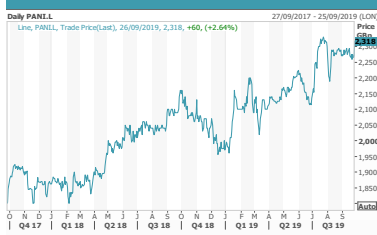


Closed-Ended Investments


Source: Refinitiv

Market data

EPIC/TKR	PIN
Price (p)	2,330
12m High (p)	2,330
12m Low (p)	1,960
Shares (m)	54.089
Mkt Cap (£m)	1,258
NAV p/sh (p)	2,949
Discount to NAV	21%
Market	Premium equity closed-ended inv. funds

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.	Ian Barby
Sen. Ind. Dir.	Susannah Nicklin
Inv. Mgr.	Pantheon
Managers	Andrew Lebus/Helen Steers
Contact	Vicki Bradley
	+44 20 3356 1725
	www.piplc.com

Key shareholders (31 May 2109)

USS	8.15%
Old Mutual	7.03%
Esperides SA SICAV- SIF	5.75%
East Riding of Yorkshire	4.70%
APG Asset Mgt.	4.44%
Investec Wealth	4.37%
Private Syndicate pty	3.76%
Brewin Dolphin	3.45%

Diary

End'Oct September monthly update

Analyst

 Mark Thomas 020 7194 7622
mt@hardmanandco.com

PANTHEON INTERNATIONAL

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We reviewed Pantheon International (PIP, ticker PIN) in our report, *11.9% average annual NAV growth since 1987*, published on 6 September. PIP invests in a diversified portfolio of private equity (PE) funds and directly in private companies. On average, it has generated ca.1.5x the market's returns since inception in 1987, delivered by i) PE-owned businesses outperforming quoted ones, ii) PIP investing in the right PE sub-sectors, iii) benefits from being in the Pantheon family, and iv) a structured fund selection process. PIP gives investors liquid access to the illiquid PE market, strong corporate governance and a "real" NAV above its "book" value. The risks are detailed below.

- ▶ **August NAV:** PIP issued its August NAV update showing a 3.6% NAV per share uplift in the month (3.3% from investment gains). Part of the valuation uplift reflected underlying business growth over time, with 95% of the current portfolio based off June or later valuations, while the prior NAV was 99% March or later.
- ▶ **Peer news:** *Harbourvest's* NAV rose \$0.68 to \$25.6 (£21.06) in August. ICG Enterprise Trust *appointed a new NED*, Gerhard Fusenig. Standard Life Private Equity declared a *third-quarter dividend* of 3.2p per share. There was no RNS news in September from BMO Private Equity Trust.
- ▶ **Valuation:** PIP currently trades at a 21% discount to NAV, despite its long-term outperformance. ICGT and SLPE trade at similar levels. We believe the "real" PIP NAV is likely to be above the accounting value, making the discount even higher. PIP reinvests returns for superior capital growth, and does not pay a dividend.
- ▶ **Risks:** Sentiment to the economic cycle is material (note that PIP's NAV rose every year in the early 1990s' recession). Even though PIP has permanent capital and proven uplifts on exit, market sentiment to investments with illiquid and unquoted shares is adverse. Sentiment to the duration of the discount may also be an issue.
- ▶ **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, but 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	169,607	187,019
Investment income	17,436	15,504	13,222	14,496	15,984
Investment Manager's fee	-12,659	-15,020	-16,584	-21,710	-23,751
Other expenses	-1,783	-3,270	-573	-1,000	-1,000
Interest payable/similar expenses	-1,791	-1,950	-2,386	-2,386	-2,386
Return before taxation	204,790	131,947	194,918	152,008	169,866
NAV per share (p)	2,190	2,415	2,771	3,047	3,356
S/P discount to NAV	4%	-6%	-18%	-25%	-32%
Investments	1,224	1,275	1,450	1,598	1,765
Equity issued in year	-26	-3,546	-500	0	0

Source: Hardman & Co Research