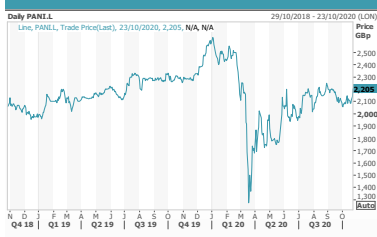


Closed-Ended Investments Funds



Source: Refinitiv

Market data

EPIC/TKR	PIP
Price (p)	2,205
12m High (p)	2,620
12m Low (p)	1,274
Shares (m)	54,089
Mkt Cap (£m)	1,193
NAV p/sh (p)*	3,007.4
Discount to NAV*	27%
Market	Premium equity closed-ended investment funds

*Manager valuations: Sep 1%, Jun 97%, Mar 1%, new investment 1%

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
Manager	Helen Steers
Contact	Vicki Bradley
	+44 20 3356 1800
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Key shareholders (31 May'20)

Quilter	9.40%
USS	8.15%
Esperides SA Sicav-SIF	5.75%
East Riding of Yorkshire CI	4.70%
APG Asset Mgt.	4.44%
Investec Wealth	4.37%
Private Syndicate Pty	3.76%
Brewin Dolphin	3.45%

Diary

Mid-Nov'20	Oct NAV
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Analyst

Mark Thomas	020 7194 7622
	mt@hardmanandco.com

PANTHEON INTERNATIONAL

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Our 9 October note, *Returns, resilience and responsibility*, noted i) PIP's investors get liquid access to the whole private equity (PE) market, ii) PE-backed companies, on average, deliver superior growth compared with quoted ones, iii) PIP is investing in the right parts of the PE market, iv) PIP benefits from being part of the Pantheon family, and vi) we believe the "real" NAV is above "book" NAV. September saw a 5.7%, 161p NAV uplift with valuation gains on two IT IPOs adding 65p, and forex 85p. The downturn resilience of PIP's NAV has been proven once again in 2020 (one-year NAV up 3.2%). PIP's ESG credentials are market-leading and well-established.

- **Returns:** PIP delivers market-beating returns by selecting PE managers who add real value to their underlying portfolio companies, and by selecting direct investment opportunities in PE-backed companies. PIP's mandate means it can select the best opportunities across the whole market.
- **Resilience:** PIP's outlook confidence is driven by i) more than 40 years' PE experience, gathered through different economic cycles, ii) a conservative stance, including limiting debt, iii) a bias to the IT/healthcare sectors, iv) permanent capital and strong liquidity, v) a collegial culture, and vi) a track record of outperformance.
- **Valuation:** PIP shares trade at a 27% discount to NAV, despite their long-term outperformance. We believe the "real" NAV is likely to be above the book value on the accounting date, as the company consistently reports uplifts on realisation. PIP re-invests returns for superior capital growth and pays no dividend.
- **Risks:** We note i) sentiment to the economic cycle (NAV rose every year in the 1990s' recession and in FY'20), ii) adverse sentiment to illiquid and unquoted investments (PIP has permanent capital and proven exit uplifts), and iii) sentiment to the sustained discount could be an issue. Short term, there can be FX 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. This has delivered 11.6% annual NAV growth since inception. Corporate governance is strong, and the NAV is conservatively valued. Investors get liquid access to the whole PE market. There are risks around the cycle, and illiquid and unquoted underlying assets, but these, against the historical returns, make the current discount to NAV an anomaly.

Financial summary and valuation

Year-end May (£000)	2017	2018	2019	2020	2021E	2022E
Gains on investments	201,198	149,778	204,473	85,607	174,996	200,249
Investment income	17,436	15,504	13,222	9,452	11,218	17,115
Inv. manager fees	-12,659	-15,020	-16,584	-18,000	-18,500	-19,500
Other expenses	-1,783	-3,270	-573	-4,710	-1,500	-1,500
Int. pay/similar exps.	-1,791	-1,950	-2,386	-2,386	-2,223	-2,223
Return pre-tax	204,790	131,947	194,918	62,964	163,990	194,141
NAV per share (p)	2,190	2,415	2,771	2,882	3,183	3,539
S/P prem./disc. to NAV	-18%	-17%	-20%	-28%	-31%	-38%
Investments	1,224	1,275	1,450	1,548	1,712	1,893
Equity issues/buyback	-26	-3,546	-500	0	0	0

Source: Hardman & Co Research