

2024 Hamilton Lane Market Overview: New Data Debunks Private Markets Myths

Report highlights findings around valuations, fundraising, GP-leds and sustainable investment returns

CONSHOHOCKEN, Pa., March 7, 2024 /PRNewswire/ -- Hamilton Lane (Nasdaq: HLNE), a leading global private markets investment management firm, published its 2024 Market Overview today. This year's report offers a data-backed counter narrative to several commonly held misconceptions about the private markets asset class.

The firm's annual Market Overview is a comprehensive, data-driven review and analysis of private markets investment activity over the prior year, featuring predictions for the year ahead, underscored by Hamilton Lane's industry-leading database encompassing \$18.9 trillion in assets and 52 vintage years.

The 2024 Market Overview addressed the following myths:

- **MYTH: Private market valuations are inaccurate:** It's not the first time private market valuations have been criticized, but this past year's skepticism toward how private markets value their holdings has been notable. There are a few reasons why we believe both the valuations are realistic and there is unlikely to be a downturn driven solely by inflated valuations today.
- **MYTH: The fundraising market is bleak:** To be clear, private markets fundraising indeed remains challenged, however, the overall picture is more nuanced, with 2023 shaping up to be the seventh-largest fundraising year in history. Also, Hamilton Lane's Private Wealth Survey showed that nearly 75% of respondents plan to increase their allocation from the prior year.
- **MYTH: GP-led secondaries are terrible, and/or are just like co-investments (especially single-asset deals):** Using a buyout index as a proxy for co-investments (CI), the data shows that while returns between single-asset GP-leds and co-investments are similar (with a slight advantage to CI), the risk profile is quite different. Single-asset GP-led secondaries historically have a tighter return band, and much lower loss ratios than co-investments.

(See chart: "Co-Investment" vs. Single Asset Continuation Vehicles)

- **MYTH: A focus on sustainability will ruin future returns:** One of the most hotly-debated myths is that sustainable investments sacrifice performance, which at one point in time might have been a justified stance. As illustrated below, sustainable investment trailed behind non-sustainable investment for much of the aughts and early teens, but the last five or six years have seen that trend change meaningfully.

(See chart: Rolling Fund Performance)

Mario Giannini, Executive Co-Chairman and author of the Market Overview, commented: "As new investors enter the asset class and we continue to navigate a broadly challenging economic climate in 2024, the need for data-oriented analysis becomes even more important. This year's Market Overview finds that overall, private markets remain resilient, despite skepticism and nerves driven by slow fundraising. In our view, investors must get comfortable making hard decisions, and must be able to separate fact from fiction. That matters today more than ever."

To access the full 2024 Hamilton Lane Market Overview, click [here](#).

Definitions

- Internal Rate of Return (IRR) – IRR is the annual rate of growth that an investment is expected to generate. Mathematically, the interest rate that sets the net present value of all cash flows to zero.
- Time-weighted Return (TWR) – Time-weighted return is a measure of compound rate of growth in a portfolio
- TVPI – Multiple to measure cumulative returns, both realized and unrealized. TVPI is the ratio of current value of remaining investments of the fund plus total value of all distributions to date, relative to total amount of capital paid to date.
- MOIC (Multiple on Invested Capital) – The same mathematical definition as TVPI, except is typically a multiple of the investment commitment itself rather than what was paid in by the investor.

About Hamilton Lane

Hamilton Lane (Nasdaq: HLNE) is one of the largest private markets investment firms globally, providing innovative solutions

to institutional and private wealth investors around the world. Dedicated exclusively to private markets investing for more than 30 years, the firm currently employs nearly 700 professionals operating in offices throughout North America, Europe, Asia Pacific and the Middle East. Hamilton Lane has approximately \$903 billion in assets under management and supervision, composed of \$120 billion in discretionary assets and nearly \$783 billion in non-discretionary assets, as of December 31, 2023. Hamilton Lane specializes in building flexible investment programs that provide clients access to the full spectrum of private markets strategies, sectors and geographies. For more information, please visit <http://www.hamiltonlane.com/> or follow Hamilton Lane on LinkedIn: <https://www.linkedin.com/company/hamilton-lane>.

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