

2021 Market Overview: ESG – Where Do LPs Really Shake Out?

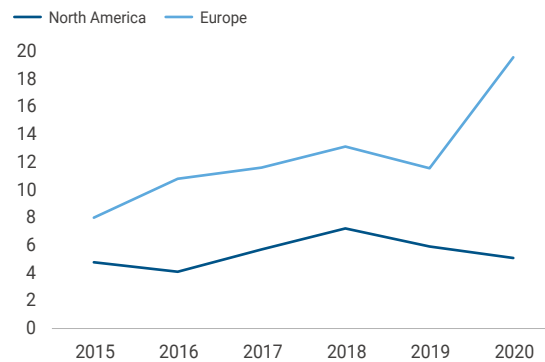
Increased investor attention on ESG considerations is yet another trend that has accelerated as a result of the pandemic as well as a multitude of other events that hardly need to be detailed here.

A quick barometer of this increased attention is a look at the average number of times “ESG” is mentioned in PPMs we have received in any given year. Unsurprisingly, Europe continues to outpace North America meaningfully in this regard.

We recently surveyed our clients and partners, asking them to assess the importance of ESG to their investment strategy. While this is a snapshot in time and does not provide a look at how this has evolved, you can see how ESG is very much a developing and/or current focus.

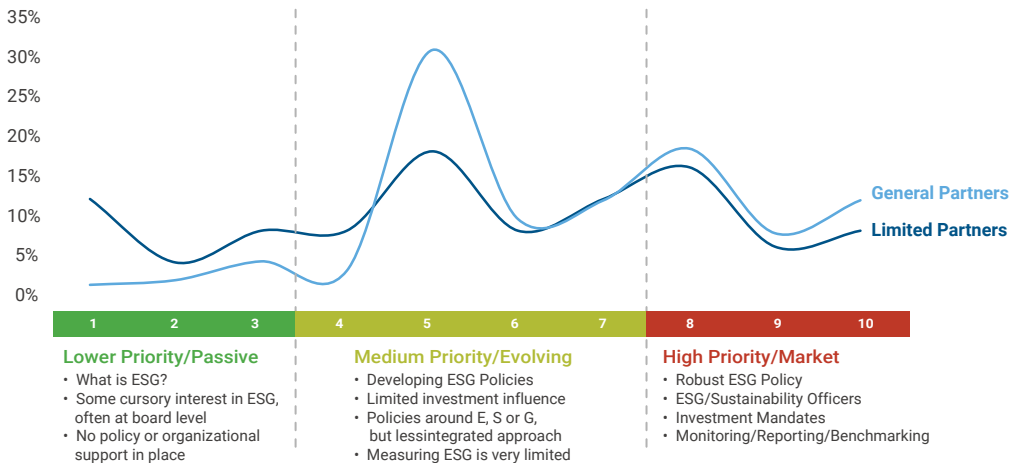
Average ESG PPM Mentions

By Year PPM Received



Source: Hamilton Lane Data (January 2021)

How Important is ESG to your Investment Strategy?



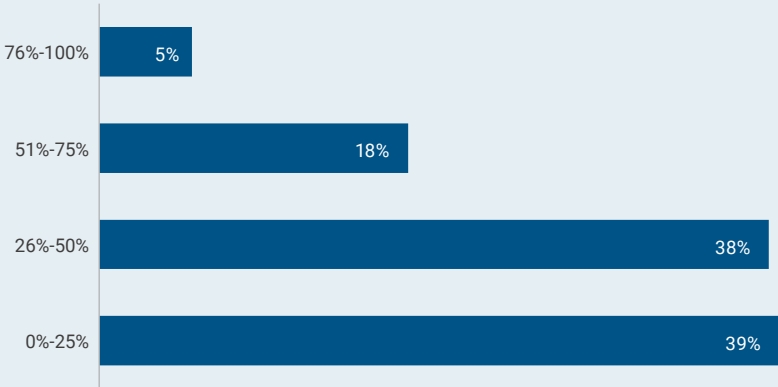
Source: Hamilton Lane General Partner Survey 2020, Hamilton Lane Limited Partner Survey 2020 (December 2020)

Notably, a larger contingent of LPs rank ESG as a low priority compared to GPs. You could argue that makes sense given that GPs are catering to a broader set of interests than a single LP. Still, it's interesting to note that GPs appear slightly ahead of LPs, based on this survey at least, in terms of thinking about ESG.

Within the LP group, we asked which of the three components of ESG was the primary focus. Roughly half noted governance, with the rest almost evenly split between social and environmental. We polled our GP group to understand how often they are asked about their ESG initiatives.

GP View

What percentage of your LPs request your information on ESG initiatives?



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

The responses surprised us. More than one-third report that less than a quarter of LPs ask. What do we make of this? We'll say what investors hate to hear: Lots of talk and a lot less action from the LP side.

Nevertheless, we'll make a prediction: ESG will become one of the most important considerations for both LPs and GPs over the next five years.

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

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As of February 16, 2021