

# SEC Asset Management Advisory Committee

September 2020

# Hamilton Lane Overview

A global leader in the private markets for 29 years

## Market Leaders

**\$515.8B**

Assets under management & supervision<sup>1</sup>

**\$33.7B+**

Capital deployed in 2019<sup>2</sup>



## Global

**17**

Offices globally

**26**

Languages spoken

**400+**

Employees

**Aligned**

**HLNE**

Nasdaq listed

**Significant**

Employee ownership

**48%**

Women/Minority employees<sup>3</sup>

As of June 30, 2020

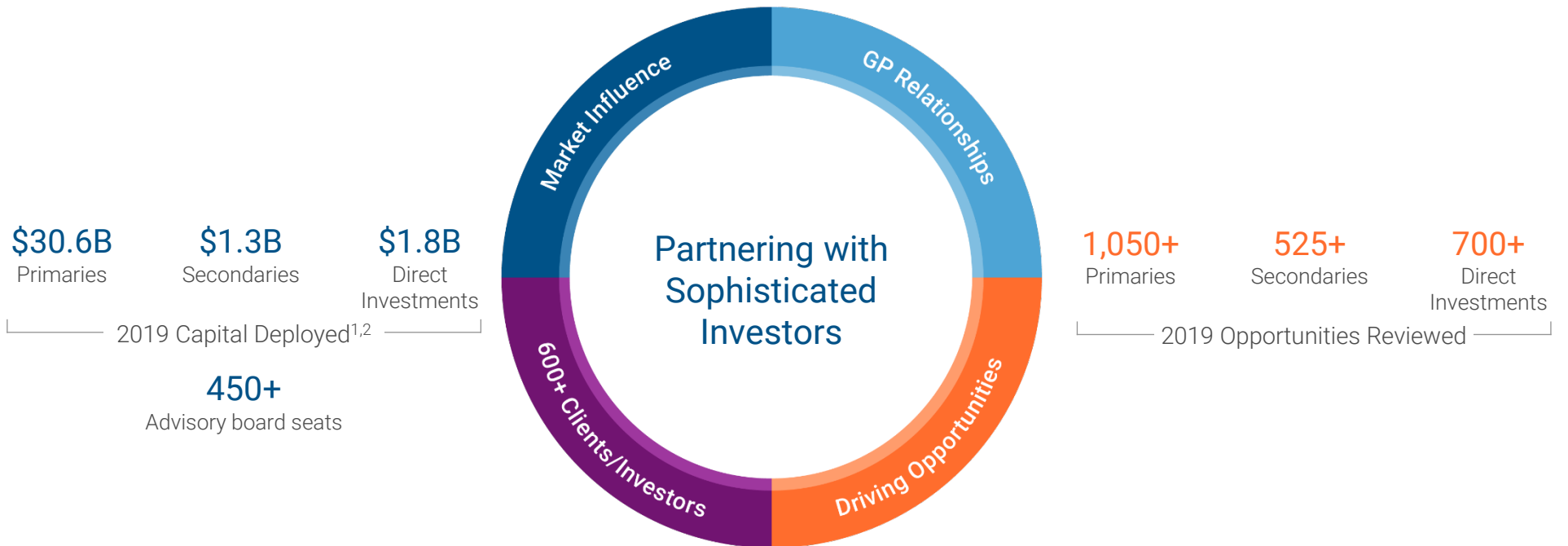
<sup>1</sup> Inclusive of \$68.5B in assets under management and \$447.3B in assets under supervision as of June 30, 2020.

<sup>2</sup> The 2019 capital invested includes all primary commitments that closed during the year 2019 for which Hamilton Lane retains a level of discretion as well as advisory client commitments for which Hamilton Lane performed due diligence and made an investment recommendation. Direct Investments includes all discretionary direct equity and direct credit investments that closed during 2019. Secondarys includes all discretionary secondary investments with a signing date during 2019.

<sup>3</sup> Diversity statistics representing minority employees include only employees in US offices.

# Trusted Advisor

Trusted advisor and partner to a diverse investor base

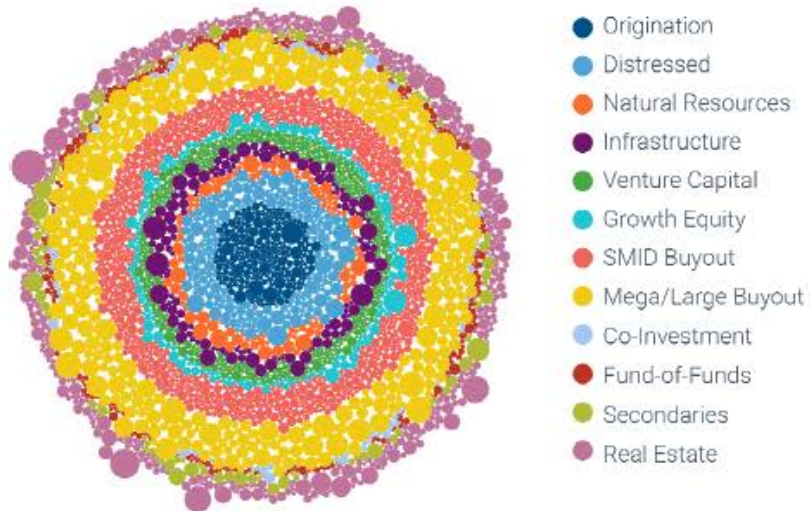


# Hamilton Lane's Data

One of the largest private asset datasets in the industry

## Hamilton Lane Fund Data Sample

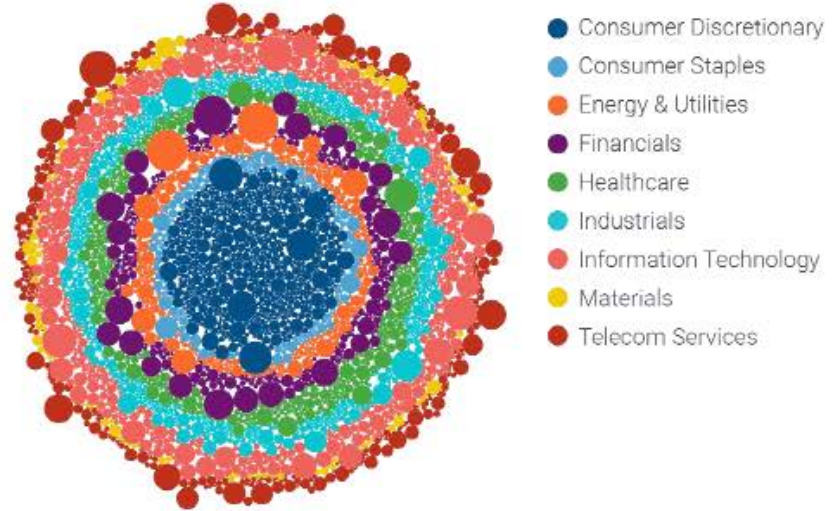
By Strategy



Source: Hamilton Lane Data (October 2019)

## Hamilton Lane Portfolio Company Data Sample

By Sector



Source: Hamilton Lane Data (August 2019)

**\$5.8T**

Fund Assets Monitored

**42**

Vintage Years

**60,000+**

Portfolio Companies

**4,800+**

Funds

**1,650+**

Managers

As of June 30, 2020

# Assessing Performance

## Private asset performance can be evaluated several ways

### IRR & Public Market Equivalents (PME)

- Most commonly reported private markets performance metric, accounts for timing and sizing of irregular cash flow stream
- PME favored by many practitioners and academics for performance comparisons to other asset classes
- Reinvestment rate assumption may be problematic in some cases, large early cash flows have disproportionate impact, variety of PME methodologies
- **Most appropriate for: industry, portfolio and investment level comparisons**

### Time-Weighted Returns (TWR)

- Most commonly reported performance metric for traded assets
- Some entities report private markets on a TWR basis to comply with reporting requirements
- Does not account for the timing and sizing of an irregular cash flow stream (implicitly equally weights periods), relies on interim valuations
- **Most appropriate for: industry & mature portfolio level comparisons**

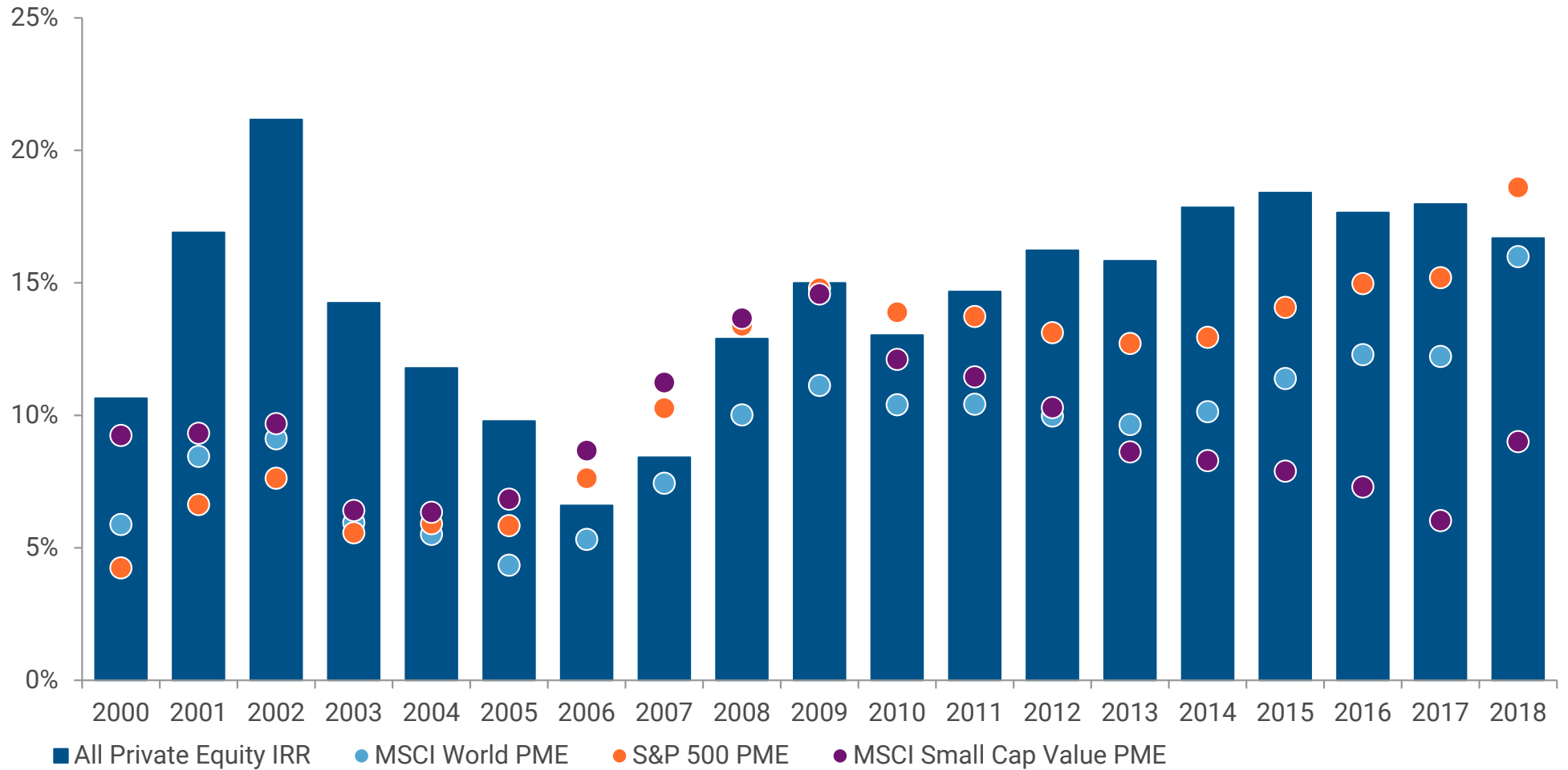
### Multiples: TVPI, DPI & RVPI

- Cumulative performance metrics commonly reported by fund managers in conjunction with IRRs
- Provides easy-to-calculate insight on realized (DPI) and unrealized (RVPI) performance, is not impacted by large early cash flows
- Does not provide an indication of duration or account for timing of cash flows. Not easily comparable to traded performance metrics
- **Most appropriate for: investment level peer comparisons**

# Vintage Year Net Performance

## All Private Equity Pooled IRR vs. PME - Q4 2019

By Vintage Year

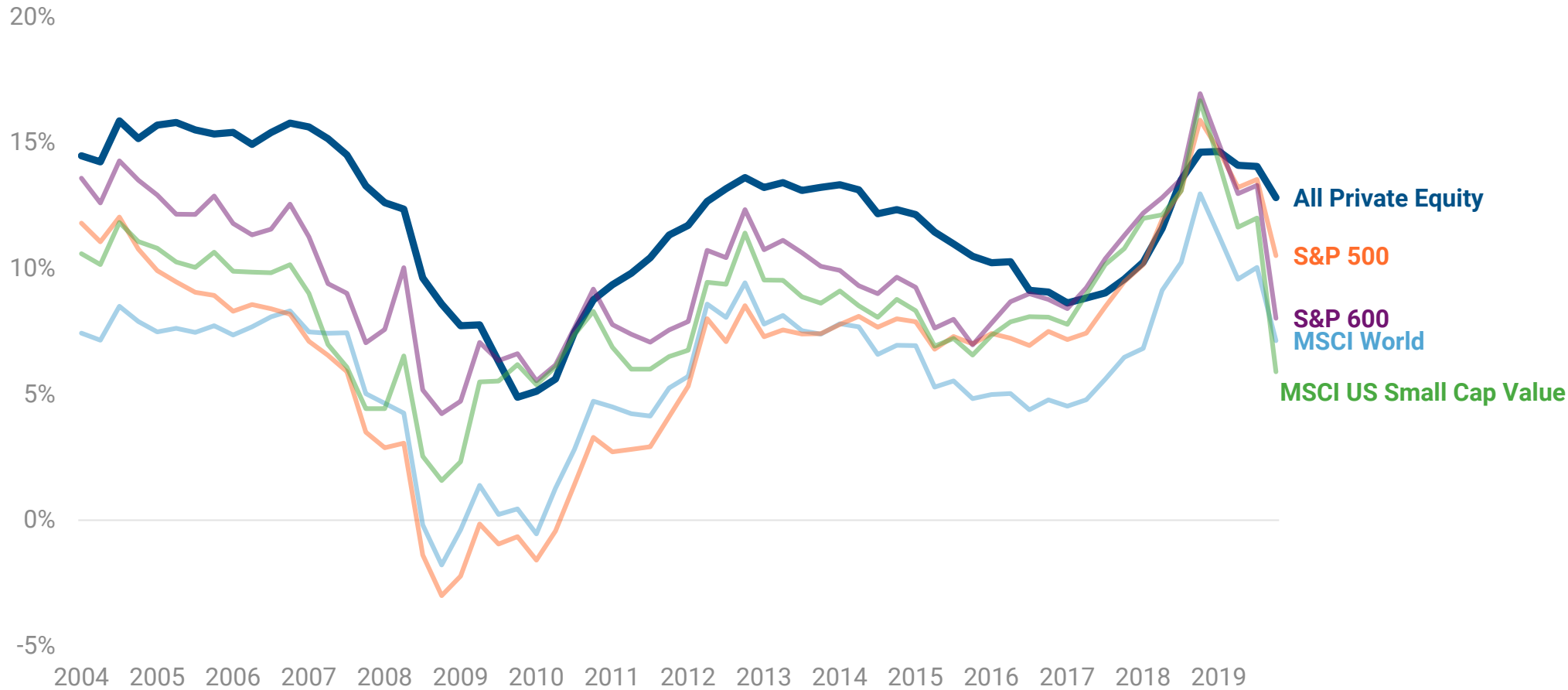


Note: All Private Equity includes Buyout, Venture Capital, Growth Equity and Co-Investments.

Source: Hamilton Lane Data, Bloomberg (September 2020)

# Trailing 10-Year Net Performance

## Trailing 10-Year Net Performance

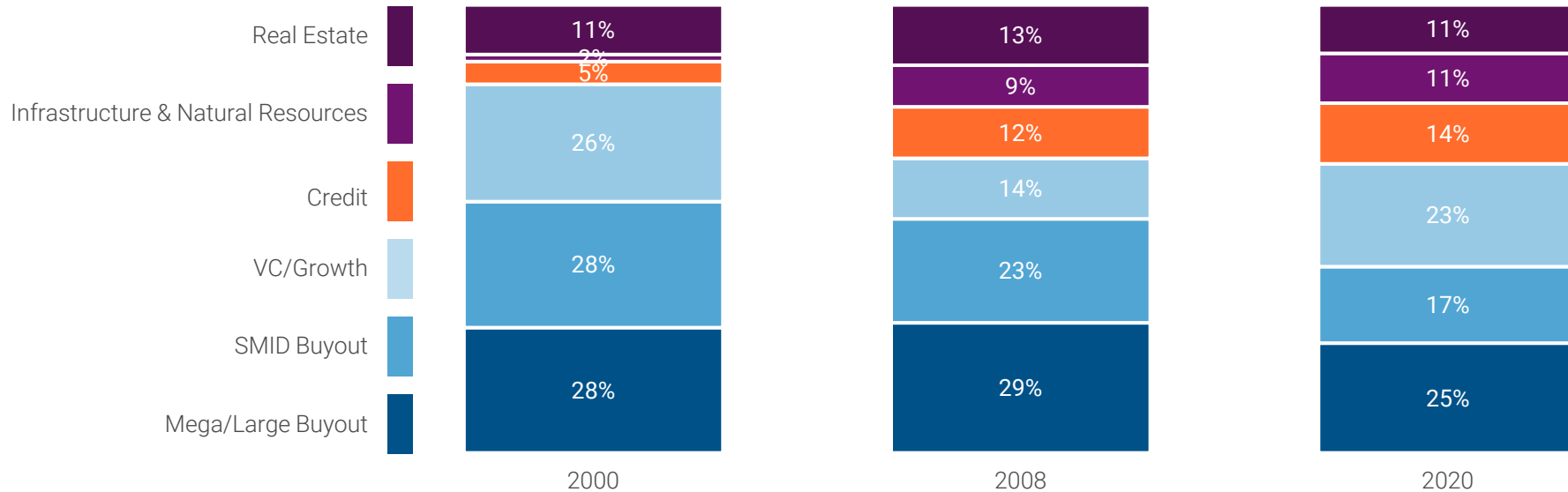
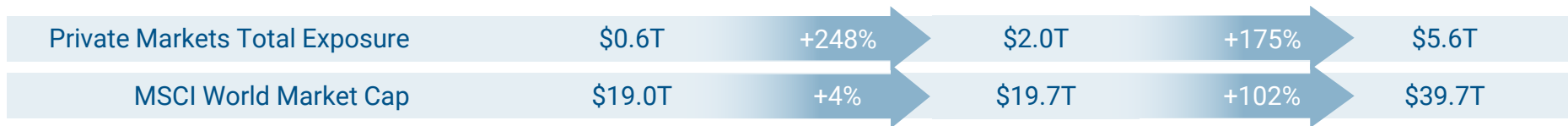


Source: Hamilton Lane Data, Bloomberg (September 2020)

# Private Markets Strategies

## Total Exposure by Strategy

% of NAV + Unfunded



Note: Total exposure and market cap as of year end for 2000, 2008. For 2020, as of 3/31/20.  
 Source: Hamilton Lane Data via Cobalt, Bloomberg (August 2020)

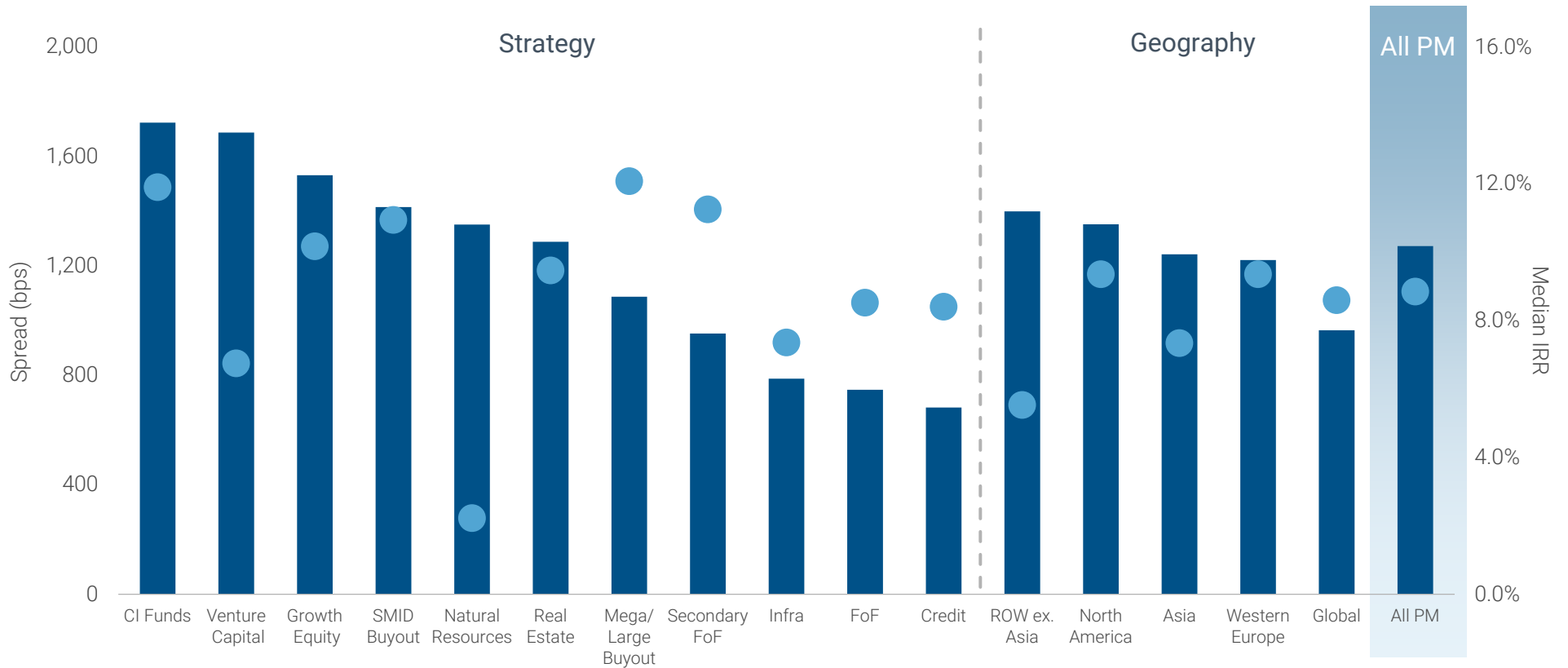


# Spread of Net Returns

## Dispersion of Net Returns by Strategy & Geography

Vintage Years: 1979–2017, Ordered by Spread of Returns

■ Dispersion of Returns ● Median IRR

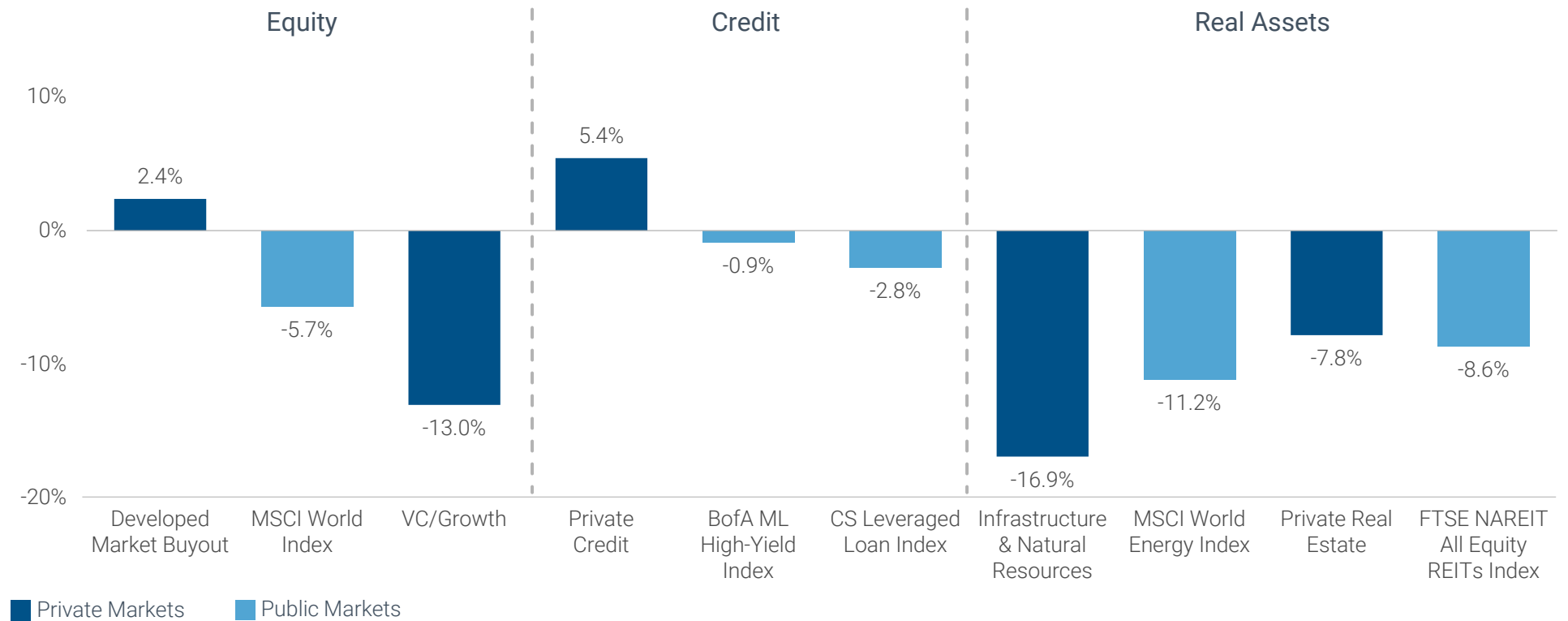


Source: Hamilton Lane Data via Cobalt (August 2020)

# Worst Case Net Performance

## Lowest 5-Year Annualized Net Performance

1995–2020



Note: Infrastructure & Natural Resources from 1998–2020  
 Source: Hamilton Lane Data via Cobalt, Bloomberg (August 2020)

# Definitions

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## Strategy Definitions

**All Private Markets (All PM)** – Hamilton Lane’s definition of “All Private Markets” includes all private commingled funds excluding fund-of-funds, and secondary fund-of-funds.

**All Private Equity (All PE)** – A broad term used to describe any fund that offers equity capital to private companies. Includes funds with buyout, venture capital, growth equity, and co-investment strategies.

**CI Funds** – Any fund that either invests passive capital in deals alongside a single lead general partner or alongside multiple general partners.

**Credit** – This strategy focuses on providing debt capital.

**Fund-of-Funds (FoF)** – A fund that manages a portfolio of investments in other private equity funds.

**Growth Equity** – Any private fund that focuses on providing growth capital through an equity investment.

**Infrastructure** – An investment strategy that invests in physical systems involved in the distribution of people, goods, and resources.

**Mega/Large Buyout** – Any buyout fund larger than a certain fund size, dependent on vintage year, typically greater than \$3B

**Natural Resources** – An investment strategy that invests in companies involved in the extraction, refinement, or distribution of natural resources.

**Real Assets** – Real Assets includes any private fund with a strategy of Infrastructure, natural resources, or real estate.

**Real Estate** – Any closed-end commingled fund that primarily invests in non-core physical properties.

**Rest of World (ROW)** – Any fund with a geographic focus outside of North America and Western Europe.

**Secondary FoF** – A fund that purchases existing stakes in mature private funds.

**SMID Buyout** – Any buyout fund smaller than a certain fund size, dependent on vintage year, typically less than \$3B.

**VC/Growth** – Includes all funds with a strategy of venture capital or growth equity.

**Venture Capital** – Venture capital includes any private fund focused on any stages of venture capital investing, including seed, early-stage, mid-stage, and late-stage investments.

## Index Definitions

**BofAML High Yield Index** – The BofAML High Yield index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

**Credit Suisse Leveraged Loan Index** – The CS Leveraged Loan Index represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

**FTSE/NAREIR Equity REIT Index** – The FTSE/NAREIT All Equity REIT Index tracks the performance of U.S. equity REITs.

**MSCI Emerging Markets Index** – The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

**MSCI Europe Index** – The MSCI Europe Index tracks large and mid-cap equity performance across 15 developed market countries in Europe.

**MSCI World Energy Sector Index** – The MSCI World Energy Sector Index measures the performance of securities classified in the GICS Energy sector.

**MSCI US Small Cap Value Index** – The MSCI US Small Cap Value Index captures small cap securities exhibiting overall value style characteristics across the US equity markets.

**MSCI World Index** – The MSCI World Index tracks large and mid-cap equity performance in developed market countries.

**Russell 3000 Index** – The Russell 3000 Index is composed of 3000 large U.S. companies, as determined by market capitalization.

**S&P 500 Index** – The S&P 500 Index tracks 500 largest companies based on market capitalization of companies listed on NYSE or NASDAQ.

**S&P 600 Index** – The S&P 600 index tracks the performance of 600 small-sized U.S. companies.

## Other

**PME (Public Market Equivalent)** – a measure of returns of an appropriate public index that accounts for the timing and sizing of irregular cash flows.

**Time-weighted Return** – a measure of compound rate of growth in a portfolio,

**Total Exposure** – net asset value plus unfunded commitments.

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