is 41% small/mid-buyout, 26% large/mega buyout and 20% growth. By type, it is 36% secondary, 35% co-investments and 29% primary and, by region, US 50%, Europe 31%, Asia/EM 12% and global 7%.
- **Peer news flow:** Harbourvest's [June NAV](#) noted a broadly flat NAV over the month (£20.70 vs. £20.79) and that it was a modest net investor (\$9m) in the month. Its portfolio has a more primary bias. [SLPE's June factsheet](#) noted a 6% NAV reduction over six months (2% over one year), with a lower Healthcare/IT bias.
- **Valuation:** PIP trades at a 25% discount to NAV, which includes the conservative manager's provision. In our [initiation report](#), we noted why PE has historically outperformed quoted markets in downturns. The discount is despite its long-term record of outperformance. PIP aims for capital growth (no dividend).
- **Risks:** Sentiment to the economic cycle and private investments is material (noting PIP's NAV increased 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 (2021/22 forecasts under review)

Year-end May (£000)	2017	2018	2019	2020
Gains on investments	201,198	149,778	204,473	85,607
Investment income	17,436	15,504	13,222	9,452
Investment manager's fee	-12,659	-15,020	-16,584	-18,000
Other expenses	-1,783	-3,270	-573	-4,710
Interest payable/similar expenses	-1,791	-1,950	-2,386	-2,386
Return before taxation	204,790	131,947	194,918	62,964
NAV per share (p)	2,190	2,415	2,771	2,882
S/P prem./disc. to NAV	-2%	-11%	-22%	-25%
Investments	1,224	1,275	1,450	1,548
Equity issued/buyback	-26	-3,546	-500	0

Note: forecasts will be reviewed with results. Source: Hardman & Co Research