METAGE CAPITAL

15 December 2025

To the Board of Directors,

"The Board believes that the acid test of a private equity fund is that it should outperform net of fees, such that investors achieve a higher return than if they had invested in lower cost funds or indices[1]"

Sir Laurie Magnus, the former Chair of Pantheon International Plc ("PIN" or the "Company"), wrote this in his final Chairman's statement. We wholeheartedly agree with this view. No investor would rationally bear the high fees, illiquidity and opacity of investing in private equity without benefiting from returns above those easily accessible from low-cost, liquid, broad market indices. The Company has now underperformed its benchmark over 1, 3, 5 and 10 years[2]. In our view, the persistently wide discount observed between the Company's share price and its net asset value per share is not reflective of a lack of understanding by the market, but a failure by the Board to take decisive action. Metage Capital recommends the Board of PIN instigates a 'Step 4' of its interminable strategic process and sells at least half a billion pounds of assets[3] into the secondary private equity market and use this capital to buy back shares. It is our contention that this would actually represent 'putting shareholders first.'

Poor returns

The table below shows the annualised performance reported by PIN in its latest factsheet, along with the shortfall of returns that it has delivered against its global benchmark.

Annualised Performance as at 31 October 2025

Period	1 year	3 years	5 years	10 years
NAV per share	5.8%	2.7%	11.5%	12.5%
MSCI World, Total Return (Sterling)	19.9%	17.0%	15.7%	14.2%
Annualised compounded underperformance	(11.8%)	(12.2%)	(3.6%)	(1.5%)

The Board has repeatedly stressed the importance of investing in GPs in the first or second quartiles, who '*…significantly outperform those public indices in the long run*[4].' Has Pantheon delivered this for the Company?

Something fundamental appears to have changed in 2022. Metage suspects the increase in interest rates has meant that portfolio companies have been unable to deliver sufficient organic earnings growth to cover the higher interest burden and that historic acquisitions were made too expensively. The Chair has stated that to improve performance the Board has "*…been examining methodologies to smooth out investment pacing to ensure greater consistency of vintage diversification…*[4]" Cutting through the corporate jargon, we assume this is intended to signal a strategy to invest more when markets are cheaply valued and less when they are not. Were the Manager and Board really not trying to do this before? If they were, then why should investors believe they are going to do a better job now in what appears to be a more challenging environment?

[1] Annual Report May 2022; Chairman's statement; Former Chairman of PIN, Sir Laurie Magnus CBE
[2] 31 October 2025 Newsletter; Annualised Performance table relative to the MSCI World, Total Return (Sterling)
[3] 22% of current NAV; the minimum which we believe will make a meaningful difference
[4] Annual Report and Accounts 2025; Chairman's Statement and Overview

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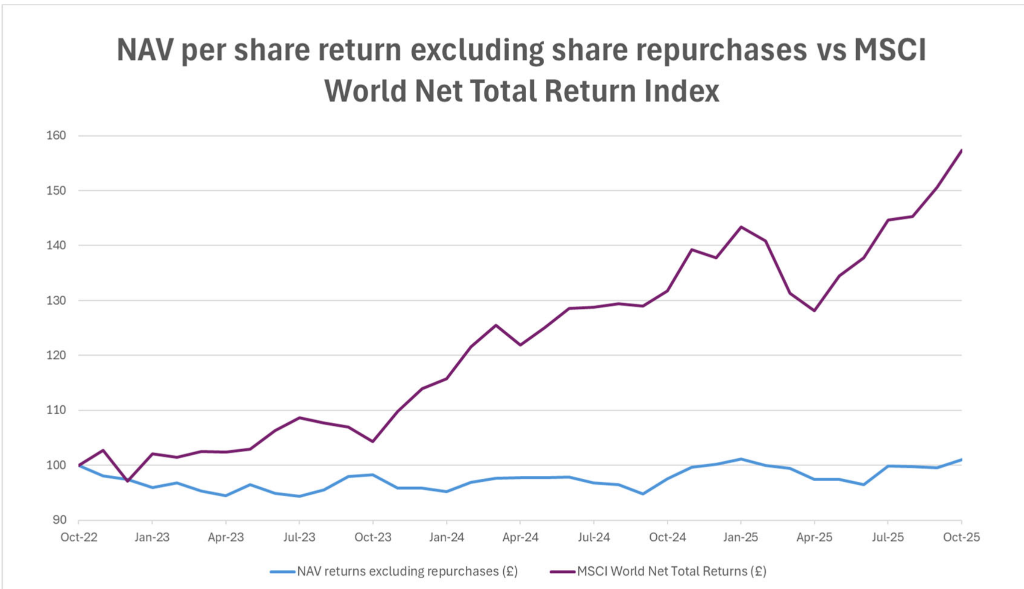
Even this dismal picture significantly understates the level of performance delivered by the investment manager. The Company has reported an annualised return of 2.7% over the last three years. However, this incorporates the effect of buying back shares. Metage calculates that, excluding these returns, over this period PIN has only returned **<u>0.3% a year</u>**[5].



Missteps

Whilst the rhetoric and initial repurchase of £200m of shares in Step 1 of the Company's 3-step plan was encouraging, Step 2, which was supposed to deliver an effective capital allocation policy has been disappointing. The first attempt in May 2024 was transparently insufficient to address the discount faced by PIN. In the original presentation[6] the worked example shows an allocation to share buybacks of only £4m in the quarter to May 2023. The Company's net assets at the time were £2.5 billion. On an annualised basis this policy might have been expected to make available 0.6% of PIN's net asset value for capital returns. The Board did take additional action to increase the buyback pool, but it should have been self-evident that the original proposals were insufficient to achieve the Company's stated goals.

The latest capital allocation plan suffers from a similar issue. By fixing it to distributions, it is likely to be pro-cyclical. This proposal will deliver the highest level of capital returned to shareholders when the fund has received strong realisations, has ample liquidity and therefore is likely to trade at its narrowest discount. Furthermore, we note that historically realisations have been 20% of net asset value. A 20% distribution policy could therefore be expected to return only 4% of NAV to shareholders.

[5] Calculated by deducting the reported per share returns from Share Buybacks from the stated NAV returns in the monthly Newsletters from October 2022 to October 2025
[6] PIP Capital Allocation Policy 16 May 2024; slide 7

Again, the Board has had to recognise the shortcomings of this proposal and add an additional £75m to buybacks. Whilst we support this addition, it does undermine the purpose of having a capital allocation policy in the first place and in our opinion means that the policy cannot guide investors' expectations.

Looking across the London-listed private equity funds, this capital allocation policy is also less strong than some direct competitors[7] and returns significantly less than certain funds which pay dividends, like Partners Group Private Equity. Unfortunately, even these more expansive policies have not successfully resolved the discounts seen in the market. APAX Global Alpha is the only fund to have resolutely addressed the problem, by working with Ares to take the fund private at a 17.1% discount.

"London-listed private equity funds, as well as Pantheon, need to do 'a hell of a lot more' to eradicate the chronic share price discounts of 30-40% that have plagued the sector for years."[8]

This is a quote from Citywire from the current Chairman, Mr John Singer, in November 2023. We remain in complete agreement with this statement, but in our view it lacks credibility that improved marketing as originally specified in the somewhat fluid Step 3[9] will be sufficient to resolve the Company's issues. It is notable that this is also not a new endeavour, with the Company's May 2022 full year report stating:

"…the Board has initiated with Pantheon a concerted marketing effort to promote the contribution that PIP can provide to an investor's portfolio and thereby attract new investors. This has included the recent appointment of a new PR agency, a refresh of the website and capital markets events planned for the autumn…"

Step 4: finally putting shareholders first

We recommend that the Board takes advantage of the low discounts seen in the secondary private equity fund market to make a meaningful disposal of at least half-a-billion pounds of assets and uses the resulting monies to buyback PIN's shares. In addition, the Board should provide a detailed and transparent assessment of the Company's historical performance, the returns on the investments it has made and set out a clear strategy to address its performance issues, which amounts to more than trying to better time the market. If none of these actions can achieve a consistent single-digit discount, then it should bring forward a solution similar to APAX Global Alpha.

Yours sincerely,

Tom Sharp

Chief Investment Officer, Metage Capital Limited

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[7] Harbourvest capital allocation policy is to return 30% of distributions.

[8] citywire.com/wealth-manager/news/pantheon-s-john-singer-private-equity-must-do-hell-of-a-lot-more/a2429759

[9] PIP Capital Allocation Policy 16 May 2024, slide 2: clearly articulates Step 3 as "Enhance marketing efforts". However, in the Year End Results to 31 May 2025 Investor Presentation Step 3 now incorporates references to marketing, share buybacks, active portfolio management and shareholder engagement.