

# PANTHEON

## **Item 1 - Cover Page**

Pantheon Ventures Inc.  
Transamerica Center  
600 Montgomery Street, 23<sup>rd</sup> Floor  
San Francisco, CA 94111  
(415) 249-6200  
[www.pantheon.com](http://www.pantheon.com)

March 29, 2012

This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Pantheon Ventures Inc. If you have questions about the contents of this Brochure, please contact us at (415) 249-6200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Pantheon Ventures Inc. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Although Pantheon Ventures Inc. is registered as an investment adviser under the Investment Advisers Act of 1940, such registration does not imply that Pantheon Ventures Inc. or our personnel have a certain level of skill or training.

## **Item 2 – Material Changes**

There are no material changes since the date of the last brochure (March 29, 2011).

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## **Item 4 – Advisory Business**

Pantheon Ventures Inc. (“Pantheon”) is a private equity manager.

Pantheon’s London-based affiliate has been in business since 1982. Pantheon opened its San Francisco office in 1987 and its New York office in 2007. In 2010, in connection with the acquisition of Pantheon and its affiliates by Pantheon’s senior management and Affiliated Managers Group, Inc., Pantheon transferred all of its assets and certain of its clients to Pantheon Ventures (US) LP (“PV US”), a SEC-registered investment adviser. Pantheon and PV US are parties to an intra-company services agreement whereby PV US provides services to Pantheon, including management, investment advisory, and other services to those Pantheon clients that were not assigned to PV US. References in this Brochure to Pantheon’s investment management and advisory services refer to the services provided by PV US to Pantheon’s clients under the intra-company services agreement.

Pantheon’s clients include funds that are either pooled investment vehicles or single investor vehicles. Investors in pooled investment vehicles managed by Pantheon include public and private pension plans (both U.S. and non-U.S.), insurance companies, banks, endowments and foundations, among others. Please see “Item 7 – Types of Clients” of this Brochure for more information with respect to Pantheon’s clients and investors.

### **Principal Ownership**

Pantheon Ventures Inc. is a California corporation. It is a limited partner of PV US and the sole member of PV US’ general partner. Pantheon Ventures Inc. is the only limited partner that owns 25% or more of PV US.

Affiliated Managers Group, Inc. (“AMG”) is a publicly-traded asset management company (NYSE: AMG) with equity investments in boutique investment management firms. AMG, Pantheon’s institutional partner, holds interests in Pantheon and the various Pantheon Group Companies, as well as in other investment management firms (“AMG Affiliates”). Further information on AMG, AMG Affiliates, and the Pantheon Group Companies is provided in “Item 10 – Other Financial Industry Activities and Affiliations.”

As an affiliate of AMG, Pantheon operates autonomously, maintaining investment and operational control, and benefits from access to the resources of a larger international partner.

### **Advisory Services**

Pantheon is a private equity manager whose clients are funds (referred to in this Brochure as our “funds”). Pantheon specializes in private equity investing. Our funds primarily invest in venture capital, leveraged buyout, special situations, and other private equity funds (referred to in this Brochure as “underlying portfolio funds”). Investment strategies include primary investments (i.e., purchasing an interest directly from the issuer), secondary investments (i.e., purchasing an interest from an existing investor), and co-investments (i.e., investing in a portfolio company alongside an underlying portfolio fund manager).

The investment strategies and restrictions relating to our funds are set forth in the fund’s private placement memorandum and/or limited partnership agreement.

## **Assets Under Management**

As of September 30, 2011, the Pantheon Group Companies (as defined in “Item 10 – Other Financial Industry Activities and Affiliations”) collectively had approximately \$24 billion in assets under management.

In 2010, Pantheon assigned certain of its clients to PV US. For those clients that were not assigned to PV US, Pantheon entered into an intra-company services agreement with PV US for the provision of services by PV US to our clients. As a result, PV US has been delegated investment management and investment advisory responsibilities with respect to Pantheon’s clients and therefore Pantheon currently has no client regulatory assets under management (“RAUM”) as defined in the instructions to this form. The assets of Pantheon’s clients are included in the RAUM for PV US. Please see PV US’ Form ADV Part 2A at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) for more information.

## **Item 5 – Fees and Compensation**

### **Management Fees**

Pantheon is a private equity funds manager. Our funds are neither registered under the Investment Company Act of 1940, nor are their interests registered under the Securities Act of 1933. Accordingly, interests in our funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. No offer to sell our funds is made by the descriptions in this Brochure and our funds are available only to investors that are properly qualified.

Typically, the basic fee schedule for our funds is an annual management fee (payable to Pantheon) that can range from 0.5% to 1.0% of aggregate capital commitments to a fund, plus a performance fee (payable to an affiliate of Pantheon), referred to as “carried interest” which is more fully described in “Item 6 – Performance-Based Fees and Side-by-Side Management”. With respect to some, but not all, of our funds, the full annual management fee is not payable in the first year but rather, scales up over the first few years, and then scales down in the latter years of the fund’s term, which is typically 13 years or longer. Pantheon reserves the right to reduce or waive some or all fees for certain investors in the funds, including for investors who are affiliated with Pantheon.

Management fees are typically paid quarterly in advance, and deducted from our funds’ accounts. If there are insufficient assets, Pantheon will issue a capital call notice to investors. Management fees are generally not refundable absent certain circumstances described in our funds’ limited partnership agreements.

Other amounts payable by an investor in a fund managed by Pantheon are described below under “Additional Fees and Expenses”.

## **Additional Fees and Expenses**

Investors in our funds typically bear their pro rata share of fees, costs and expenses incurred in the operation and administration of the fund (e.g., fees and expenses of custodians, outside counsel, administrators, accountants, auditors, consultants), as well as the origination, identification, investigation, negotiation, acquisition, sale or disposition of the fund's investments (collectively, "Fund Expenses"). Fund Expenses are described in the private placement memorandum and/or limited partnership agreement for each respective fund.

Investors in our funds also typically bear their pro rata share of a fund's organizational and start-up costs (collectively, "Organizational Expenses"). Organizational Expenses are described in the private placement memorandum and/or limited partnership agreement for each respective fund.

In addition to the management fee, carried interest, Fund Expenses and Organizational Expenses incurred at our funds level, underlying portfolio funds will typically have similar, and in some cases higher, levels of management fees, carried interest, and other fees and expenses.

## **Fees for the Sale of Securities**

Neither Pantheon nor PV US (nor our staff) receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for client accounts. Pantheon is compensated through the stated management fee, performance fee, and/or other additional fees and expenses (if any) agreed upon in the relevant investment management agreement and/or limited partnership agreements.

## **Item 6 – Performance-Based Fees and Side-by-Side Management**

### **Carried Interest**

The fee arrangement for our funds typically includes a performance fee (payable to an affiliate of Pantheon), referred to as "carried interest", on profits (net of fees and expenses) after the portfolio has achieved certain return hurdles as more fully described in the private placement memorandum, limited partnership agreement or investment management agreement, as applicable.

### **Side-by-Side Management**

Pantheon may advise multiple clients with different investment objectives, guidelines and policies, and with different fee structures.

Pantheon may receive both management fees and carried interest as compensation for its advisory services. Carried interest may create an incentive for Pantheon to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. In these instances, Pantheon's compensation may be greater than it would otherwise have been, as the fee will be based on our funds or separate accounts performance instead of, or in addition to, a percentage of assets under management. All clients regardless of fee structure are allocated

investment opportunities on a fair and equitable basis consistent with and subject to the fiduciary and contractual duties of Pantheon to such clients.

## **Item 7 – Types of Clients**

Pantheon is a private equity manager whose clients include funds that are either pooled investment vehicles or single investor vehicles. Our funds are limited partnerships that are privately-offered to investors which include public and private pension plans (both U.S. and non-U.S.), insurance companies, banks, endowments and foundations, among others.

## **Conditions for Managing Accounts**

Our funds typically require investors to make a minimum commitment amount ranging from \$5 million to \$15 million. Such minimums may be waived at the discretion of the general partner of the fund.

Our funds are neither registered under the Investment Company Act of 1940, nor are their interests registered under the Securities Act of 1933. Accordingly, interests in our funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions.

## **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss**

### **Strategy Overview and Related Risks**

Pantheon specializes in private equity investing. Our funds primarily invest in venture capital, leveraged buyout, special situations, and other private equity funds (referred to in this Brochure as “underlying portfolio funds”). Investment strategies include primary investments (i.e., purchasing an interest directly from the issuer), secondary investments (i.e., purchasing an interest from an existing investor), and co-investments (i.e., investing in a portfolio company alongside an underlying portfolio fund manager).

Our funds use both top-down and bottom-up analyses in the portfolio construction process. The bottom-up process may, as applicable, identify the relevant strengths and weaknesses of each underlying portfolio fund manager and/or evaluate the underlying portfolio companies within an underlying portfolio fund, while the top-down process may, as applicable, evaluate the manager’s or investment’s fit within the relevant target allocations and portfolio construction. Our funds have developed a series of criteria to evaluate potential managers, including the experience of the management team, deal sourcing strategy, due diligence process, evidence of value creation, terms and conditions that align its interests with its investors’ interests, and professional and ethical behavior, among other criteria. Our funds may also apply top-down target stage allocations to diversify the portfolio and manage risk, based on a number of factors, including, macroeconomic outlook, strength of the financial markets, merger and acquisition activity, deal flow in the underlying private equity market, and state of the private equity fundraising market, among other factors.

In evaluating investment opportunities, our funds take a qualitative and quantitative approach. Qualitative reviews may include, for example, onsite manager visits, reference calling and peer group comparison and review. Quantitative reviews include a systematic analysis of a fund manager's track record and/or if applicable, a cash flow model projecting the likely timing and value of the sale of underlying portfolio companies.

Investment teams meet weekly to discuss new and upcoming investment opportunities. If an investment team is interested in pursuing an opportunity, typically a deal team is appointed, consisting of at least one senior investment professional (usually a Principal- or Partner-level professional). Investment recommendations are presented by the deal team and discussed at two different investment committees (which includes the International Investment Committee described in "Item 10 – Other Financial Industry Activities and Affiliations") before a final decision is made by PV US.

Investments in private equity involve risk of loss that existing and prospective clients and investors should consider and be prepared to bear. Pantheon and PV US rely on the capabilities of the managers of underlying portfolio funds. We do not participate in the management of underlying portfolio funds, and have a limited ability to sell or withdraw from our interests in underlying portfolio funds. Additionally, the terms of our funds are typically 13 years or more and investors in our funds have limited ability to sell or withdraw from our funds. The portfolio companies of underlying portfolio funds also involve business and financial risk as they may be in early stages of development. As a result, there is a risk of loss, and such a loss may be outside of our control. We cannot guarantee any level of performance and cannot guarantee that clients and investors will not experience a loss of account assets.

### **Item 9 – Disciplinary Information**

There are no applicable legal or disciplinary events relating to Pantheon or our management persons.

### **Item 10 – Other Financial Industry Activities and Affiliations**

#### **Affiliated Managers Group, Inc.**

Affiliated Managers Group, Inc. ("AMG"), a publicly traded asset management company (NYSE:AMG) with equity investments in boutique investment management firms, holds an equity interest in Pantheon. In addition to the Pantheon group companies described below, AMG also holds equity interests in certain other investment advisers and financial institutions ("AMG Affiliates"). Each of the AMG Affiliates, including the Pantheon group companies, is operated autonomously and independently, and except as described in this Brochure, Pantheon does not have any business dealings with these AMG Affiliates and does not conduct any joint operations with them. Moreover, AMG and the AMG Affiliates do not formulate advice for Pantheon's clients. As such, AMG's ownership interest in Pantheon does not, in Pantheon's view, present any potential conflict of interest for Pantheon with respect to our clients. More information

regarding AMG, including its public filings and a list of all AMG Affiliates, is available at [www.amg.com](http://www.amg.com).

PV UK (described below) is a party to a client service / marketing agreement with an AMG Affiliate under which the AMG Affiliate provides client service and marketing assistance to PV UK and the Pantheon Group Companies in certain non-US jurisdictions. PV UK will reimburse such AMG Affiliate for certain expenses related to services provided under this agreement. Such AMG Affiliate is not a financial institution of the types described in Form ADV Part 1 Item 7.A which is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

AMG also provides Information Technology services to the Pantheon group companies.

### **Pantheon Group Companies**

Pantheon Ventures (US) LP (“PV US”) is a Delaware limited partnership and SEC-registered investment adviser. Pantheon is a limited partner of PV US and the owner of PV US’ general partner. PV US is a private equity fund-of-funds manager and has an intra-company services arrangement with Pantheon under which Pantheon has delegated investment management and advisory services for its clients to PV US. AMG holds an interest in PV US.

Pantheon Ventures (UK) LLP (“PV UK”) is a limited liability partnership incorporated in England and Wales. PV UK is based on London and regulated by the Financial Services Authority in the United Kingdom. It works with PV US and PV HK (described below) on identifying and evaluating investment opportunities outside the U.S. and certain of its investment personnel are “associated persons” of Pantheon and PV US. PV UK has an intra-company services arrangement with PV US. AMG holds an interest in PV UK.

Pantheon Ventures (HK) LLP (“PV HK”) is a limited liability partnership incorporated in England and Wales. PV HK is based on Hong Kong and is regulated by the Hong Kong Securities and Futures Commission for advising in securities. It works with PV US and PV UK (described above) on identifying and evaluating investment opportunities outside the U.S. and certain of its investment personnel are “associated persons” of Pantheon and PV US. PV HK has an intra-company services arrangement with PV US. AMG holds an interest in PV HK.

Investment opportunities for Pantheon’s clients are reviewed by an international investment committee comprised of representatives of PV US, PV UK and PV HK, prior to a final investment decision by PV US.

Pantheon, PV US, PV UK and PV HK are referred to collectively throughout this Brochure as the “Pantheon Group Companies”.

### **Underlying Portfolio Fund Managers**

As described in “Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss”, Pantheon primarily invests client assets in underlying portfolio funds. Pantheon does not receive any compensation from the managers of these underlying portfolio funds in exchange for selecting their funds for our clients.



## **Other Financial Activities**

Neither Pantheon nor any of its management persons are registered, or have an application pending to register, as a broker/dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of one of the foregoing types of entities.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

### **Code of Ethics**

Pantheon has adopted a Code of Ethics (the “Code”) that is designed to reinforce its institutional integrity. All PV US personnel are “associated persons” of Pantheon and deemed “access persons” subject to the Code. The Code sets forth standards for business conduct and addresses Pantheon’s policies and procedures on topics including:

- Conflicts of interest
- Confidentiality
- Insider trading
- Personal trading
- Outside business activities
- Gifts and entertainment
- Pay to play / political contributions

### **Personal Trading**

Among other things, the Code limits and monitors the personal trading activity of Pantheon’s access persons. These limitations seek to further Pantheon’s efforts to prevent access persons from personally benefiting from investment decisions for Pantheon’s clients. Specifically, the Code requires access persons and certain members of their households to “pre-clear” their personal securities transactions with Pantheon’s Compliance Department prior to execution, with some limited exceptions. Pantheon limits its access persons’ participation in initial public offerings and private placements. Additionally, Pantheon limits its access persons’ ability to trade in the same securities at the same time that our clients are trading in those securities. All access persons must provide Pantheon with a listing of their securities holdings, as well transaction information for certain types of securities. These restrictions and requirements of the Code apply to all accounts over which access persons have investment discretion, or in which they have a direct or indirect beneficial ownership interest, unless exempted.

## **Participation or Interest in Client Transactions**

As discussed in “Item 4 – Advisory Business”, Pantheon is a private equity investment manager whose clients are funds. Our funds are typically structured as limited partnerships where Pantheon serves as the general partner or owns the general partner, and the general partner may make a capital commitment to the limited partnership which is drawn down at the same time as the investors’ commitments. The general partner’s commitment is not subject to management fees and carried interest. Additionally, an affiliate of Pantheon may also become a special limited partner of the fund for purposes of receiving carried interest distributions. While the general partner or special limited partner may have a financial interest in the fund, we believe that their interests are aligned with those of the fund’s investors because the general partner makes capital contributions and receives distributions from the fund on the same terms as the other investors, and the special limited partner only receives carried interest distributions after investors have received a return meeting certain pre-agreed hurdles, as more fully described in the relevant limited partnership agreement. Accordingly, Pantheon believes that neither it, nor its affiliates, has a conflict of interest with respect to these arrangements.

## **Insider Trading/Material Non-Public Information**

All Pantheon access persons are subject to the Affiliated Managers Group, Inc. Insider Trading Policy and Procedures (the “AMG Insider Trading Policy”). The AMG Insider Trading Policy broadly prohibits the use of material, non-public information, and also imposes restrictions on the trading of AMG’s stock. Further, Pantheon’s Code also includes policies and procedures prohibiting the use of material non-public information that are designed to prevent insider trading by Pantheon staff.

In accordance with these policies, to prevent trading of public securities based on material, non-public information, Pantheon maintains a “restricted list” that identifies securities that cannot be purchased or sold for a staff person’s account because material, non-public information may have been received by someone at Pantheon or PV US.

## **Gifts and Business Entertainment**

Pantheon’s Code includes policies and procedures regarding giving or receiving gifts and business entertainment between Pantheon’s staff and certain third parties (e.g., vendors, underlying portfolio fund managers, clients, consultants, etc.) to mitigate the potential for conflicts of interest surrounding these practices. In general, Pantheon limits the value of gifts that may be given or received by staff.

## **Political Contributions**

Pantheon prohibits its staff from making political contributions on behalf of Pantheon, or from making political contributions for the purpose of securing or retaining business. Pantheon maintains policies and procedures that set forth specific limitations as to whom staff may make contributions and the amounts of such contributions, as well as pre-clearance requirements for political contributions.

## **Distribution of Code**

We are firmly committed to making our staff and clients (both current and prospective) aware of the requirements within our Code. All of our staff are provided with a copy of our Code at the time of hire and annually thereafter, and they must affirm that they have received a copy of the Code, and that they have read and understand its provisions. Additionally, we conduct periodic compliance training that addresses the requirements of the Code and the other policies described in this Item. A copy of Pantheon's Code is also available to clients or prospective clients upon request, and may be obtained by contacting:

Pantheon Ventures Inc.  
Transamerica Center  
600 Montgomery Street, 23<sup>rd</sup> Floor  
San Francisco, CA 94111  
(415) 249-6200  
Attention: Compliance Department

## **Item 12 – Brokerage Practices**

Our funds primarily invest in privately-offered limited partnership interests, and therefore do not have regular interactions with brokers/dealers who execute trades on their behalf. From time to time, Pantheon's clients may receive an in-kind distribution of a public security from an underlying portfolio fund. Pantheon has arranged for T. Rowe Price to manage the sale of in-kind distributions. The underlying portfolio fund manager typically deposits the shares in accounts with the distributing broker. T. Rowe Price has the discretion, subject to compliance with its best execution policies, to transfer the stock to another brokerage firm other than the distributing broker. Pantheon does not receive client referrals from brokers-dealers, nor does it receive any "soft dollar" benefits. Additionally, Pantheon does not have any directed brokerage practices.

## **Item 13 – Review of Accounts**

### **Monitoring Existing Investments**

Investment professionals monitor client investments on a regular basis. Specifically, they maintain an active dialogue with underlying portfolio fund managers. This takes the form of attendance of advisory board and annual meetings, and substantive one-on-one reviews with underlying portfolio fund managers. Typically, once an investment has been made, a senior investment professional (usually a Principal- or Partner- level professional) is assigned primary responsibility for overseeing the relationship with and activities of the underlying portfolio fund and its manager.

## **Reporting**

Investors in Pantheon's funds receive written quarterly reports. A typical report includes:

1. Portfolio performance
2. Valuations of the underlying portfolio funds
3. Schedules of portfolio movements since the last report
4. New investments made since the last report
5. Balance sheet
6. Income statement
7. Update on Pantheon

## **Item 14 – Client Referrals and other Compensation**

### **Compensation from Third Parties**

Pantheon does not receive any monetary compensation or any other economic benefit from a non-client for Pantheon's provision of investment advisory services to a client.

### **Other Investor Referrals**

Pantheon and its affiliates are parties to an agreement with Frank Russell Company (our former parent company) whereby a percentage of the total capital commitments of certain funds managed by Pantheon or its affiliates will be made available to Russell's pre-identified clients, who have the option but not obligation to invest in such funds. In the event that a pre-identified client subscribes for interests in a funds managed by Pantheon or its affiliate, Pantheon or its affiliate will pay a fee to Russell. This agreement expires in 2015 unless terminated earlier in accordance with its terms.

As described in "Item 10 – Other Financial Industry Activities and Affiliations", PV UK is a party to a client service / marketing agreement with an AMG Affiliate. PV UK and the AMG Affiliate have an expense sharing arrangement in place for these services.

## **Item 15 – Custody**

Pantheon is deemed to have custody over our clients' assets by virtue of our role as general partner or owner of the general partner to our funds-of-funds. Assets of our funds are held in the name of the fund by an independent qualified custodian, or are private, uncertificated securities recorded on the books of the issuers in the name of the fund. Pantheon distributes quarterly reports to our fund investors and our funds are audited annually.

### **Item 16 – Investment Discretion**

As a result of the delegation of investment management and advisory services to PV US under the intra-company services agreement, Pantheon does not have investment discretion for its clients. Please see “Item 4 – Advisory Business”.

### **Item 17 – Voting Client Securities**

Due to the nature of funds, Pantheon’s clients typically do not hold securities directly in underlying portfolio companies and therefore our clients are seldom asked to cast votes at corporate issuers’ shareholder meetings. However, from time to time, certain clients may have a direct investment in an underlying portfolio company and may be asked to cast a vote by “proxy” in lieu of attending a shareholder meeting. In such cases, Pantheon has policies and procedures governing how proxies should be voted, including how to handle conflicts of interest.

If you are a separate account client and would like a copy of Pantheon’s Proxy Policy, or would like to review how Pantheon voted on a particular security in your account, please contact:

Pantheon Ventures Inc.  
600 Montgomery Street, 23<sup>rd</sup> Floor  
San Francisco, CA 94111  
(415) 249-6200  
Attention: Compliance Department

### **Item 18 – Financial Information**

Pantheon has no financial condition that impairs our ability to meet our contractual and fiduciary commitments to our clients, and Pantheon has not been the subject of a bankruptcy proceeding.