Hamilton Lane®

Private Markets Dashboard 2022

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We are pleased to present Hamilton Lane's 2022 Private Markets Dashboard.

As one of the largest investors and allocators of private markets capital globally, we occupy a unique and advantageous position within our asset class, partnering with many of the industry's premier general partners from around the world. The Private Markets Dashboard captures the opinions and expectations of a broad group of investors – this year featuring 175 of the most well-known and top-performing fund managers – and offers insight into where the global investment community believes the markets are headed, and how they're thinking about their portfolios.

HIGHLIGHTS

PAGE 4

Fund managers have a rosy outlook despite elevated pricing (and an expectation that it will persist).

PAGE 6

While less than one-third of fund managers surveyed have completed a GP-led secondary, interest in those transactions is exploding given the positive experience to date.

PAGE 8

Despite earlier numbers, fund managers report that the vast majority of companies had revenue growth in line with or above expectations this past year.

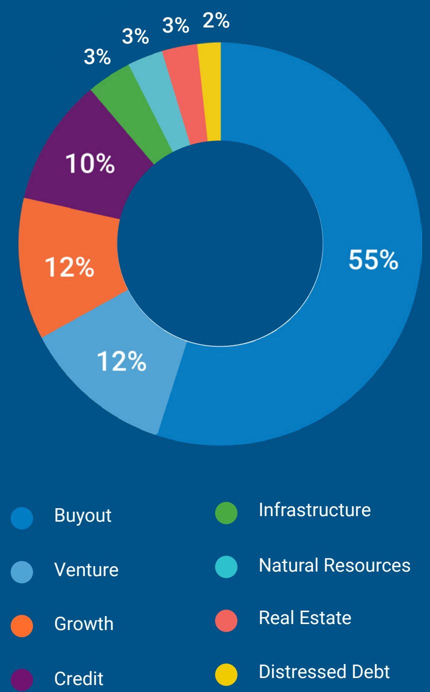
PAGE 9

Less than 20% of the GPs surveyed track GHG emissions for the majority of their portfolio companies. Even more concerning? Twenty-two percent report that they don't track GHG emissions at their portfolio companies at all.

SURVEY SNAPSHOT

Hamilton Lane surveyed a cross-section of GPs regarding their views on their portfolios and the global market.

STRATEGY



175 GPs Interviewed

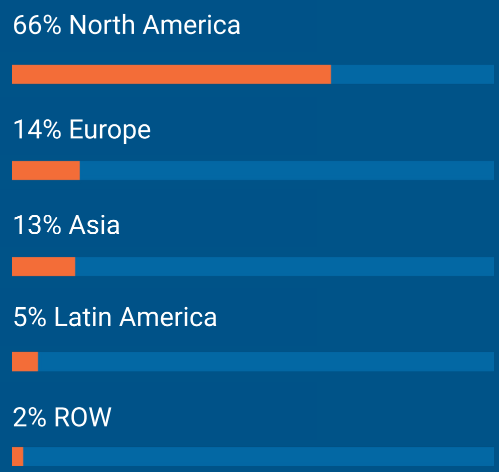
Of GPs Surveyed

9,600+
Portfolio Companies Managed

$3.2T
Reported AUM

GEOGRAPHY

In which the GP invests



SHAMELESS PLUG

For our 2022 Market Overview, we selected a theme inspired by the tale *King Midas and the Golden Touch.*

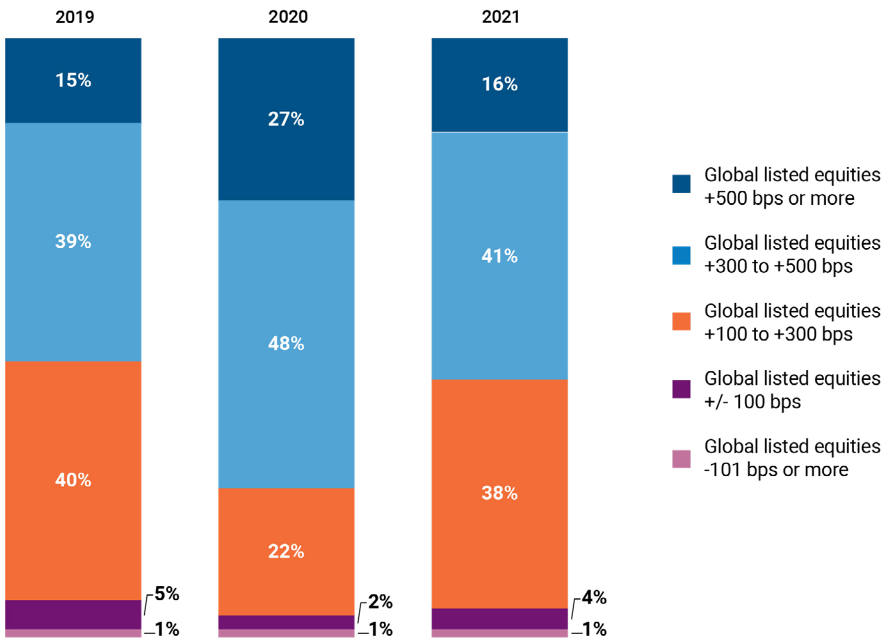
Each year, the Market Overview offers an in-depth and data-driven look at the global financial and private markets. It's a comprehensive (and, at times, comical) perspective on the investment landscape, showcasing our industry insights, research capabilities and expansive, proprietary database.

This year's theme – King Midas and the Golden Touch – draws parallels between the story of King Midas and the exuberance of the private markets of late. Will the industry come to rue the gift of a golden touch? Is all that glitters really gold? Find out in our 2022 Market Overview.

Net Returns

Glass-Half-Full Mentality

Net returns for all private markets for the following vintages will be...



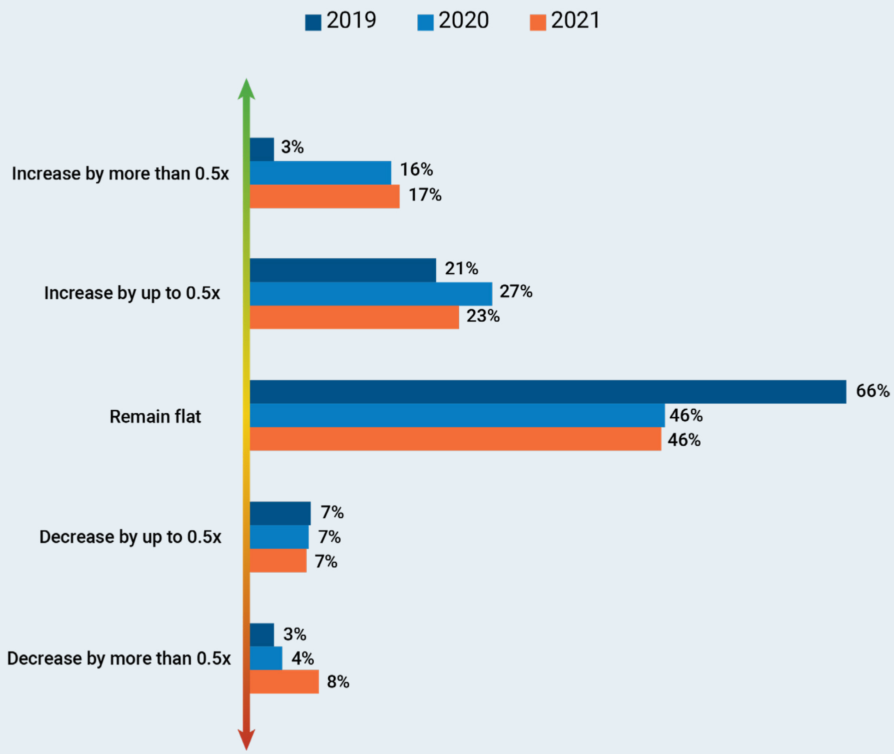
Our respondents showed bullish return expectations for vintage 2019, 2020 and 2021 funds, and although the outlook for 2021 is more muted compared to 2020, they are just as optimistic as pre-pandemic. To be fair, most GPs do tend to lean more bullish, so despite coming out of a pandemic-fueled environment, we appear to be dealing with a group who still believes there are both value and growth investment opportunities out there for the taking.

Source: Hamilton Lane General Partner Survey 2020, 2019 (December 2020)

Purchase Prices

On the Rise?

Purchase prices multiples (EV/EBITDA) over the next 12 months will:

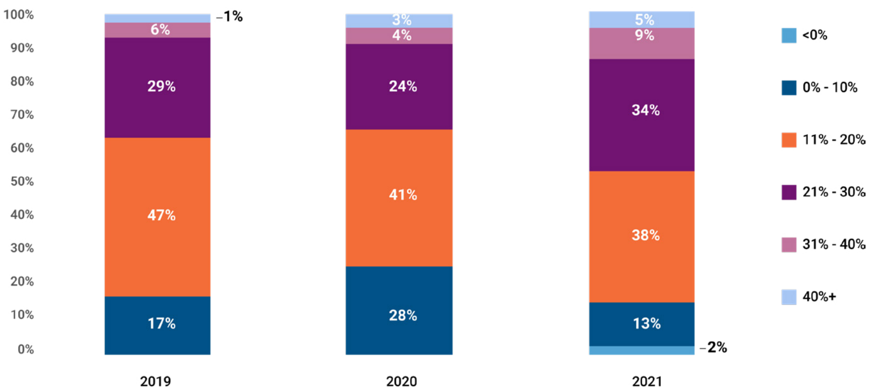


About 40% of this group believes purchase prices will increase, down slightly from 2020, with a shift in votes going to a small minority that see prices decreasing by more than half a turn. Must be all those EBITDA adjustments that we know GPs are using responsibly and definitely not abusing...

Exits

Year of the Continuation Vehicle?

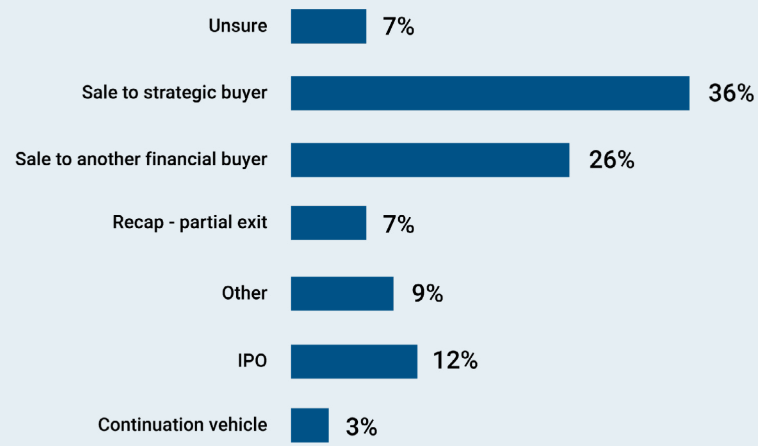
What % of your current portfolio is actively pursuing an exit process with expected closings in the next 12 months?



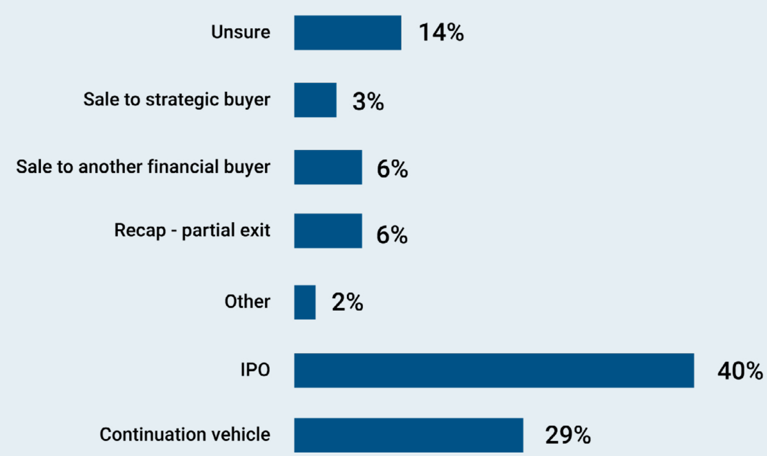
Despite all the talk of IPOs and continuation funds, GPs view those as the least likely exit options for the next year, and instead view sales to strategic buyers or to other GPs as the most likely exit options. The denominator effect may be in play here at least in part, since, while continuation vehicle transactions totaled a record $68B in volume in 2021, distributions to LPs totaled an even more astounding $1.6T (that's trillion, with a "T"). We'll see if GPs can maintain their newly elevated distribution pace through some of the choppiness we've experienced thus far in 2022.

It's interesting to note that this survey was conducted in late 2021, prior to some of the public market corrections and broader market dislocation we've seen more recently in 2022. What does that tell us? Our GP respondents might have been onto something before most of the rest of us.

What is the most likely exit option for the portfolio companies you expect to exit in the next 12 months?



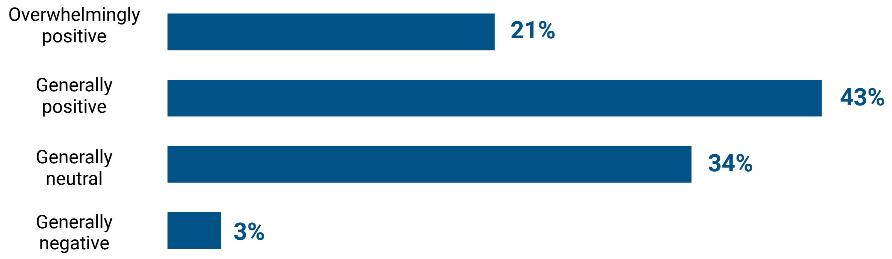
What is the least likely exit option for the portfolio companies you expect to exit in the next 12 months?



GP-Leds

A Fleeting Trend, or Here To Stay?

If you have completed a GP-led secondary: How would you characterize your LPs' experience and feedback on the process?

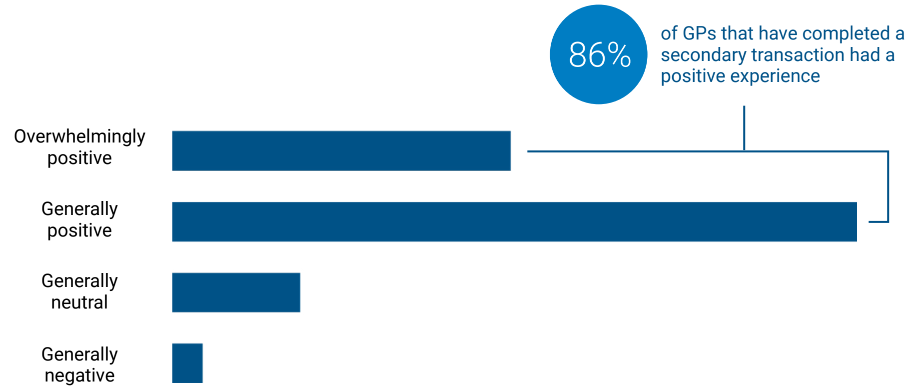


Which of the following describes your firm with respect to GP-led secondary transactions?

While only 31% of our respondents have completed a GP-led transaction, notably, nearly every one of them said they would do it again. Very few things in the investment world have that kind of unanimity. And for all of the chatter about GP-leds, almost three-quarters of the GP universe hasn't done one and is surely seeing how lucrative these transactions can be.

General partners who completed a transaction also reported very little negative LP feedback. But then again, how many LPs actually give negative feedback? Our experience is that very few ever do.

Of GPs that have completed a secondary transaction and would be inclined to do it again: How would you characterize your LPs' experience and feedback on the process?



We'll leave this discussion with a couple of observations about this trend:

- GP-led transactions are probably the only part of the private markets today where there is more deal flow than there is available capital. That always makes for an interesting dynamic.
- The deals that are being done today are generally high quality. That will not always be the case. This market has yet to defy the laws of fear and greed.
- LPs will need to weigh whether they want to take liquidity on fewer of these positions. This will have ramifications across a variety of portfolio construction choices, including concentration and duration.
- GPs need to be aware of an unintended consequence of LP re-investment into these transactions. Will those LPs commit less to the GPs' funds? (How's that for a terrifying thought on which to end this discussion.)

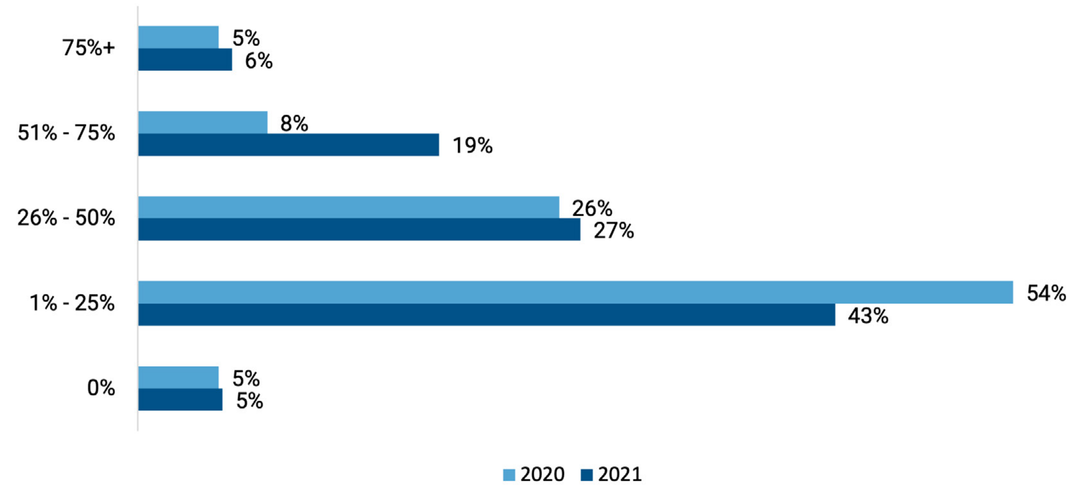
COVID Impact

Unprecedented Times Becoming More Precedented

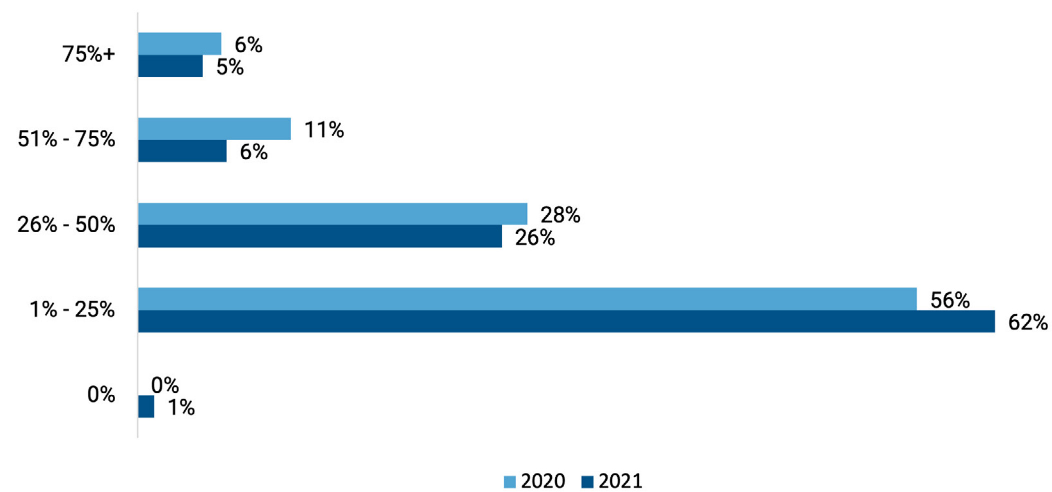
In light of the dramatic economic changes brought about by the pandemic, we asked general partners what impact COVID has had on their portfolios.

This is a telling commentary on how the industry has gotten better at handling difficult times. Roughly half of respondents said that less than one quarter of the portfolio was positively affected by COVID, and nearly 90% said up to 50% of their portfolio was negatively impacted by COVID. And yet, despite all that turmoil and negative impact, the performance numbers speak for themselves.

What percentage of your portfolio was positively impacted by COVID-19?



What percentage of your portfolio was negatively impacted by COVID-19?

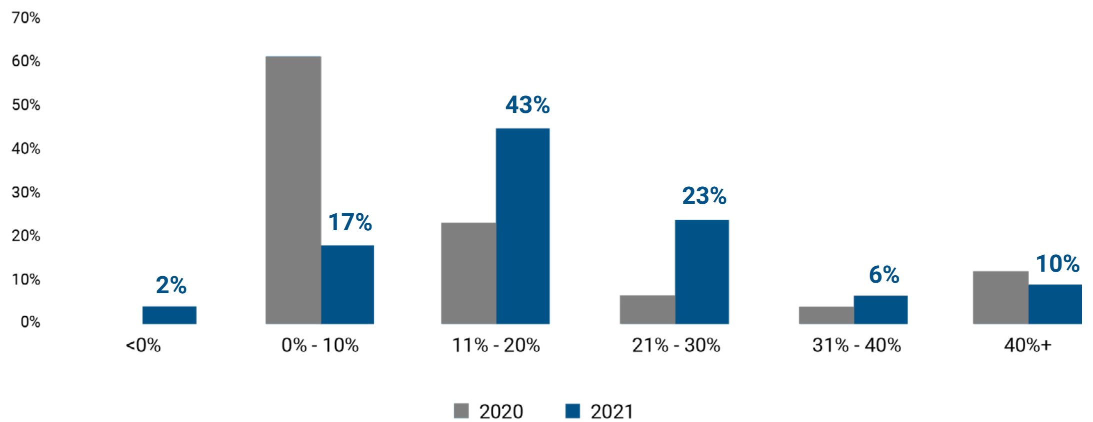


Revenue Growth

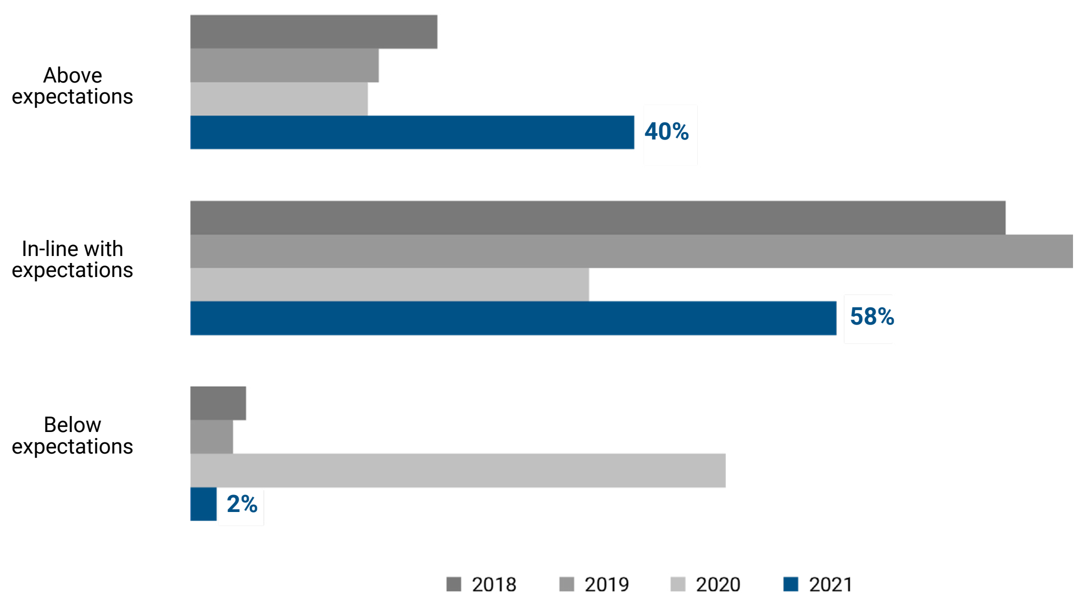
In Good Times and in Bad

In 2021, despite the earlier numbers indicating that large swaths of portfolio companies were adversely affected, general partners report that the vast majority of companies had revenue growth in line with or above expectations. There's the cliché that 'you know how good your partners are when times are tough,' and we'd have to say that general partners have proven to be good partners for their investors' capital during this pandemic.

At what rate has revenue grown across your portfolio companies in the past year?



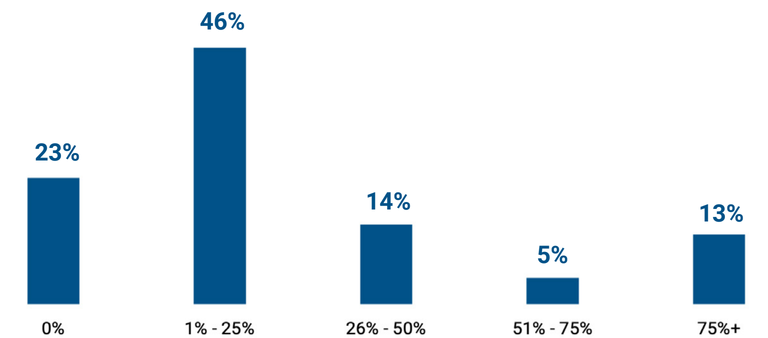
How would you describe revenue growth across your portfolio companies over the past year?



ESG

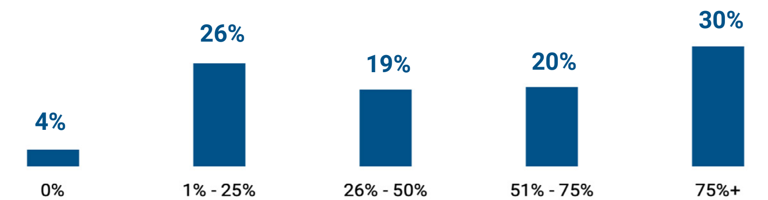
The Word of the Year

Within your existing portfolio, what % of companies/investments are tracking greenhouse gas emissions?



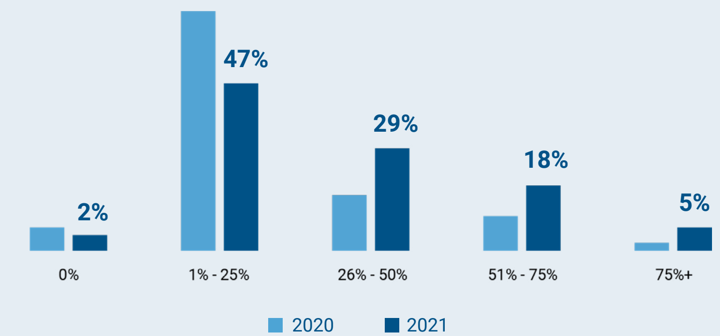
Here's a Hamilton Lane fun fact: Every manager that we invest in receives an ESG rating at the time of investment. This allows us to not only track the progress of specific managers, but also to spot macro ESG trend lines across the market. Let's turn to our survey results to see just how well they think they're doing. Fewer than 20% of the GPs surveyed track GHG emissions for the majority of their portfolio companies. Even more concerning? Twenty-two percent of GPs report that they don't track GHG emissions at their portfolio companies at all. Oof.

Within your existing portfolio, what % of companies/investments are tracking diversity metrics?



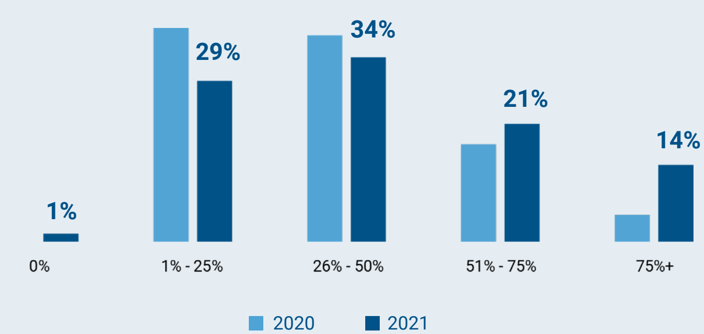
We see the upward trend line continuing with more GPs tracking diversity metrics across the portfolio. Many of the GPs have established diversity goals, with some focusing at the board level and some focusing across the investment workforce. This remains an area of importance as LPs continue to clamor for more trackable, measurable data around diversity.

What % of LPs request information on your diversity statistics?



ESG is ubiquitous. GPs are inundated with requests for ESG information, creating a need for solutions around consistency of information, consistency of reporting and benchmarking. This demand is only going to increase in the coming months as regulators, along with investors and other stakeholders, are seeking to address climate change, pledging to acheive net-zero carbon emissions, and investing in companies that demonstrate alignment with similar values.

What % of LPs request information on your ESG initiatives?



Conclusion

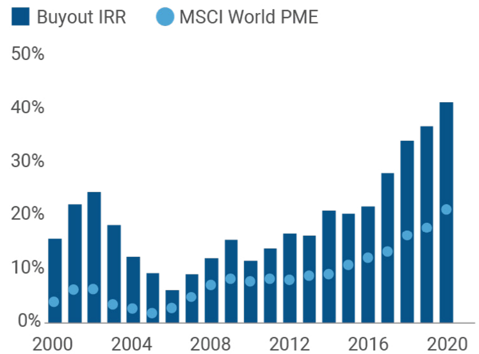
Alas, we've made it to the end of another edition of Hamilton Lane's Private Markets Dashboard. After the volatility we experienced in 2020 and the uncertainty that persisted in 2021, we'll attempt to answer the one question we get asked more than any other about investing in the private markets: Is now the right time to invest? We'll leave you with just one last bit of data.

Here, we're not looking at 10-year rolling returns but instead at returns by vintage year for various private market investment choices compared against the public market equivalent. We use vintage years and PME because that's accepted by investors as the most appropriate way to benchmark their returns. Buyout returns (and, we're talking pooled average buyout returns, not even top-quartile) have outperformed in every single one of the past 20 vintage years – and have done so by an average of more than 1,000 basis points. Even if you believe you can't beat the average, you didn't have to, because you still outperformed the public markets.

Not to be outdone, private credit also outperformed in every vintage year over the last 20. While real estate and infrastructure struggled around the GFC, they've done quite well in other periods. So, the short answer to the question of whether now is the time to invest in private markets is, "Yes, now is the time, regardless of your outlook on the future."

Buyout IRR vs. PME

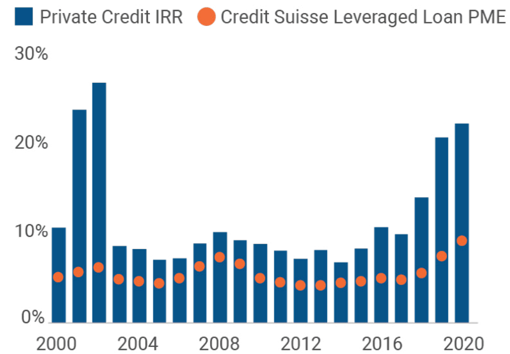
By Vintage Year



Source: Hamilton Lane Data via Cobalt, Bloomberg (January 2022)

Private Credit IRR vs. PME

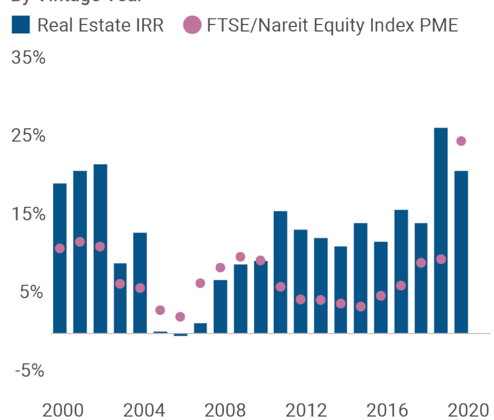
By Vintage Year



Source: Hamilton Lane Data via Cobalt, Bloomberg (January 2022)

Real Estate IRR vs. PME

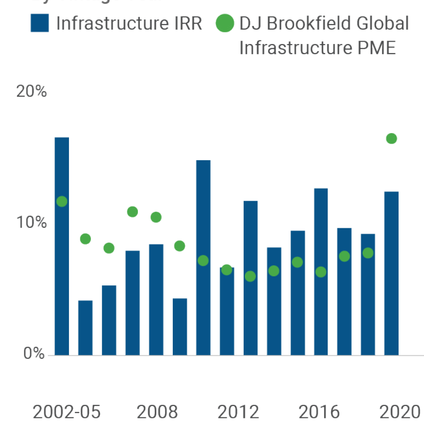
By Vintage Year



Source: Hamilton Lane Data via Cobalt, Bloomberg (January 2022)

Infrastructure IRR vs. PME

By Vintage Year



Source: Hamilton Lane Data via Cobalt, Bloomberg (January 2022)

Thank you for reading this edition of the Hamilton Lane Private Markets Dashboard. We hope this year's findings were of interest. As always, we welcome the opportunity to discuss any reactions or questions you may have about the Dashboard or the private markets more broadly.

Please be aware that the information contained herein is based upon results of a survey conducted by Hamilton Lane Advisors, L.L.C. (the "Firm") of a number of private markets participants. The results of the survey may not necessarily represent the opinions of the Firm or its employees, officers or directors. Publication of this report does not indicate an endorsement by the Firm of the results included herein and should not be relied upon when

DEFINITIONS

Strategy Definitions

All Private Markets: Hamilton Lane's definition of "All Private Markets" includes all private commingled funds excluding fund-of-funds, and secondary fund-of-funds.

Corporate Finance/Buyout: Any PM fund that generally takes control position by buying a company.

Credit: This strategy focuses on providing debt capital.

Distressed Debt: Includes any PM fund that primarily invests in the debt of distressed companies.

Growth Equity: Any PM 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.

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

Private Equity: A broad term used to describe any fund that offers equity capital to private companies.

Real Estate: Any closed-end fund that primarily invests in non-core real estate, excluding separate accounts and joint ventures.

ROW: Any fund with a geographic focus outside of North America and Western Europe.

Venture Capital: Venture Capital incudes any PM fund focused on any stages of venture capital investing, including seed, early-stage, mid-stage, and late-stage investments.

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