

Our strategy

Our investment strategy is to build a resilient portfolio that can deliver long-term outperformance

The Board regularly reviews PIP's overall investment strategy and has held a number of additional meetings for this purpose during the past year.

Through the ongoing dialogue between the Board and the Manager, the Manager reports to the Board on progress and highlights any obstacles or changes in market conditions which may impact the Company's ability to achieve its strategic goals. In cases where this may occur, the Manager will propose solutions for which it will seek the support of the Board. Equally, the Board maintains the flexibility to propose amendments to the strategy as it deems necessary.

In addition, the Board also reviews individual investments that exceed exposure limits, which are set at appropriate levels to reflect a diversified approach. At times, the Manager may make recommendations to the Board and seek approval for certain investments that fall outside of any limits expressed in the agreed strategic approach, but which the Manager believes to be a good investment opportunity for PIP. The Board maintains its independence at all times and robustly challenges such recommendations to ensure that they are in the best interests of shareholders. In addition, the Manager reports to the Board on PIP's marketing and investor relations activities, considering new initiatives that could help to increase PIP's profile, and to reach potential new shareholders in the Company. At the forthcoming AGM, the Board will propose a split of each existing share into 10 with the aim of making PIP's shares more accessible to a range of investors and with a view to improving the marketability of PIP's shares.

Maintain a carefully diversified approach while increasing potential for outperformance



As Manager of PIP, Pantheon focuses on investing with the best private equity managers worldwide, through both funds and direct co-investments, and thoughtfully constructing and maintaining a cash-generative portfolio that has exposure to different parts of the investment life cycle. PIP's portfolio is carefully diversified by manager, investment type, stage, geography, fund age (vintage) and sector. One of the key advantages of this approach is that it reduces the risk of any individual underperforming company or fund having a disproportionately material adverse effect on the Company's overall performance. Nevertheless, as a result of the selections made by the Manager through its investment activities, the mix of PIP's portfolio naturally emphasises investments that offer appropriate levels of downside protection as well as the potential for long-term growth.

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Investment type: Focus on maturity profile and potential to boost performance

Primaries, secondaries and co-investments all have attractive characteristics, as highlighted in the Business Model on pages 18 and 19, and PIP's transparent and direct investment approach gives it the flexibility to take advantage of prevailing market conditions and to maximise control over the Company's financing risk, including its ability to generate positive cash flows.

As the weighting towards co-investments has been increased over time, the three different investment types have intentionally taken on more equal weightings. These weightings do not represent hard caps, however the Board and the Manager believe that this is the optimal mix to benefit from the cash generated by the more mature assets in PIP's portfolio while rejuvenating the portfolio with the younger vintages offered by primaries and co-investments. In addition, we have been steering PIP's secondary investment strategy towards single-asset secondaries which form a fast-growing part of the secondary market and are attractive for several reasons as highlighted on page 64.

With an increased weighting towards co-investments and single-asset secondaries, we expect the number of underlying managers and portfolio companies to which the Company is exposed to reduce over time. As a result, the potential for the Company's overall NAV to be impacted by the performance of

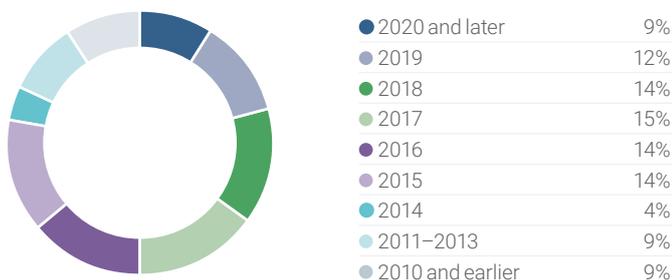
individual assets should be increased while maintaining the benefits of a portfolio that is well diversified by type, stage, geography and sector.

The Board believes that there are several benefits to this investment approach: risk is effectively managed through diversification while the improved transparency of PIP's underlying portfolio, and increased investment flexibility, should create a clearer link between the strongest performing companies in the portfolio and the potential to boost NAV growth in the future. Also, Pantheon can remain highly selective and disciplined when assessing deal flow, while at the same time reducing the risk of PIP being excluded from exciting opportunities due to investment constraints.

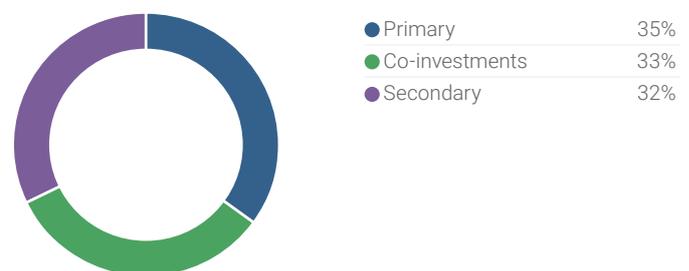
During the year, while maintaining its disciplined approach, the Board and the Manager identified that there was an opportunity to increase the Company's investment pacing to take advantage of the exciting deals emanating from its private equity managers.

The Board recognises that, on occasion, the discounts at which the Company's shares trade may make them an attractive investment proposition for PIP when considered alongside other new investment opportunities. The Manager reports to the Board on a regular basis on the investment market conditions and, on those occasions, the Board may authorise the Company to buy back a specified amount of its own shares. No share buybacks were completed during the year ended 31 May 2021.

Maturity¹



Investment type²



¹ Maturity chart is based on underlying fund valuations and accounts for 100% of PIP's portfolio value. Excludes the portion of the reference portfolio attributable to the ALN.

² Fund investment type, region, stage and maturity charts are based upon underlying fund valuations and account for 100% of PIP's overall portfolio value. The charts exclude the portion of the reference portfolio attributable to the Asset Linked Note.

Our strategy

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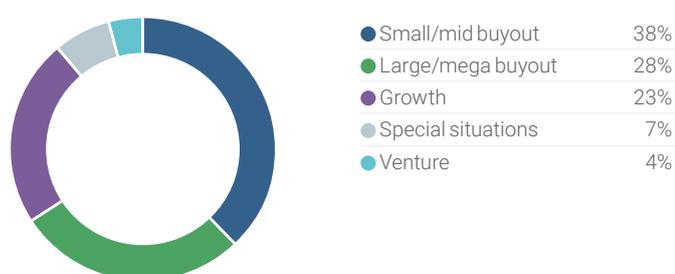
Investment stage: Focus on mid-market and growth

PIP's portfolio is diversified by stage, which ranges across venture, growth, small/mid and large/mega buyout opportunities, as well as those classified as special situations. While the Company's strategy is to maintain a healthy mix of all stages, Pantheon favours the growth and buyout segments, with a particular focus on the mid-market. The mid-market offers distinct characteristics, when compared with large deals, such as:

- More attractively priced assets which tend to have lower levels of leverage than the broader market average;
- Greater visibility of the value drivers and the levers to pull to improve operational efficiency to better drive growth, both organically and through buy-and-build strategies;
- More routes to exit including strategic acquisitions, sales to other private equity managers or initial public offerings ("IPOs").

While late stage venture opportunities remain attractive, it is our view that the return profile of early stage venture can often be too protracted to be suitable for PIP's portfolio. Therefore, any investment activity by PIP in early stage venture funds is focused on investing with top-tier venture managers, mainly through primary fund investments, who are able to spot innovative opportunities with the potential to generate significant outperformance. While special situations include funds with unique characteristics which can offer potential for outperformance, it is the Board's intention that special situations investments will only be a small minority of the overall portfolio.

Fund stage³



3 Fund investment type, region, stage and maturity charts are based upon underlying fund valuations and account for 100% of PIP's overall portfolio value. The charts exclude the portion of the reference portfolio attributable to the Asset Linked Note.

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Sector and geographic exposure: Global outlook, with a focus on high-growth and niche areas

The Board is committed to offering investors a global portfolio with investments in North America, Europe, Asia and Emerging Markets. It takes an active approach towards the weightings of those geographies in response to market conditions but supports the majority of the Company's capital being invested in the USA and Europe where the private equity markets are well established.

The Board relies on Pantheon's investment teams around the world that are on the ground locally, to take advantage of proprietary information flows and access to opportunities through their extensive networks of relationships. The Board is confident that these relationships enable Pantheon to source and respond quickly to the best deal flow in those regions to optimise risk-adjusted performance.

It is our objective to seek managers globally that are able to take a thematic approach and focus on high-growth sectors, many of which may not be fully represented by the public markets. In addition, Pantheon has a deliberate strategy of targeting sectors experiencing dislocation, as well as niches where underlying growth is less correlated to GDP growth. Recent examples of this have been within the Information Technology and Healthcare sectors. For more information on the sectors in which PIP is invested, see pages 50 to 52.

The Board believes that its oversight of the Manager's activities, while at the same time allowing Pantheon the flexibility that it needs to make the appropriate investment decisions on the Company's behalf, ensures that PIP is able to deliver on its strategic objectives for shareholders over the long term.

Company sectors⁴



4 The company sector chart is based upon underlying company valuations as at 31 March 2021, adjusted for calls and distributions to 31 May 2021. These account for 100% of PIP's overall portfolio value.

Purpose

It is a requirement for all companies to set out their culture and purpose. The Company's defined purpose is relatively simple: it is to deliver our investment strategy led by a Board that promotes strong governance and a long-term investment approach that actively considers the interests of all stakeholders. The Board believes that, as an investment company with no employees, this is best achieved by working in partnership with Pantheon, our appointed Investment Manager. Further details of the Company's Business Model, including statements on what the Company does and why it does it, can be found on pages 18 and 19.

Culture

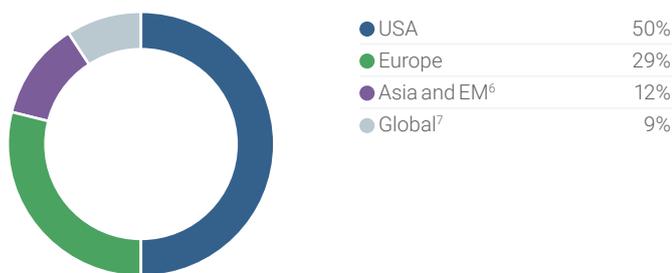
The Directors agree that establishing and maintaining a healthy corporate culture among the Board and in its interaction with the Manager, shareholders and other stakeholders will support the delivery of its purpose, values and strategy. The Board seeks to promote a culture of openness, debate and integrity through ongoing dialogue and engagement with its service providers, principally the Manager.

PIP has a number of policies and procedures in place to assist with maintaining a culture of good governance, including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares.

The Board assesses and monitors compliance with these policies as well as the general culture of the Board through Board meetings, and in particular during the annual evaluation process which is undertaken by each Director (see page 87 of the Statement on Corporate Governance for further details of the evaluation processes).

The Board seeks to appoint the best possible service providers and evaluates their service on a regular basis as described on page 90. The Board considers the culture of Pantheon and other service providers, including their policies, practices and behaviour, through regular reporting from these stakeholders, and in particular during the annual review of the performance and continuing appointment of all service providers.

Fund region⁵



⁵ Fund investment type, region, stage and maturity charts are based upon underlying fund valuations and account for 100% of PIP's overall portfolio value. The charts exclude the portion of the reference portfolio attributable to the Asset Linked Note.

⁶ EM: Emerging Markets.

⁷ Global category contains funds with no target allocation to any particular region equal to or exceeding 60%.