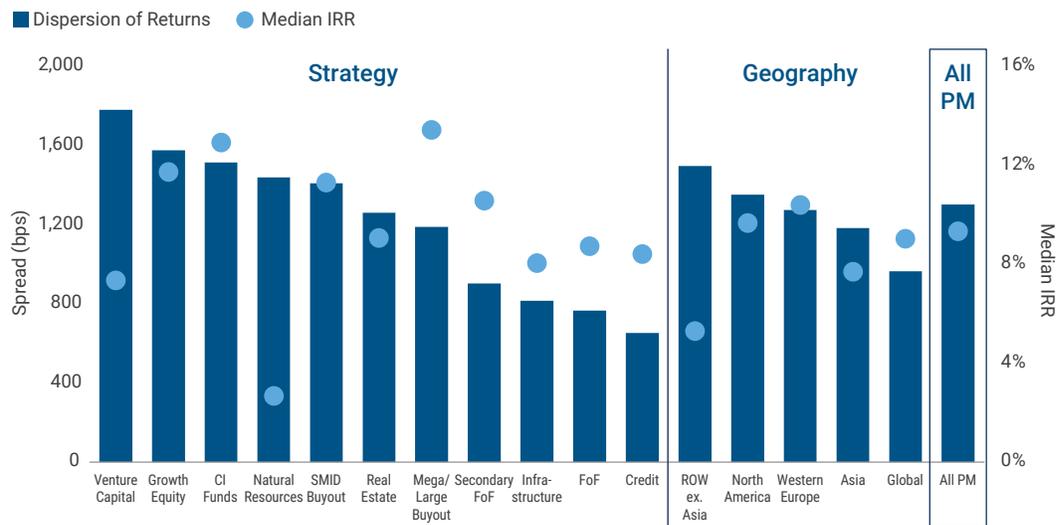




2021 Market Overview: Western Europe is the New Venture

Chart 1 Dispersion of Returns by Strategy & Geography

Vintage Years 1979–2017, Ordered by Spread of Returns



Source: Hamilton Lane Data (January 2021)
Please refer to endnotes.

Chart 1 looks innocuous enough, doesn't it? One you quickly gloss over and say, yup, that seems obvious... Well, not so fast.

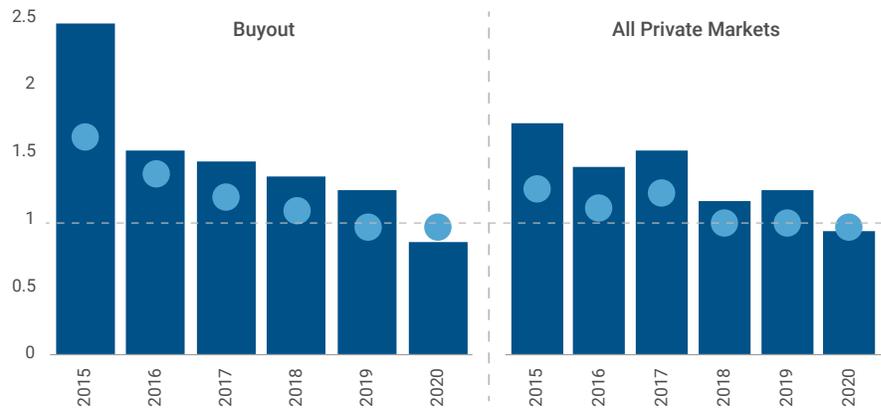
Consider some random observations from this chart that may surprise you:

- Co-investment funds represent one of the strategies with the higher dispersions, but have close to the best return of any part of the market.
- Looking for great return with lower risk? Go with secondary funds and mega/large buyout. (Are we blowing your mind yet or what?)
- Growth equity returns are impressive, but you need to choose really well.
- Landing the top spot for best-performing geography? Western Europe.

Chart 2 Annual Liquidity Ratio

Distributions/Contributions

■ Western Europe ● Global



We're going to take that last bullet about Western European performance and make one of our outlandish – but possibly true – statements. Come on, it might prove true. Even a blind squirrel is right twice a day. (Or is it even a broken clock finds a nut sometimes?) **Western Europe is the new venture.** We tend to think about Western Europe as similar to the U.S., just a little smaller. But that characterization overlooks some important attributes that distinguish the markets. The number of general partners in Europe, particularly those of institutional scale and quality, is relatively small compared to most other regions. There aren't a lot of spinouts and new entrants in the market. Therefore, the investable universe is constrained, particularly because many/most of those managers limit their fund sizes.

Doesn't that sound like venture, where your allocation is generally a function of your access to the best managers and those best managers are where you generate your return? This might require a re-think of how you invest in Europe (or, alternatively, require you to ignore us).

Read more in our next excerpt or request a full copy of the [2021 Market Overview here](#).

Endnotes

Chart 1: All PM includes fund-of-funds and secondary fund-of-funds.

Strategy Definitions

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

CI Funds: Any fund that either invests 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 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.

Mega/Large Buyout: Any buyout fund larger than a certain fund size that depends on the vintage year.

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

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.

Secondary FoF: A fund that purchases existing stakes in private equity funds on the secondary market.

SMID Buyout: Any buyout fund smaller than a certain fund size, dependent on vintage year.

Venture Capital: Venture Capital includes 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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As of February 16, 2021