



# Introduction to Private Equity

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## OUR MISSION & VALUES

# We enrich lives & safeguard futures



Do the right thing



Integrity, candor  
and collaboration



The pursuit  
of excellence



A spirit of competition  
that inspires innovation



Promoting equity and  
inclusion from within



# Investing exclusively in the private markets for 30 years

\$851.8B\*

Assets under management & supervision

800+

Clients and investors across 40 countries

520+

Employees

~\$37B<sup>1</sup>

Capital deployed in 2021

\$518.9M

Invested alongside our clients

19

Global offices

## OUR MISSION & VALUES

### We enrich lives & safeguard futures



Do the right thing



Integrity, candor and collaboration



A spirit of competition that inspires innovation



Pursuit of excellence



Promoting equity and inclusion from within

As of December 31, 2021

\*Composed of approximately \$98.8 billion in discretionary assets and approximately \$752.9 billion in advisory assets.

<sup>1</sup>The 2021 capital committed includes all primary commitments that closed during the year 2021 for which Hamilton Lane retains a level of discretion as well as nondiscretionary advisory client commitments for which Hamilton Lane performed due diligence and made an investment recommendation. Direct Investments includes all discretionary and nondiscretionary advisory direct equity and direct credit investments that closed during 2021. Secondaries includes all discretionary and nondiscretionary advisory secondary investments with a signing date during 2021.

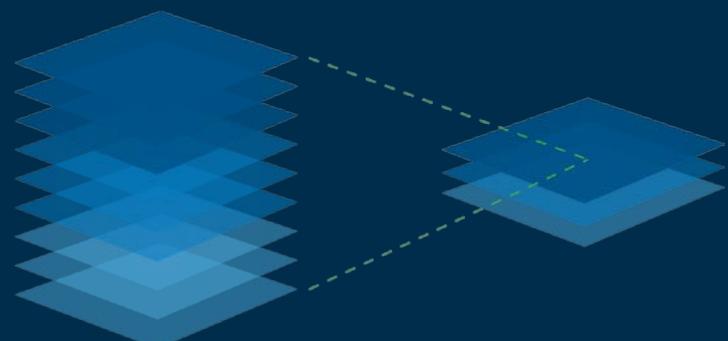
# Scale & Influence Drive Investment Opportunities

## 2021 Opportunities Reviewed

1,260+  
Primaries

500+  
Secondaries

860+  
Direct Investments



## 2021 Capital Deployed<sup>1</sup>

\$29.8B  
Primaries

\$3.3B  
Secondaries

\$4B  
Direct Investments

## Backing who we believe to be the best GPs in their areas of expertise

Aurora Capital Partners	Kelso	Asterion	THL	Summit Partners	
Cabot	Blue Owl	Insight Partners	Charterhouse	STG	Vistria
Gridiron Capital	Clearlake	HPS	Novacap	Polaris	Stone Point
Waterland	KPS Capital	Bridgepoint	Torquest	Platinum Equity	

## Client/Investor Benefits

✓  
Privileged investment opportunities

✓  
Preferential fees and terms\*

✓  
Industry-leading analysis and insight

✓  
Enhanced access & sourcing capabilities

✓  
Exposure to diversified group of quality assets

As of December 31, 2021

<sup>1</sup>The 2021 capital committed includes all primary commitments that closed during the year 2021 for which Hamilton Lane retains a level of discretion as well as nondiscretionary advisory client commitments for which Hamilton Lane performed due diligence and made an investment recommendation. Direct Investments includes all discretionary and nondiscretionary advisory direct equity and direct credit investments that closed during 2021. Secondaries includes all discretionary and nondiscretionary advisory secondary investments with a signing date during 2021.

\*For the PAF typically, there is no management fee or performance fee paid to participate alongside underlying managers unlike an investment in a FOF structure.

# Tapping Into Our Experience

178  
Global Investment  
Professionals

Dedicated teams focus on each of the major investment areas

Primaries	Secondaries	Direct Investments
Real Assets	Research	Legal

## Investment Committee Oversight

Consistency and stability  
amongst key decision makers



- 30 years of investing through multiple market cycles
- 20+ average years in the PE industry
- 14+ average years working together

What is Private Equity?

# Private Equity Structure



WIKIPE DIA

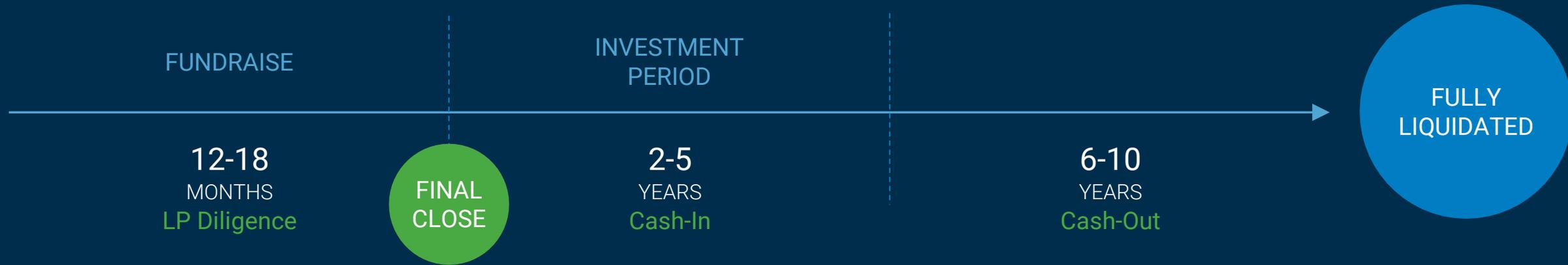


From Wikipedia, the Hamilton Lane encyclopedia ➤ Investments in assets or financial instruments that are not listed on an exchange

- Purchase of family owned/ privately held companies
- Take-privates
- Growth capital for early stage companies

Representative clients and investors were included based on account size, geographic location, and account type. The identification of these clients and investors does not serve as an endorsement of Hamilton Lane or the services provided. These clients and investors utilize various services of Hamilton Lane and do not represent one specific account type.

# How It Works



## The Process

### 1. Capital Commitment

Investor makes a capital commitment to a fund manager in year 1

### 2. Investment Period

Over the next 4-5 years the fund manager calls capital for investments in portfolio companies

### 3. Harvesting Period

Typically, in years 6-10, fund manager begins to exit portfolio company investments, sending capital back to investors in the form of distributions. Partial realizations can occur as early as year 2-3.

## The Terms

### Capital Committed

An investor's financial obligation to provide a set amount of capital to the fund

### Capital Contributions

Capital contributed from an investor's capital commitment to fund partnership investments, organizational expenses and management fees

### Distributions

Cash or stock disbursed to the investors from a fully or partially realized investment

# Understanding Private Equity Exposure and Cash Flows

Commitment ≠ Exposure ➤ commitment pacing requires careful planning

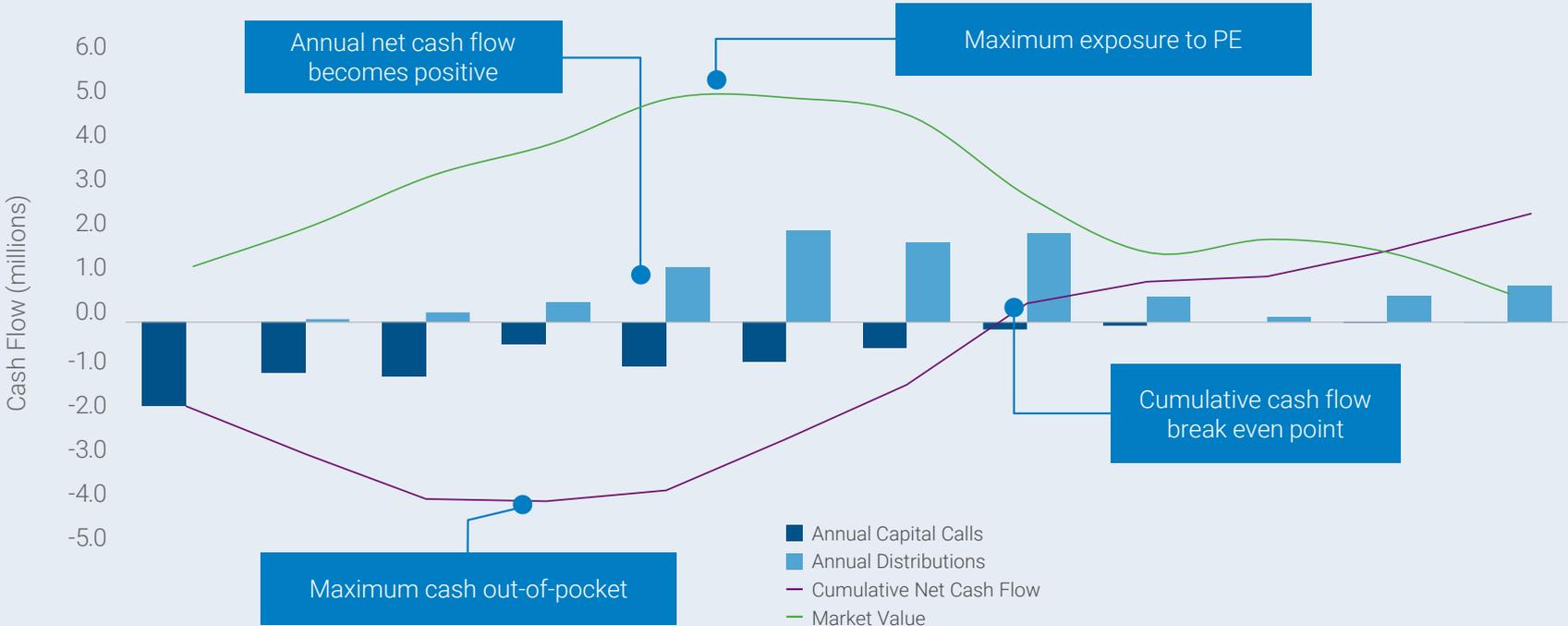
- \$10M commitment never fully exposed

As cash goes out, cash also comes back in ➤ while PE is illiquid, cash returns can be generated as early as 2-3 years and the entire commitment is not fully exposed all at once

### Example:

- Maximum cash out-of-pocket is roughly half of commitment
- Cash flow positive for the year in years 5-6
- Full commitment returned in form of distributions in years 7-8

Example Cash Flow Profile: \$10M Commitment to a Fund-of-Funds by Year<sup>1</sup>



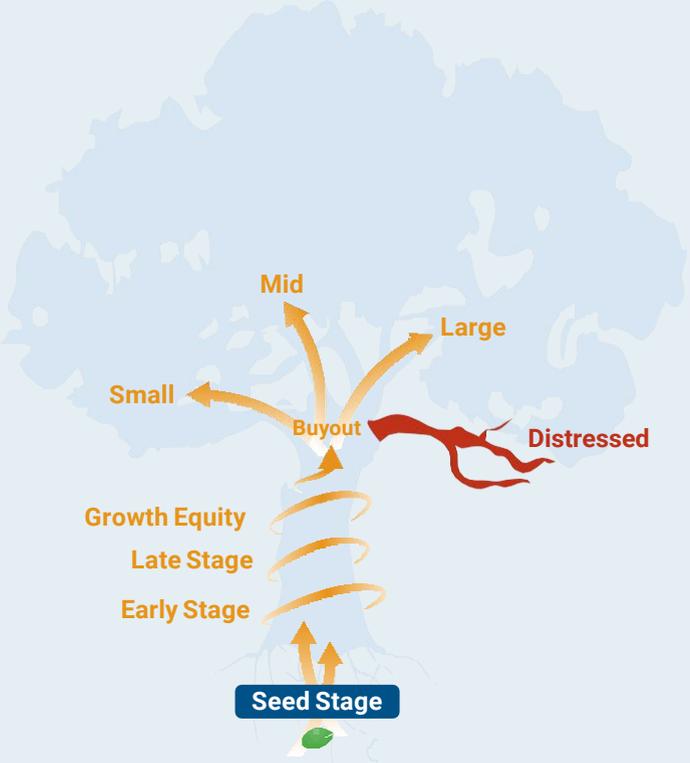
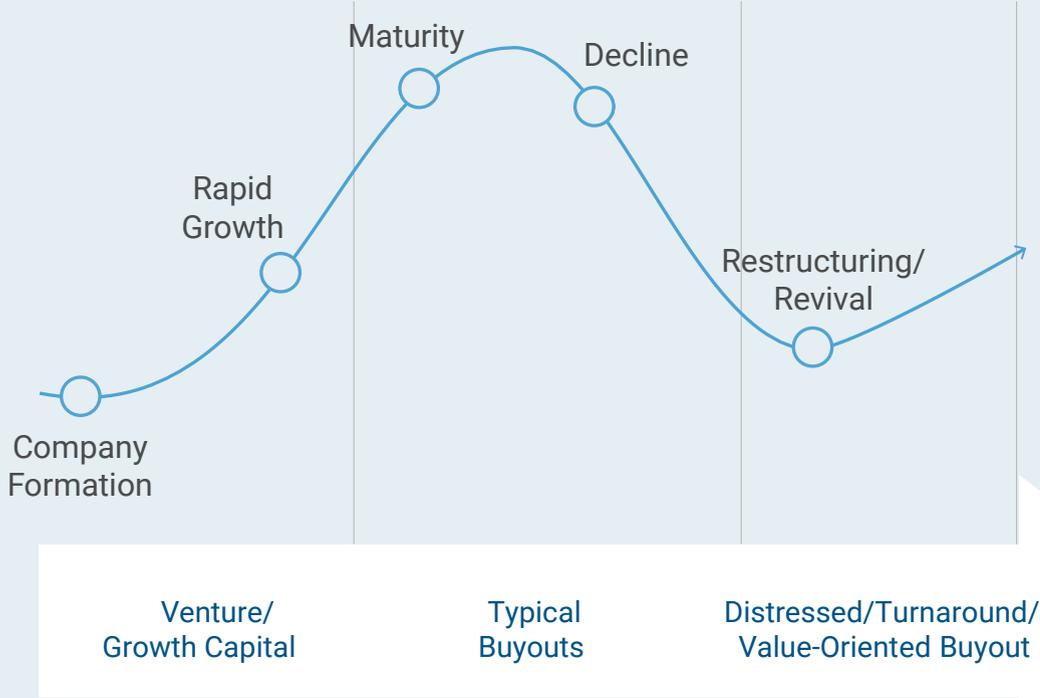
<sup>1</sup> Please note that the data shown herein represents actual performance data for an investor who committed \$10M to the Hamilton Lane Carpenters Partnership Fund L.P. in 2000. The return figures shown may differ for investors who committed to the partnership at a different time or with different terms. The data shown is intended to provide information about the potential cash flows that a private equity fund can provide, and should not be considered a proxy for the performance of all private equity funds. Actual performance will vary depending on, amongst other factors, market and credit conditions and may vary significantly from the data shown herein. Past performance is not a guarantee of future results.

# Types of Private Equity

# Company Lifecycle & Applicable Private Equity Strategies

Private equity managers invest in companies of critical stage to create value

- ✓ Create/develop new companies or new technologies
- ✓ Acquire growth companies in fragmented industries
- ✓ Restructure, refocus or revitalize inefficient operating companies
- ✓ Lend to companies unable to borrow from banks



# Private Equity Investment Strategies

Highly differentiated strategies among fund managers

PRIMARIES	<p><b>Buyout (Small, Mid, Large, Mega)</b></p>	<p>Equity investments where a company is acquired, typically with the use of financial leverage. These companies are mature and generate operating cash flows</p> <p>Core of PE Portfolio   Quality Assets   Experienced Managers</p>	
	<p><b>Venture/ Growth Equity</b></p>	<p>Investments in startup and early stage, often technology-based companies; investments in relatively mature companies looking for growth over the long term</p> <p>High Risk   High Potential Return   Long-Term</p>	
	<p><b>Credit</b></p>	<p>Investments in the debt of a company, usually as part of a change of control transaction. These loans can range in terms of seniority (who gets paid first) and interest rate.</p> <p>Current Income   Higher Yield   Shorter Duration</p>	
	<p><b>Real Assets</b></p>	<p>Investments in physical assets (e.g. building, pipeline, trees) that are long-term in nature. Investment strategies include Real Estate, Infrastructure, and Natural Resources.</p> <p>Inflation Protection   Yield Generating   Low Correlation</p>	
	<p><b>Secondaries</b></p>	<p>Investments in existing portfolios or direct investments often purchased at a discount based on remaining fund life and quality of assets.</p> <p>J-Curve Mitigation   Discount Valuations   No Blind Pool</p>	
	<p><b>Direct Investments</b></p>	<p>Investments made directly in a company or asset alongside a general partner sponsor. These investments are minority, passive positions made on the same terms as the GP.</p> <p>Cost Effective   Enhanced Returns   Targeted Exposure</p>	

# Private Equity Strategies

## Primaries

- Represent the core of a private markets portfolio
- Diversification across time, geography, and strategy - not an “indexed approach”
- Access to top-tier managers as the foundation of the portfolio
- Use managers and strategies as building blocks
- Target sub-strategies to refine portfolio to meet investment objectives



## Secondaries

- Effective portfolio management tool
- Mitigate J-curve by purchasing at a discount
- Mature assets with strong liquidity profiles
- Shorter fund life reduces portfolio duration
- Existing investments eliminate blind pool risk



## Direct Investments

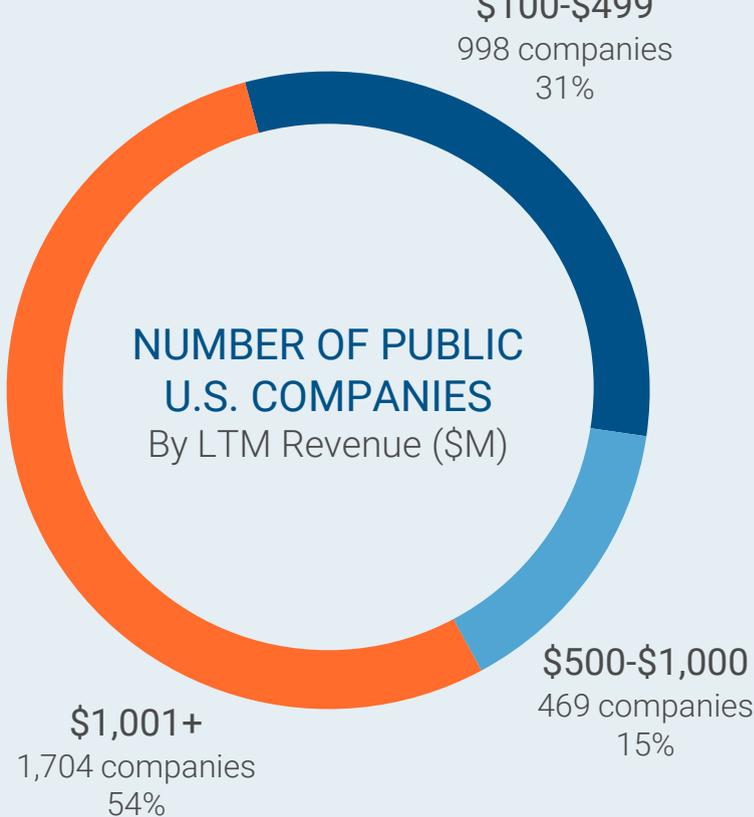
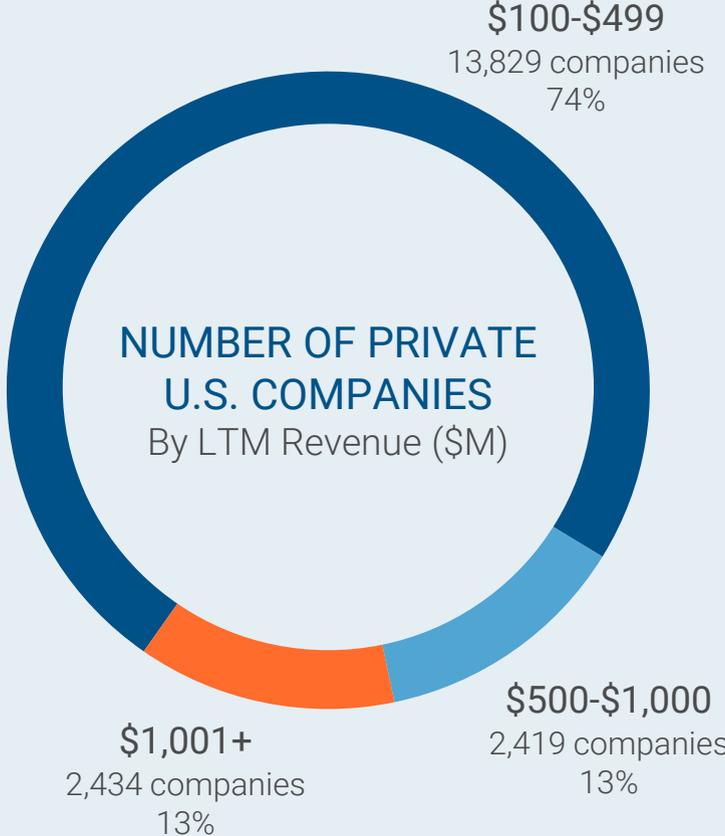
- Investing alongside core managers in their area of expertise
- Deal flow driven by primary fund allocation
- Potential for enhanced returns
- Cost effective way to invest in private markets- no fees to GP
- Add targeted exposure to specific industry, geography, and vintage year

Public vs. Private

# Private vs. Public Universe

Private Equity represents a target-rich environment, the market potential of which is dramatically larger compared to publicly-traded companies

- In the U.S. there are over 15,000 private companies with annual revenues over \$100 million vs. approximately 2,500 public companies with the same annual revenues



Source: Capital IQ (November 2021)

# Global Private Markets Fundraising



- Fundraising set a new annual record in 2021
- Despite the surge, annual fundraising remains a small fraction of public equity market cap

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

# How Does Private Equity Work?



Public Markets



Private Markets

+ Negotiation  
+ Structuring or de novo creation



- ✓ Bolster executive team
- ✓ Capital structure
- ✓ Divestitures
- ✓ Rebranding
- ✓ Product pricing
- ✓ Implement financial controls
- ✓ Invest in new plants
- ✓ New products
- ✓ Close money-losing divisions
- ✓ Tuck-in acquisitions
- ✓ New geographies
- ✓ Improve IT systems

Strategic sale  
Sponsor-to-sponsor  
IPO  
Recapitalization

# Keys to Private Equity Manager Success

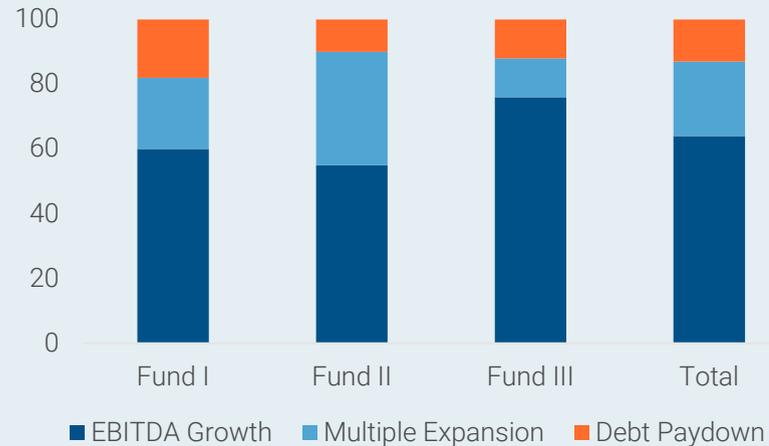
A successful manager increases the value of its portfolio companies and is able to exit these companies at prices well above cost

How Does a GP Add Value	How Do GPs Exit Investments
-------------------------	-----------------------------

- Low Purchase Price/Higher Sale Price
- Structure/Financing
- Earnings Improvement
- Strategic Reorientation

- IPO
- Strategic/Financial Sale
- Merger
- Refinancing

## Value Creation



Example: Private Equity Fund VI - Prior Investment Performance			
(\$mm) Fund	Total Portfolio Gross IRR	Realized Portfolio Gross IRR	Unrealized Portfolio Gross IRR
Fund I	31.4%	31.4%	
Fund II	34.5%	38.9%	8.9%
Fund III	27.4%	31.0%	12.4%
Fund IV	14.8%	20.3%	13.6%
Fund V	15.0%	40.7%	13.9%
<b>Total</b>	<b>24.4%</b>	<b>34.1%</b>	<b>13.3%</b>

It is critical to understand how GPs generate value and distinguish between the realized/unrealized performance in a fund

For illustrative purposes only. Does not represent an actual portfolio managed by Hamilton Lane.

# This Asset Class is Complex

20 years ago, the private markets were small and concentrated...  
today, they are not

## Private Markets Industry – 20 Years Ago

Managers with Funds Raised in the Trailing 10 Vintage Years

**2,000 Funds | 1350+ Fund Families**

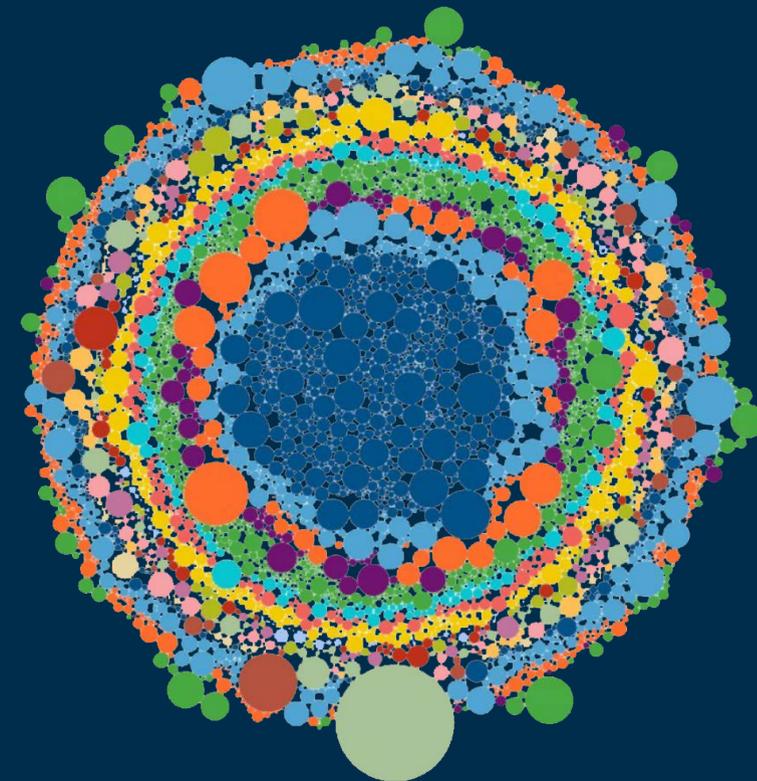


- |                                    |                            |
|------------------------------------|----------------------------|
| ● North America – Buyout           | ● Global – VC/Growth       |
| ● Western Europe – Buyout          | ● Global – Distressed Debt |
| ● Global – Buyout                  | ● Global – Mezzanine       |
| ● ROW – Buyout                     | ● Global – Real Estate     |
| ● North America – VC/Growth        | ● ROW – Real Estate        |
| ● North America – Distressed Debt  | ● ROW – VC/Growth          |
| ● North America – Mezzanine        | ● Real Assets              |
| ● North America – Real Estate      | ● FoF                      |
| ● Western Europe – VC/Growth       | ● Multi-Manager CI         |
| ● Western Europe – Real Estate     | ● Secondary - FoF          |
| ● Western Europe – Mezzanine       |                            |
| ● Western Europe – Distressed Debt |                            |

## Private Markets Industry – Today

Managers with Funds Raised in the Trailing 10 Vintage Years

**11,500+ Funds | 7,300+ Fund Families**



Source: Bison Data via Cobalt (November 2021)

Note: Each circle represents a manager and is categorized by strategy as defined by Hamilton Lane.

# It Takes More Than You Think

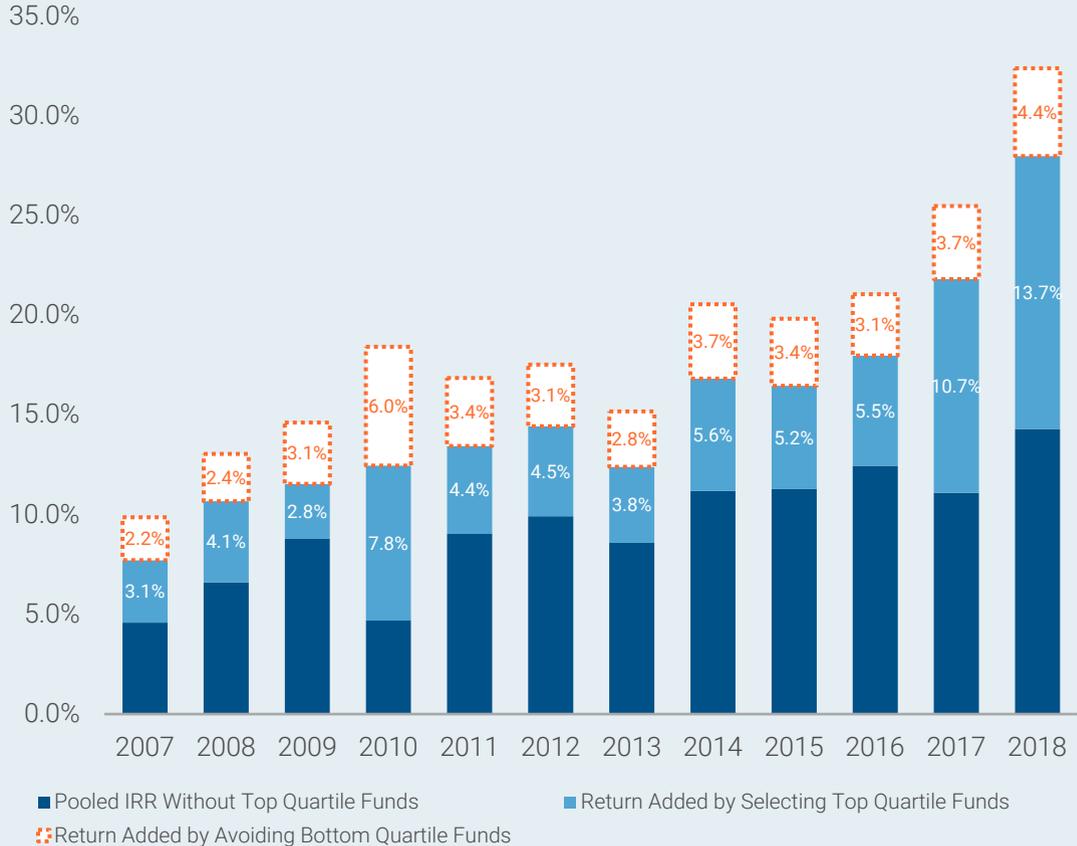
Manager selection and portfolio construction are crucial to performance

Pooled IRR by Vintage Year

2010	2011	2012	2013	2014	2015	2016	2017	2018
Seed/Early VC 45.3%	Seed/Early VC 32.6%	Seed/Early VC 34.5%	Seed/Early VC 24.9%	Late Stage VC 39.8%	Seed/Early VC 34.1%	Seed/Early VC 54.5%	Growth Equity 39.2%	Seed/Early VC 49.4%
Multi-Stage VC 21.8%	Multi-Stage VC 23.1%	Multi-Stage VC 25.7%	Multi-Stage VC 24.8%	Growth Equity 30.4%	Growth Equity 33.1%	Growth Equity 33.4%	Multi-Stage VC 37.6%	Multi-Stage VC 46.6%
US SMID 13.0%	Growth Equity 21.1%	Late Stage VC 20.3%	Growth Equity 21.4%	Seed/Early VC 29.1%	Late Stage VC 27.9%	Multi-Stage VC 30.5%	Seed/Early VC 32.1%	Growth Equity 45.0%
All PM 12.7%	US SMID 17.1%	US Large/Mega 19.0%	US Large/Mega 20.9%	Multi-Stage VC 26.5%	Multi-Stage VC 27.3%	ROW 23.7%	US Large/Mega 30.9%	Late Stage VC 41.9%
EU Buyout 11.1%	EU Buyout 16.3%	US SMID 17.3%	US SMID 17.1%	US Large/Mega 25.8%	US SMID 21.8%	EU Buyout 23.0%	US SMID 28.2%	EU Buyout 37.7%
Real Estate 9.3%	US Large/Mega 16.2%	Growth Equity 16.3%	EU Buyout 14.5%	EU Buyout 22.7%	US Large/Mega 21.3%	US SMID 22.0%	EU Buyout 28.0%	US Large/Mega 37.3%
Mezzanine 9.3%	Real Estate 15.2%	Infrastructure 14.9%	All PM 13.1%	ROW 22.2%	EU Buyout 19.7%	US Large/Mega 20.8%	All PM 25.4%	ROW 32.9%
Distressed Debt 9.0%	All PM 13.7%	EU Buyout 14.8%	ROW 12.3%	All PM 18.1%	ROW 18.4%	All PM 20.0%	ROW 20.5%	All PM 28.1%
ROW 8.6%	Mezzanine 9.0%	All PM 14.6%	Real Estate 12.1%	US SMID 16.3%	All PM 17.5%	Real Estate 11.4%	Infrastructure 14.7%	Natural Resources 22.9%
Natural Resources -7.0%	Distressed Debt 8.1%	Real Estate 13.2%	Mezzanine 11.7%	Infrastructure 12.1%	Real Estate 13.5%	Distressed Debt 11.3%	Real Estate 13.3%	US SMID 22.3%
	ROW 7.6%	ROW 12.7%	Distressed Debt 7.5%	Real Estate 11.5%	Mezzanine 11.7%	Mezzanine 11.1%	Mezzanine 10.4%	Mezzanine 16.6%
	Infrastructure 3.8%	Mezzanine 8.6%	Infrastructure 6.6%	Distressed Debt 7.8%	Infrastructure 8.1%	Infrastructure 9.4%	Distressed Debt 9.7%	Distressed Debt 13.2%
	Natural Resources 0.9%	Distressed Debt 6.6%	Natural Resources -1.9%	Mezzanine 5.9%	Distressed Debt 7.4%	Natural Resources 5.1%	Natural Resources 6.5%	Infrastructure 12.1%
		Natural Resources 0.3%		Natural Resources 0.0%	Natural Resources 5.7%			Real Estate 11.4%

Impact of Top & Bottom Quartile Funds

All Private Markets by Vintage Year<sup>1</sup>



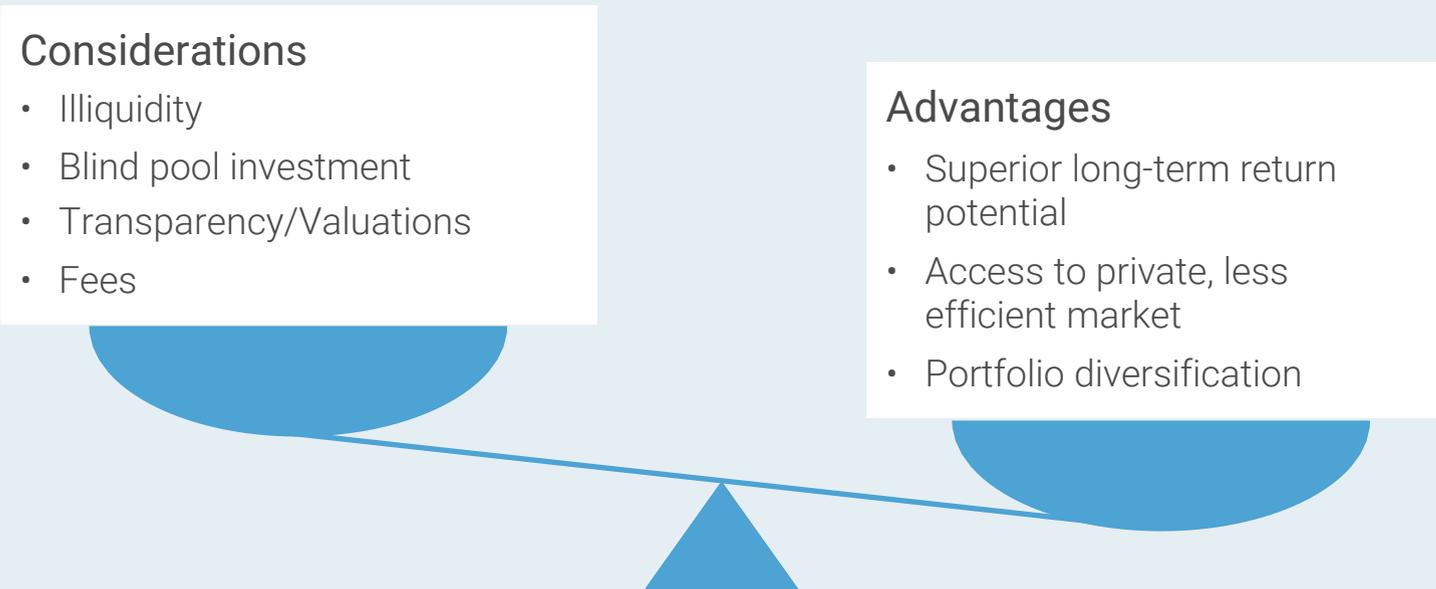
Data as of March 31, 2021  
Source: Hamilton Lane Data (November 2021)

Source: Hamilton Lane Fund Investment Database (November 2021). Strategies as designated by Hamilton Lane. Fund size classifications (SMID, Mega/Large) may vary by vintage year. ROW includes a variety of strategies. Strategies with fewer than three funds in a vintage year are not included for the year on the chart.

<sup>1</sup> All Private Markets – Hamilton Lane’s definition of “All Private Markets” includes all private commingled funds excluding real estate, fund-of-funds, and secondary fund-of-funds.

Why Invest in  
Private Equity?

# Why Invest in Private Equity?



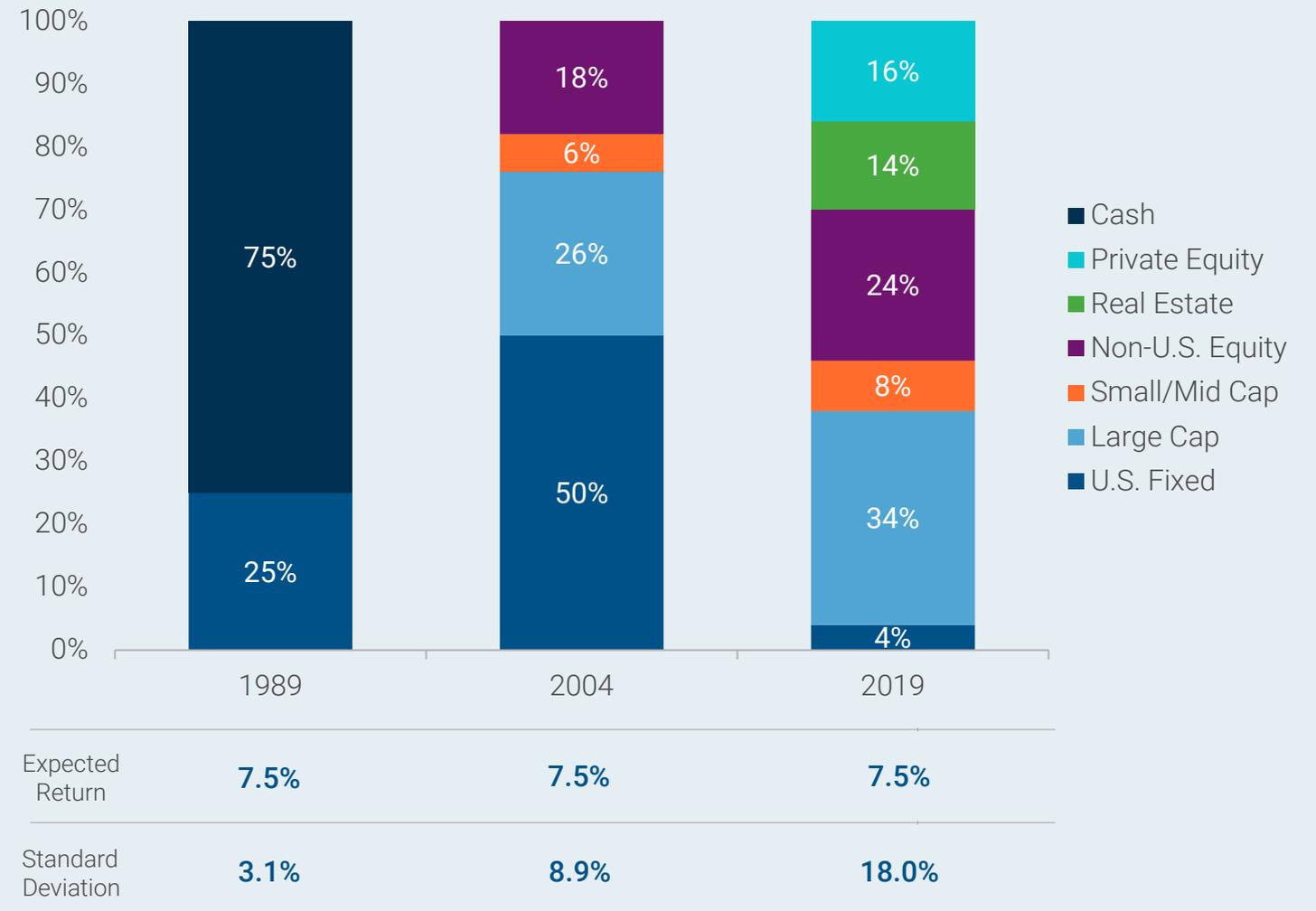
<b>Illiquid</b>	Long-term asset class with healthy secondary market. Partial distributions may occur as early as with 2-3 years.
<b>Blind Pool</b>	The portfolio investments are not yet known. A manager has discretion to make investments in-line with the Funds' stated objectives.
<b>Transparency</b>	Private investments are valued quarterly and information is not publicly available. Investor reporting and transparency are improving but still lag the public markets.
<b>Fees</b>	In general, private equity management fees are higher than public markets. Fees are typically charged as a flat management fee plus a performance fee (carry). Example: 2% and 20%

# Changes in the Return Landscape

## Return expectations have changed

- A study by Callan Associates concludes that in order to achieve a 7.5% nominal return over the next 10 years, investors must take 6x as much risk as they did 30 years ago
- Private Equity has become an integral part of portfolios looking for a high rate of return over the long-term

Investor Allocation Seeking to Earn 7.5%



Source: Callan Associates (February 2019)

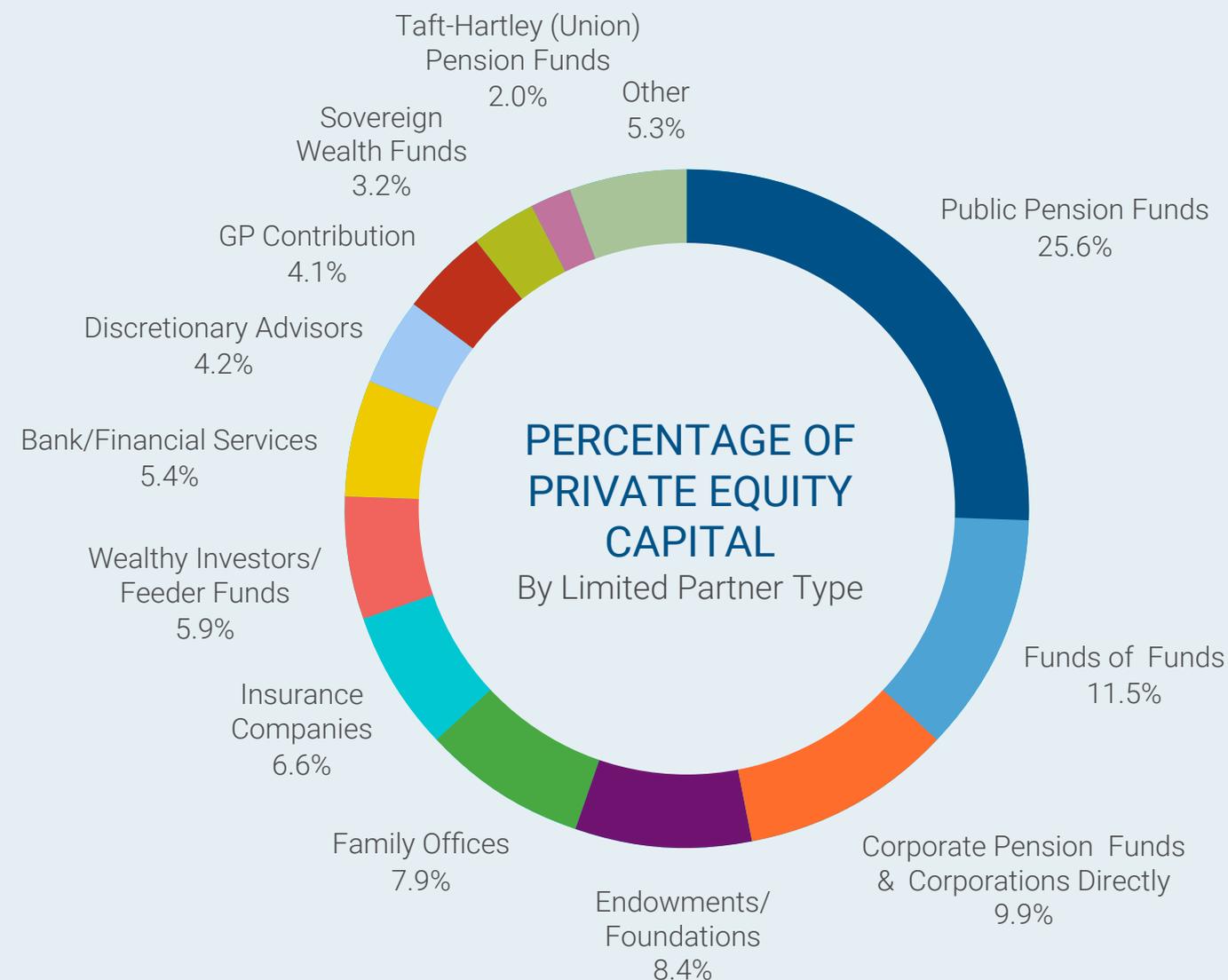
# Who Invests in Private Equity?

## An increasingly diversified investor base

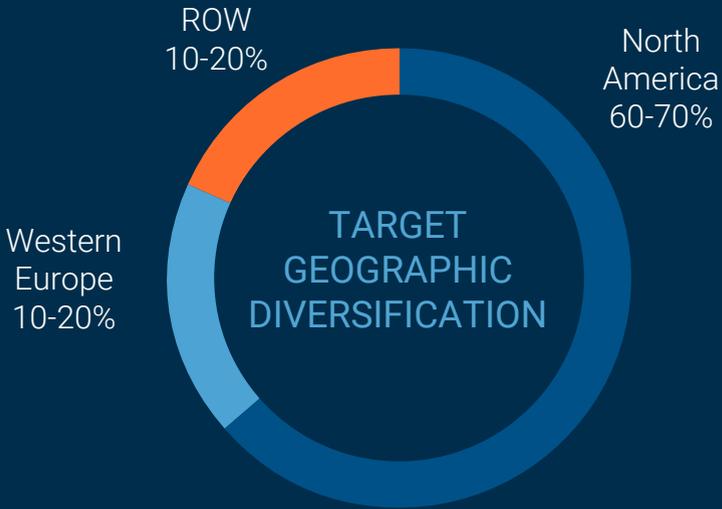
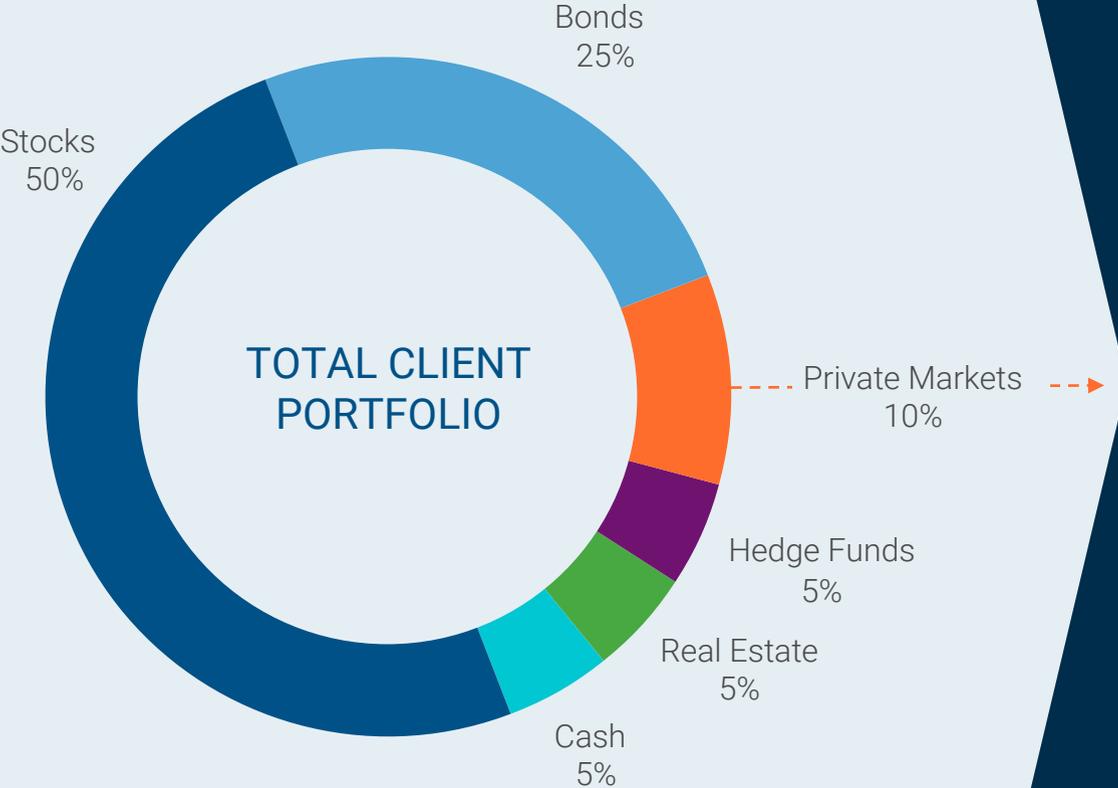
- A longer-term asset class, private equity may be suitable for investors who are able to make capital commitments over a multi-year period

## Why?

- Historical outperformance vs. public markets
- Access to private, less efficient markets
- Portfolio diversification



# Sample Client Portfolio



For illustrative purposes only. Does not represent an actual portfolio managed by Hamilton Lane.

# How We Win Together: Partnering with Hamilton Lane

# Product Solutions

Secondary Funds	Direct Equity Opportunities Funds	Strategic Opportunities Funds
<p><b>Diversified pool of mature private markets assets</b></p> <ul style="list-style-type: none"> <li>Identify transactions with attractive competitive dynamics</li> <li>Quality assets and GPs</li> <li>Strong liquidity and downside protection</li> </ul>	<p><b>Diversified pool of direct equity investments alongside leading GPs</b></p> <ul style="list-style-type: none"> <li>Small &amp; mid-sized investments</li> <li>Diversification across industry, geography &amp; GP</li> <li>Access to private markets at a reduced fee structure</li> </ul>	<p><b>Shorter duration, yield-oriented private markets instruments</b></p> <ul style="list-style-type: none"> <li>Current income component</li> <li>Annual deployment</li> <li>J-curve mitigation</li> <li>Direct credit, tail-end secondaries, opportunistic/structured equity</li> </ul>
Current Funds		
<p>Closed in February 2021  <b>Secondary Fund V</b>            ~(\$3.9B)</p>	<p>Raising  <b>Equity Opportunities Fund V</b>            (\$2.5B)<sup>1</sup></p>	<p>Raising  <b>Strategic Opportunities Fund VII</b>            (\$900M)<sup>1</sup></p>

<sup>1</sup> Fund sizes shown are targeted fundraising amounts.

# Product Solutions

Infrastructure Opportunities Fund	Impact Funds	Evergreen Funds
<p><b>Diversified infrastructure exposure through highly selective transactions</b></p> <ul style="list-style-type: none"> <li>• Focus on direct investment and secondary transactions across power, midstream, communications, transportation and waste/water sectors</li> <li>• Transaction focus aligns capital closer to value creation</li> <li>• Current yield and investor friendly fee structure to seek optimal J-curve profile</li> </ul>	<p><b>Environmental/social impact investments with attractive returns</b></p> <ul style="list-style-type: none"> <li>• Targeting direct investments with measurable and meaningful impact</li> <li>• Target sectors: health &amp; wellness, community development, clean energy transition, and sustainable processes</li> </ul>	<p><b>Globally diversified portfolios of transaction-oriented investments with liquidity options</b></p> <ul style="list-style-type: none"> <li>• Fully deployed portfolios</li> <li>• Offering diversified private markets exposure through a single allocation</li> <li>• Focused on targeting fee-efficient investment types</li> <li>• Providing limited monthly or quarterly liquidity<sup>2</sup></li> <li>• Dynamic portfolio allocation strategy based on market conditions</li> </ul>
<b>Current Funds</b>		
<p>Raising <b>Infrastructure Opportunities Fund</b> (\$500M)<sup>1</sup></p>	<p>Raising <b>Impact Fund II</b> (\$500M)<sup>1</sup></p>	<p>Raising <b>Global Private Assets Fund<sup>2,3</sup></b> &amp; <b>Private Assets Fund<sup>2,3</sup></b></p>

<sup>1</sup> Fund sizes shown are targeted fundraising amounts.

<sup>2</sup> Please note the Global Private Assets Fund provides limited monthly liquidity while the Private Assets Fund provides limited quarterly liquidity.

<sup>3</sup> Please note the Global Private Assets Fund is targeted to non-US investors only and the Private Assets Fund is targeted only to US investors.

# Embracing Data & Technology

Data advantage can add real value and drive benefits for our clients

Enhancing transparency



Customized reporting

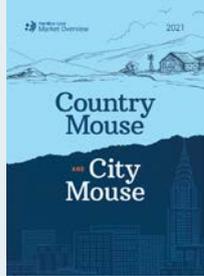


Data collection & reporting



by Hamilton Lane  
Benchmarking & analytics

Providing industry insights to clients



Annual Market Overview



Quarterly & monthly newsletters



Research reports

Partnering with cutting-edge technology providers



Investment workflow management



Allocation software



Data extraction

► Mission driven. Results oriented.

Partner with our industry-recognized, award-winning firm

Private Equity International



PEI SI 30  
2020



PEI 300  
2020

PEWIN

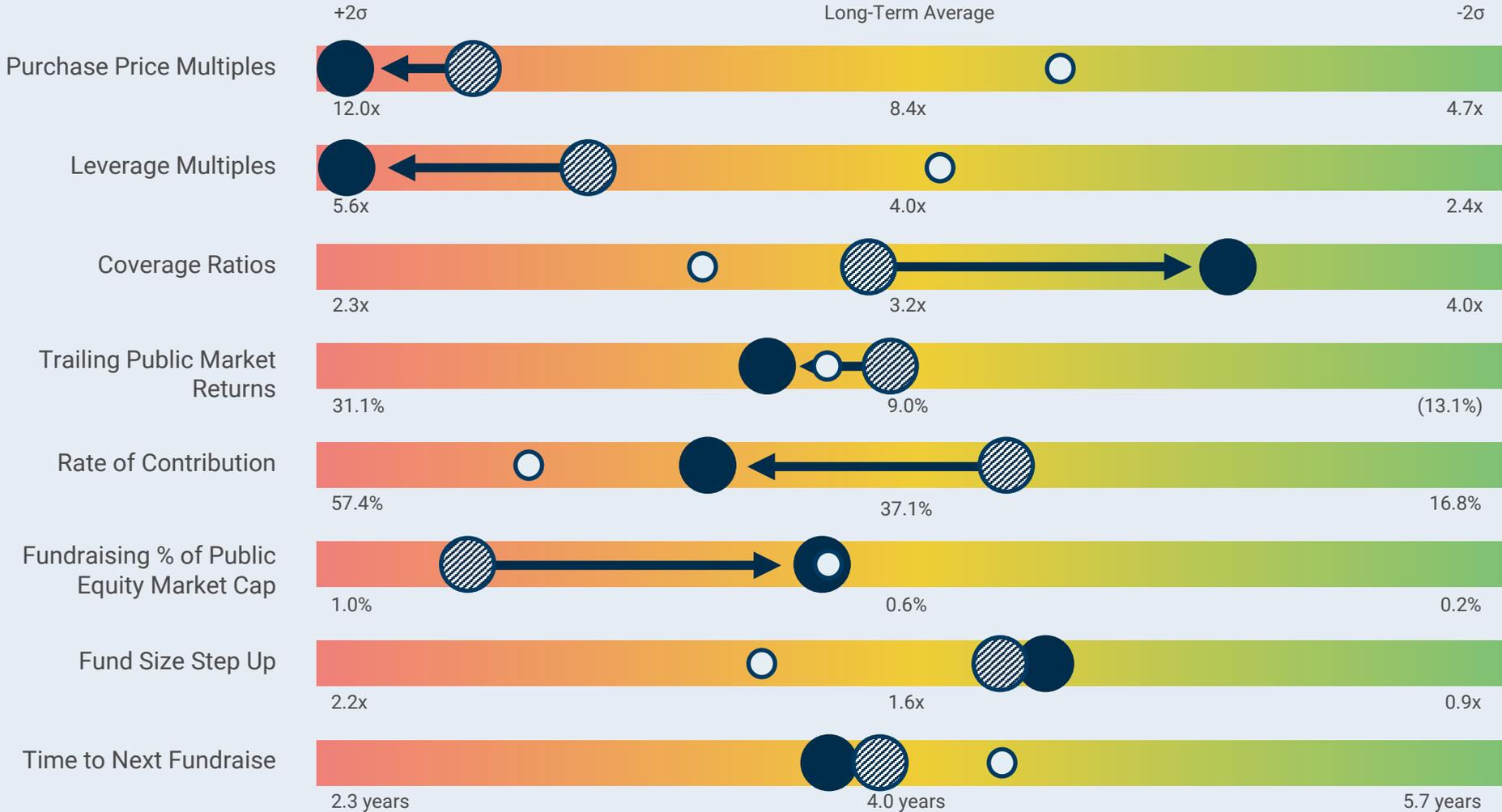


# Appendix

# Hamilton Lane Sentiment Indicators

## Buyout

● Today    ● 2020    ○ 2006



- The buyout market is trending neutral with movement in both directions

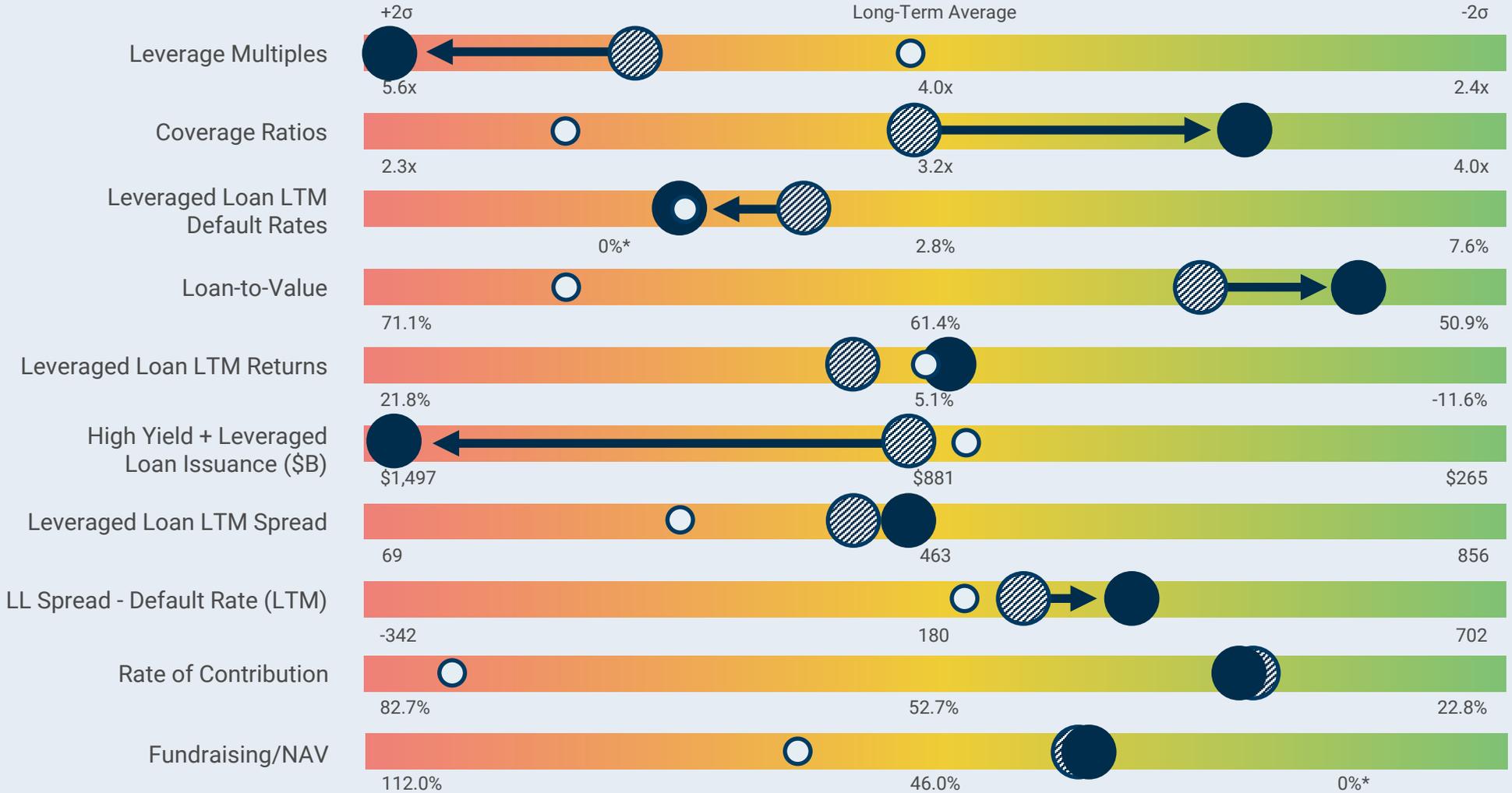
If a data set is distributed normally, about 95% of all data points will lie within two standard deviations of the mean.

Source: Hamilton Lane Data, Bloomberg, Cobalt, Pitchbook, S&P (January 2022)

# Hamilton Lane Sentiment Indicators

## Credit

● Today    ● 2020    ○ 2007



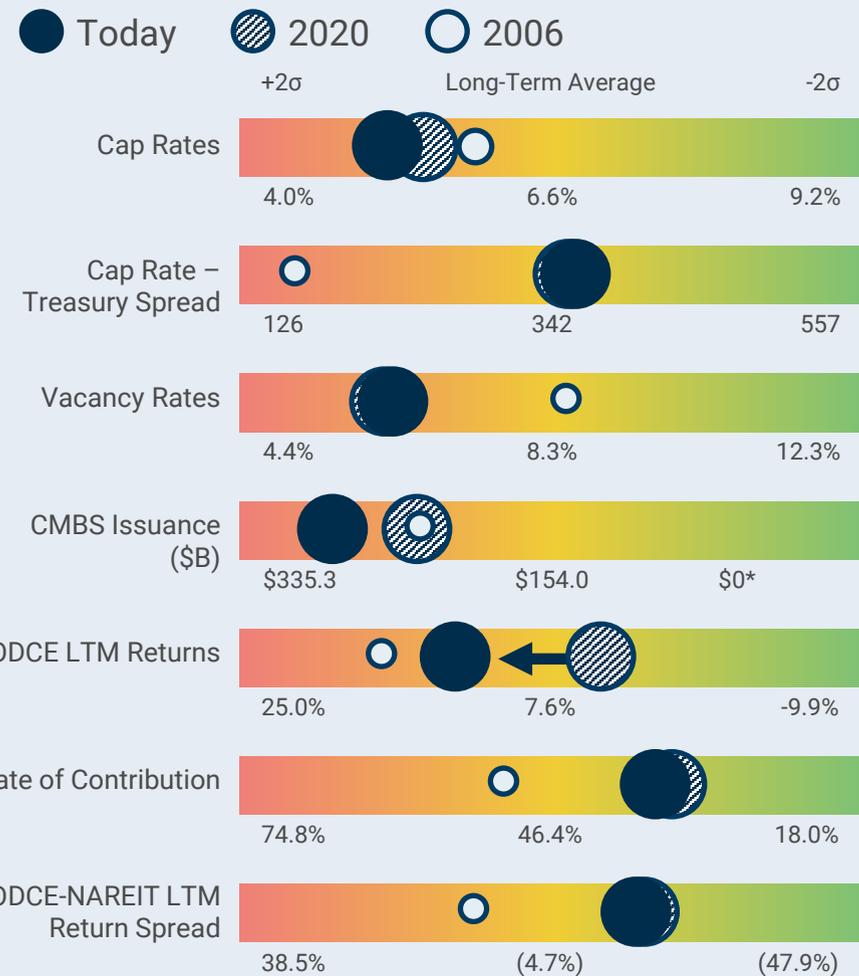
- The credit market is trending neutral

If a data set is distributed normally, about 95% of all data points will lie within two standard deviations of the mean.  
 Source: Hamilton Lane Data, Cobalt, Pitchbook, S&P (January 2022)  
 \*Asterisk indicates zero used as floor for indicators that cannot be negative

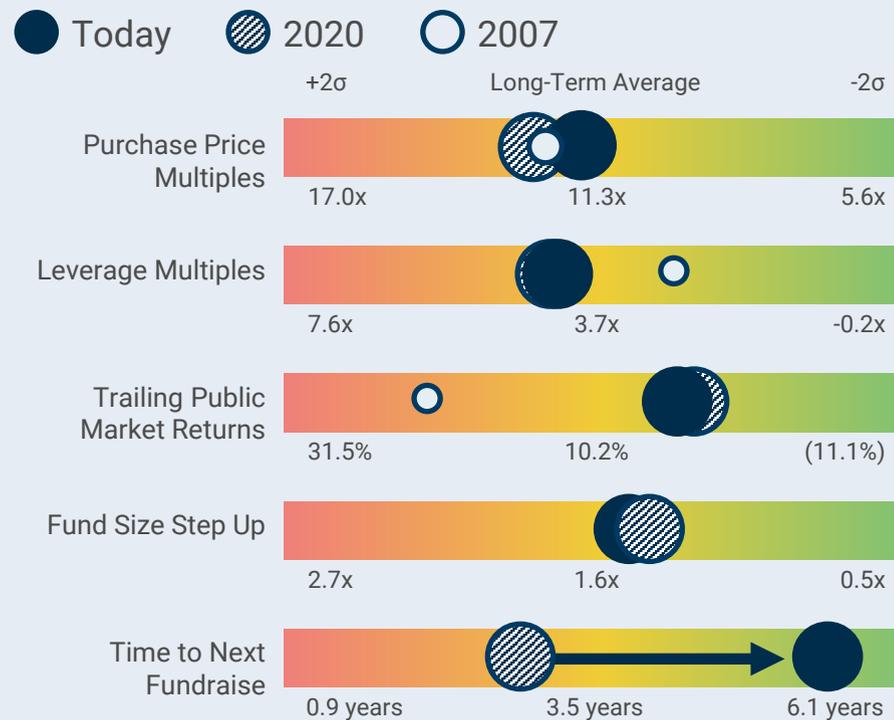
# Hamilton Lane Sentiment Indicators

## Real Assets

### Real Assets



### Infrastructure



- The real estate market is slightly positive, although most indicators have trended negative over the last year
- Infrastructure is trending neutral with the exception of the “time to next fundraise” indicator

If a data set is distributed normally, about 95% of all data points will lie within two standard deviations of the mean.

Source: Hamilton Lane Data, Bloomberg, NCREIF (January 2022)

\*Asterisk denotes zero used as floor for indicators that cannot be negative

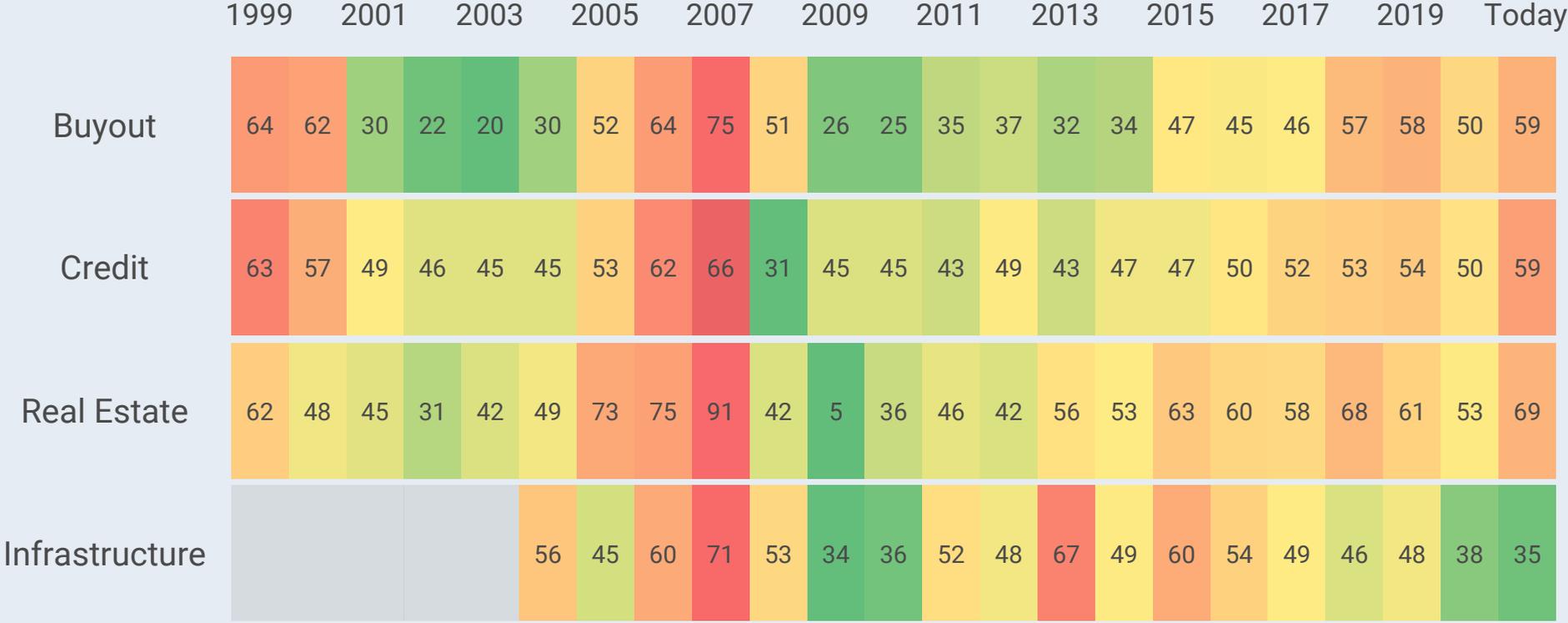
If a data set is distributed normally, about 95% of all data points will lie within two standard deviations of the mean.

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

# What It All Means

## The Hamilton Lane Worry Index

The Hamilton Lane Worry Index is a Composite of Hamilton Lane’s Sentiment Indicators.  
**Higher Numbers = More Worry**



- Moderate worry for all private markets strategies except infrastructure

The Hamilton Lane Worry Index (“HLWI”) is a composite view of a wide range of macroeconomic indicators across Buyout, Credit, and Real Assets. Indicators are scaled from 0 to 100 based on their relative value each year, and then averaged to create a market-wide number. Lower numbers represent a generally more favorable environment while high numbers signal a generally less favorable environment. The HLWI is directional and not necessarily indicative of future results.

Source: Hamilton Lane Data, Bloomberg, Cobalt, Pitchbook, S&P, NCREIF (January 2022)

# Endnotes

**Pages 32 - 35:** If a data set is distributed normally, about 95% of all data points will lie within two standard deviations of the mean.

# 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.

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

**Co/Direct Investment Funds** – Any PM fund that primarily invests in deals alongside another financial sponsor that is leading the deal.

**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.

**EU Buyout** – Any buyout fund primarily investing in the European Union.

**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.

**Late Stage VC** – A venture capital strategy that provides funding to developed startups.

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

**Mezzanine** – Includes any PM fund that primarily invests in the mezzanine debt of private companies.

**Multi-Management CI** – A fund that invests capital in deals alongside a lead general partner. Each deal may have a different lead general partner.

**Multi-Stage VC** – A venture capital strategy that provides funding to startups across many investment stages.

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

**Origination** – Includes any PM fund that focuses primarily on providing debt capital directly to private companies, often using the company’s assets as collateral.

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

**Real Assets** – Real Assets includes any PM fund with a strategy of Infrastructure, Natural Resources, or Real Estate.

**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.

**ROW Equity** – Includes all buyout, growth, and venture capital-focused funds, 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.

**Seed/Early VC** – A venture capital strategy that provides funding to early-stage startups.

**Single Manager CI** – A fund that invests capital in deals alongside a single lead general partner.

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

**U.S. Mega/Large** – Any buyout fund larger than a certain fund size that depends on the vintage year and is primarily investing in the United States.

**U.S. SMID** – Any buyout fund smaller than a certain fund size that depends on the vintage year and is primarily investing in the United States.

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

**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.

## Index Definitions

**Barclays U.S. Corporate Aggregate Index** – Tracks the performance of U.S. fixed rate corporate debt rated as investment grade.

**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 High Yield Index** – The Credit Suisse High Yield index tracks the performance of U.S. sub-investment grade bonds.

**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.

**HFRI Composite Index** – The HFRI Composite Index reflects hedge fund industry performance.

**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 World ex U.S. Index** – The MSCI World ex U.S. Index tracks large and mid-cap equity performance in developed market countries, excluding the U.S.

**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.

**Russell 3000 Net Total Return Index** – The Russell 3000 NTR Index is composed of 3000 large U.S. companies, as determined by market capitalization with net dividends reinvested.

**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 Global Infrastructure Index** – The S&P Global Infrastructure Index tracks the performance of 75 companies from around the world that represent the infrastructure industry.

## Other

**Desmoothing** – A mathematical process to remove serial autocorrelation in the return stream of assets that experience infrequent appraisal pricing, such as private equity. Desmoothed returns may more accurately capture volatility than reported returns. The formula used here for desmoothing is:

Where  $rD(t)$  = the desmoothed return for period  $t$ ,  $r(t)$  = the return for period  $t$ ,  $\rho$  = the autocorrelation

$$rD(t) = (r(t) - r(t-1) * \rho) / (1 - \rho)$$

**PME (Public Market Equivalent)** – Calculated by taking the fund cash flows and investing them in a relevant index. The fund cash flows are pooled such that capital calls are simulated as index share purchases and distributions as index share sales. Contributions are scaled by a factor such that the ending portfolio balance is equal to the private equity net asset value (equal ending exposures for both portfolios). This seeks to prevent shorting of the public market equivalent portfolio. Distributions are not scaled by this factor. The IRR is calculated based off of these adjusted cash flows.

**Sharpe Ratio** – The Sharpe Ratio is the average return earned in excess of the risk-free rate per unity of volatility or total risk.

**Time-weighted Return** – Time-weighted return is a measure of compound rate of growth in a portfolio.

**Total Exposure** – Total Exposure is equal to NAV + Unfunded Commitment.

**Volatility** – Volatility is a statistical measure of dispersion of return, specifically standard deviation.

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# Disclosures

## Private Assets Fund Disclosures

**Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. You should consider the Private Assets Fund's investment objectives, risks, charges, and expenses carefully before investing. For a prospectus that contains this and other information about the Fund, call 1 (888) 882-8212 or visit our website at [www.hamiltonlane.com](http://www.hamiltonlane.com). Please read the prospectus carefully before investing. Investing in the Fund involves risk including loss of principal.**

The total annual operating expenses of the Hamilton Lanes Private Assets Fund's R Share Class and I Share Class are 3.18% and 2.48%, respectively, as of the most recent prospectus. Repurchase fee of 2.00% of the repurchase amount if shares are repurchased within first 12 months. The Investment Management Fee is equal to 1.50% un-leveraged or 1.59% leveraged, on an annualized basis of the Fund's average daily Managed Assets during such period.

The Fund operates as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended.

The Fund is not a liquid investment. No Shareholder will have the right to require the Fund to redeem its Shares. The Fund from time to time intends to offer to repurchase Shares pursuant to written tenders by the Shareholders. The Adviser anticipates recommending to the Board that, under normal market circumstances, the Fund conduct repurchase offers of no more than 5% of the Fund's net assets generally quarterly beginning on June 30, 2021 (or such earlier or later date as the Board may determine) and thereafter quarterly. Any repurchases of Shares will be made at such times and on such terms as may be determined by the Board from time to time in its sole discretion. The Fund may also elect to repurchase less than the full amount that a Shareholder requests to be repurchased. In determining whether the Fund should offer to repurchase Shares from Shareholders of the Fund pursuant to repurchase requests, the Board may consider, among other things, the recommendation of the Adviser as well as a variety of other operational, business and economic factors.

An investment in the Fund is generally subject to market risk, including the loss of the entire principal amount invested. An investment in the Fund represents an indirect investment in the securities owned by the Fund. Shares are appropriate only for those investors who can tolerate a high degree of risk and do not require a liquid investment and for whom an investment in the Fund does not constitute a complete investment program.

Some of the principal risks of the Fund include no operating history, limited liquidity, restricted and illiquid investments, non-diversification, and valuations subject to adjustments. The Fund may engage in the use of leverage, hedging, and other speculative investment practices that may accelerate losses.

The Fund has no operating history and the shares have no history of public trading and it is not anticipated that a secondary market for Shares will develop. We do not expect a secondary market in the shares to develop.

The amount of distributions that the Fund may pay, if any, is uncertain. The Fund may pay distributions in significant part from sources that may not be available in the future and that are unrelated to the Fund's performance, such as offering proceeds, borrowings, and amounts from the Fund's affiliates that are subject to repayment by investors.

Certain investments in the Fund are illiquid making it difficult to sell these securities and possibly requiring the Fund to sell at an unfavorable time or price. The value of certain Fund investments, in particular non-traded investment vehicles, will be difficult to determine and the valuations provided will likely vary from the amounts the Fund would receive upon sale or disposition of its investments.

The valuations reported by the Portfolio Fund Managers, based upon which the Fund determines its month-end net asset value and the net asset value per Share may be subject to later adjustment or revision. Because such adjustments or revisions, whether increasing or decreasing the net asset value of the Fund at the time they occur, relate to information available only at the time of the adjustment or revision, the adjustment or revision may not affect the amount of the repurchase proceeds of the Fund received by Shareholders who had their Shares repurchased prior to such adjustments and received their repurchase proceeds, subject to the ability of the Fund to adjust or recoup the repurchase proceeds received by Shareholders under certain circumstances.

Hamilton Lane Advisors LLC is the Advisor to the Hamilton Lane Private Asset Fund. UMB Distribution Services, LLC and Hamilton Lane are unaffiliated.

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