

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2021

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-38021

**HAMILTON LANE INCORPORATED**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**One Presidential Blvd., 4th Floor**

**Bala Cynwyd, PA**

(Address of principal executive offices)

**26-2482738**

(I.R.S. Employer  
Identification No.)

**19004**

(Zip Code)

**(610) 934-2222**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<u>Class A Common Stock, \$0.001 par value per share</u>	<u>HLNE</u>	<u>The Nasdaq Stock Market LLC</u>

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of Class A common stock held by non-affiliates of the registrant on September 30, 2020, based on the closing price of \$64.59 as reported by the Nasdaq Stock Market, was approximately \$1,980.4 million.

As of May 26, 2021, there were 36,290,183 shares of the registrant's Class A common stock and 16,739,846 shares of the registrant's Class B common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III of this Form 10-K incorporates by reference information from the registrant's definitive proxy statement related to the 2021 annual meeting of stockholders.

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**This Annual Report on Form 10-K (“Form 10-K”) includes certain information regarding the historical performance of our specialized funds and customized separate accounts. An investment in shares of our Class A common stock is not an investment in our specialized funds or customized separate accounts. In considering the performance information relating to our specialized funds and customized separate accounts contained herein, prospective Class A common stockholders should bear in mind that the performance of our specialized funds and customized separate accounts is not indicative of the possible performance of shares of our Class A common stock and is also not necessarily indicative of the future results of our specialized funds or customized separate accounts, even if fund investments were in fact liquidated on the dates indicated, and there can be no assurance that our specialized funds or customized separate accounts will continue to achieve, or that future specialized funds and customized separate accounts will achieve, comparable results.**

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We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are owned by us or licensed by us. We also own or have the rights to copyrights that protect the content of our solutions. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this Form 10-K are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks, trade names and copyrights.

This Form 10-K may include trademarks, service marks or trade names of other companies. Our use or display of other parties’ trademarks, service marks, trade names or products is not intended to, and does not imply a relationship with, or endorsement or sponsorship of us by, the trademark, service mark or trade name owners.

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Unless otherwise indicated, information contained in this Form 10-K concerning our industry and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources (including industry publications, surveys and forecasts), and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data and our knowledge of such industry and markets that we believe to be reasonable. Although we believe the data from these third-party sources is reliable, we have not independently verified any third-party information.

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Unless otherwise indicated or the context otherwise requires, all references in this Form 10-K to “we,” “us,” “our,” the “Company,” “Hamilton Lane” and similar terms refer to Hamilton Lane Incorporated and its consolidated subsidiaries. As used in this Form 10-K, (i) the term “HLA” refers to Hamilton Lane Advisors, L.L.C. and (ii) the terms “Hamilton Lane Incorporated” and “HLI” refer solely to Hamilton Lane Incorporated, a Delaware corporation, and not to any of its subsidiaries.

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## Cautionary Note Regarding Forward-Looking Information

Some of the statements in this Form 10-K may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. Words such as “will”, “expect”, “believe”, “estimate”, “continue”, “anticipate”, “intend”, “plan” and similar expressions are intended to identify these forward-looking statements. Forward-looking statements discuss management’s current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business. All forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different, including risks relating to: our ability to manage growth, fund performance, changes in our regulatory environment and tax status; market conditions generally; our ability to access suitable investment opportunities for our clients; our ability to maintain our fee structure; our ability to attract and retain key employees; our ability to manage our obligations under our debt agreements; defaults by clients and third-party investors on their obligations to fund commitments; our ability to comply with investment guidelines set by our clients; our ability to successfully integrate acquired businesses with ours; our ability to manage risks associated with pursuing new lines of business or entering into strategic partnerships; our ability to manage the effects of events outside of our control; and our ability to receive distributions from HLA to fund our payment of dividends, taxes and other expenses.

The foregoing list of factors is not exhaustive. For more information regarding these risks and uncertainties as well as additional risks that we face, you should refer to the Summary of Risk Factors below, the more detailed discussion of our Risk Factors included in Part I, Item 1A of this Form 10-K and our subsequent reports filed from time to time with the Securities and Exchange Commission (the “SEC”). The forward-looking statements included in this Form 10-K are made only as of the date we filed this report. We undertake no obligation to update or revise any forward-looking statement as a result of new information or future events, except as otherwise required by law.

### Summary of Risk Factors

The following is a summary of the principal risk factors associated with investing in our Class A common stock. You should read this summary in conjunction with the more detailed description of these risks in Part I Item 1A of this report under the heading “Risk Factors” and in other filings that we make from time to time with the SEC.

We are subject to risks related to our business, including risks related to:

- investment performance;
- the identification and availability of suitable investment opportunities;
- competition for investments;
- conflicts of interest;
- retaining our senior management team and recruiting other qualified professionals;
- expanding our business, entering into new lines of business, geographic markets and strategic partnerships and integrating acquired businesses with ours;
- declines in the pace or size of fundraising;
- our use of leverage and the dependence on leverage by certain funds and portfolio companies;
- investors not satisfying their contractual obligations to fund capital calls;
- our failure to comply with investment guidelines;
- misconduct by our employees, advisors or third-party service providers;

- the variability at which we receive distributions of carried interest;
- the redemption or repurchase rights of investors in certain of our funds;
- valuation methodologies;
- investments in relatively high-risk, illiquid assets;
- the business, regulatory, legal and other complexities of investment opportunities;
- undiversified investments;
- investments in funds and companies that we do not control;
- investments that rank junior to investments made by other investors;
- the growth of our business;
- our risk management strategies and procedures;
- limitations in our due diligence process;
- our use of technology to collect and analyze data;
- operational risks and data security breaches;
- compliance with privacy laws and regulations;
- claims for damages and negative publicity;
- increasing scrutiny by clients and regulators on environmental, social and governance (“ESG”) matters; and
- our business operations outside of the United States.

We are subject to risks related to our industry, including risks related to:

- intense competition in the investment management industry;
- difficult or volatile market and geopolitical conditions;
- disruptions caused by the coronavirus (“COVID-19”) pandemic;
- extensive government regulation of our business by the United States and other jurisdictions; and
- federal, state and foreign anti-corruption and sanctions laws.

We are subject to risks related to our organizational structure, including risks related to:

- a failure to establish and maintain effective internal controls;
- our being a “controlled company” within the meaning of the Nasdaq listing standards;
- our dependence on distributions from HLA to pay dividends, taxes and other expenses;
- challenges by regulators with respect to our tax treatment;
- our obligations to make distributions to current and former members of HLA;
- being deemed an “investment company”;
- the potential assignment of our investment advisory agreements upon a change of control;
- potential conflicts of interest between members of management who hold most of their economic interest in HLA through other entities and holders of our Class A common stock;
- the disparity in voting rights among the classes of our common stock;
- the sale of a large number of shares of our Class A common stock or the perception that such sales could occur;
- our ability to pay dividends;
- anti-takeover provisions in our charter documents and under Delaware law; and
- our certificate of incorporation’s designation of the Court of Chancery in the State of Delaware as the exclusive venue for certain types of lawsuits.

## PART I

### Item 1. Business

#### Our Company

We are a global private markets investment solutions provider with approximately \$88 billion of assets under management (“AUM”), and approximately \$631 billion of assets under advisement (“AUA”). We work with our clients to conceive, structure, build out, manage and monitor portfolios of private markets funds and direct investments, and we help them access a diversified set of such investment opportunities worldwide. Our clients are principally large, sophisticated, global investors that rely on our private markets expertise, deep industry relationships, differentiated investment access, risk management capabilities, proprietary data advantages and analytical tools to navigate the increasing complexity and opacity of private markets investing. While some maintain their own internal investment teams, our clients look to us for additional expertise, advice and outsourcing capabilities. We were founded in 1991 and have been dedicated to private markets investing for three decades. We currently have approximately 450 employees, including 121 investment professionals, operating throughout the United States and in Frankfurt, Hong Kong, London, Seoul, Singapore, Sydney, Tel Aviv, Tokyo and Toronto. A significant majority of our employees have equity interests in our Company.

We offer a variety of investment solutions to address our clients’ needs across a range of private markets, including private equity, private credit, real estate, infrastructure, natural resources, growth equity and venture capital. These solutions are constructed from a range of investment types, including primary investments in funds managed by third-party managers, direct/co-investments alongside such funds and acquisitions of secondary stakes in such funds, with a number of our clients utilizing multiple investment types. These solutions are offered in a variety of formats covering some or all phases of private markets investment programs:

- *Customized Separate Accounts:* We design and build customized portfolios of private markets funds and direct investments to meet our clients’ specific portfolio objectives with regard to return, risk tolerance, diversification and liquidity. We generally have discretionary investment authority over our customized separate accounts, which comprised approximately \$69 billion of our AUM as of March 31, 2021.
- *Specialized Funds:* We organize, invest and manage specialized primary, secondary and direct/co-investment funds. Our specialized funds invest across a variety of private markets and include equity, equity-linked and credit funds offered on standard terms as well as shorter duration, opportunistically oriented funds. We launched our first specialized fund in 1997, and our product offerings have grown steadily, comprising approximately \$19 billion of our AUM as of March 31, 2021.
- *Advisory Services:* We offer investment advisory services to assist clients in developing and implementing their private markets investment programs. Our investment advisory services include asset allocation, strategic plan creation, development of investment policies and guidelines, the screening and recommending of investments, legal negotiations, the monitoring of and reporting on investments and investment manager review and due diligence. Our advisory clients include some of the largest and most sophisticated private markets investors in the world. We had approximately \$631 billion of AUA as of March 31, 2021.
- *Distribution Management:* We offer distribution management services to our clients through active portfolio management to enhance the realized value of publicly traded stock they receive as distributions from private equity funds.
- *Reporting, Monitoring, Data and Analytics:* We provide our clients with comprehensive reporting and investment monitoring services, usually bundled into our broader investment solutions

offerings, but occasionally on a stand-alone, fee-for-service basis. Private markets investments are unusually difficult to monitor, report on and administer, and our clients are able to benefit from our sophisticated infrastructure, which provides real-time access to reliable and transparent investment data, and our high-touch service approach, which allows for timely and informed responses to the multiplicity of issues that can arise. We also provide comprehensive research and analytical services as part of our investment solutions, leveraging our large, global, proprietary and high-quality database of private markets investment performance and our suite of proprietary analytical investment tools. In particular, the data and analytics provided by our Cobalt LP platform provides clients with more visibility into the private markets, enabling them to more accurately conduct market research, investment diligence, portfolio analysis and plan commitments. It allows us to provide a service for limited partners with whom we have not yet had any relationship and differentiates us from our competitors in the industry.

Our client and investor base included over 500 institutions and intermediaries as of March 31, 2021, and is broadly diversified by type, size and geography. Our client base primarily comprises institutional investors that range from those seeking to make an initial investment in alternative assets to some of the world's largest and most sophisticated private markets investors. As a highly customized, flexible outsourcing partner, we are equipped to provide investment services to institutional clients of all sizes and with different needs, internal resources and investment objectives. Our clients include prominent institutional investors in the United States, Canada, Europe, the Middle East, Asia, Australia and Latin America. We provide private markets solutions and services to some of the largest global pension, sovereign wealth and U.S. state pension funds. In addition, we believe we are a leading provider of private markets solutions for U.S. labor union pension plans, and we serve numerous smaller public and corporate pension plans, sovereign wealth funds, financial institutions and insurance companies, endowments and foundations, as well as family offices and selected high-net-worth individuals.

Our intermediary clients enable us to provide our investment products to an expanded range of high-net-worth individuals and families. We have a diversified revenue stream from a variety of client types in multiple geographic regions, with no single client representing more than 4% of management and advisory fee revenues. For the year ended March 31, 2021, our top 10 clients generated approximately 19% of management and advisory fee revenues, and our top 20 clients generated approximately 28% of management and advisory fee revenues with all of our top 20 clients having multiple allocations, products or services with us. A significant portion of our revenue base is recurring and is based on the long-term nature of our specialized funds and customized separate accounts as well as long-term relationships with many of our clients, providing highly predictable cash flows.

Since our inception, we have experienced consistent, strong growth, which continues to be reflected in our more recent AUM and AUA growth. As of March 31, 2021, we had AUM of approximately \$88 billion, reflecting a 20% compound annual growth rate ("CAGR") from March 31, 2017, and our AUM increased in each fiscal year during this timeframe. We had approximately \$631 billion of AUA as of March 31, 2021, reflecting a 20% CAGR from March 31, 2017, and our AUA increased in each fiscal year during this timeframe.

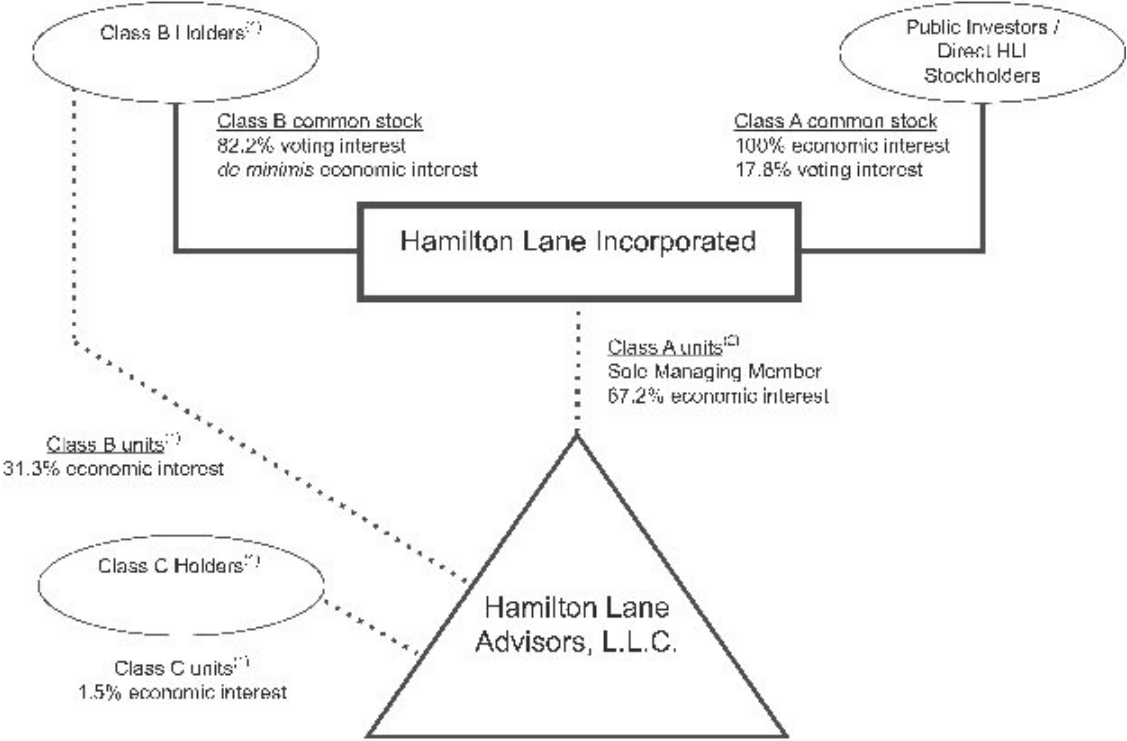
## **Organizational Structure**

### **Initial Public Offering and Reorganization**

HLI was incorporated in the State of Delaware on December 31, 2007 and conducted its initial public offering ("IPO") in March 2017. HLI is a holding company with no direct operations. Its principal asset is an equity interest in HLA. It serves as the managing member of HLA and operates and controls all of HLA's business and affairs.

In connection with the IPO, we completed a series of transactions in order to effect a corporate reorganization, which we refer to collectively throughout this Form 10-K as the "Reorganization". As part

of the Reorganization, we changed our structure to what is commonly referred to as an “Up-C” structure, which provides our pre-IPO owners with the tax advantage of continuing to own interests in a pass-through structure and provides potential future tax benefits for both the public company and the legacy owners (through the tax receivable agreement) when they ultimately exchange their pass-through interests for shares of Class A common stock or, at our election, for cash. HLI has dual-class common stock, the rights of which are described in more detail below. The below chart summarizes our organizational structure as of March 31, 2021.



- (1) The Class B Holders, who hold Class B units, and Class C Holders, who hold Class C units, are pre-IPO owners of our business who continue to hold their interests directly in HLA. Class B units and Class C units may be exchanged on a one-for-one basis for shares of Class A common stock or, at our election, for cash, pursuant to and subject to the restrictions set forth in the exchange agreement.
- (2) We hold all of the Class A units of HLA, representing the right to receive approximately 67.2% of the distributions made by HLA. We act as the sole manager of HLA and operate and control all of its business and affairs.

**Class A and Class B Common Stock**

Our Class A common stock is our publicly traded stock and is listed on the Nasdaq Stock Market (“Nasdaq”) under the symbol “HLNE”. Our Class B common stock was issued as part of the Reorganization to the holders of our Class B units, who are certain significant outside investors, members of management and significant employee owners. There is no trading market for our Class B common stock.

**Economic Rights**

Holders of Class A common stock are entitled to full economic rights, including the right to receive dividends when and if declared by our board of directors, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.



Holders of Class B common stock are entitled to receive only the par value of the Class B common stock upon exchange of the corresponding Class B unit pursuant to the exchange agreement. The exchange of a Class B unit will result in the redemption and cancellation of the corresponding share of Class B common stock.

### ***Voting Rights***

Except as provided in our certificate of incorporation or by applicable law, holders of Class A common stock and Class B common stock vote together as a single class. Our Class A common stock entitles the holder to one vote per share. Our Class B common stock entitles the holder to ten votes per share until a Sunset becomes effective. After a Sunset becomes effective, each share of Class B common stock will then entitle the holder to one vote.

A “Sunset” is triggered by any of the following: (i) Hartley R. Rogers, Mario L. Giannini and their respective permitted transferees collectively cease to maintain direct or indirect beneficial ownership of at least 10% of the outstanding shares of Class A common stock (determined assuming all outstanding Class B units and Class C units have been exchanged for Class A common stock); (ii) Mr. Rogers, Mr. Giannini, their respective permitted transferees and employees of us and our subsidiaries cease collectively to maintain direct or indirect beneficial ownership of an aggregate of at least 25% of the aggregate voting power of our outstanding Class A common stock and Class B common stock; (iii) Mr. Rogers and Mr. Giannini both voluntarily terminate their employment and all directorships with HLA and us (other than by reason of death or, in each case as determined in good faith by our board of directors, disability, incapacity or retirement); or (iv) the occurrence of the later of March 31, 2027 or the end of the fiscal year in which occurs the fifth anniversary of the death of the second to die of Mr. Rogers and Mr. Giannini. A Sunset triggered under clauses (i), (ii) and (iii) during the first two fiscal quarters will generally become effective at the end of that fiscal year, and a Sunset triggered under clauses (i), (ii) and (iii) during the third or fourth fiscal quarters will generally become effective at the end of the following fiscal year. A Sunset pursuant to clause (iv) will become effective on the occurrence of the latest event listed in clause (iv), unless a Sunset is also triggered under clause (i) or (ii) that would result in an earlier Sunset, in which case the earlier Sunset will result.

If Mr. Rogers or Mr. Giannini voluntarily terminates his employment and directorships as contemplated by clause (iii) after the death of the other, then the Sunset will become effective on the timing set out in clause (iii). Otherwise, a voluntary termination as to only one of them will result in a Sunset becoming effective on the timing set out in clause (iv). Because a Sunset may not take place for some time, or at all, certain of the Class B Holders will, by virtue of their voting control of us and the stockholders agreement described below, continue to control us for the near future.

Our Class B common stockholders collectively hold 82% of the combined voting power of our common stock. Certain of the holders of our Class B common stock who are significant outside investors, members of management and significant employee owners have, pursuant to a stockholders agreement, agreed to vote all of their shares in accordance with the instructions of HLAI, our controlling stockholder. The parties to the stockholders agreement control approximately 82% of the combined voting power of our common stock. This group is therefore able to exercise control over all matters requiring the approval of our stockholders, including the election of our directors and the approval of significant corporate transactions.

When a Class B Holder exchanges Class B units pursuant to the exchange agreement, it will result in the redemption and cancellation of the corresponding number of shares of our Class B common stock in exchange for a cash payment of the par value of such shares and, therefore, will decrease the aggregate voting power of our Class B Holders.

## Business Strategy

The alternative investment industry has experienced significant and consistent growth, which we expect to continue and contribute to our future growth in the long term. Given our leading market position and strong reputation in investing and client service, our objective is to continue to leverage the following strategic advantages to exceed the industry growth rate.

**Develop innovative private markets solutions.** Many of our clients engage us because of our ability to create customized programs that meet their particular investment needs and provide access to a broad spectrum of private markets investment opportunities. We believe that a broad range of solutions across almost every private markets asset class enables us to remain a leader in structuring private markets investment portfolios and to continue to provide the best solutions for our existing and future clients. We intend to continue to meet our clients' demands for alternative investments via primary, secondary and direct/co-investment opportunities, which provide attractive return characteristics, as well as innovative specialized fund products, while at the same time allowing us to benefit from economies of scale. In addition, we intend to expand into adjacent asset classes, which will allow us to further broaden our solutions capabilities, diversify our business mix and allow us to benefit from growth in private markets asset classes, such as private debt.

We believe we are uniquely positioned in the private markets as not only a solutions provider for our clients, but also as an important capital provider and partner to the world's leading private markets fund managers. We intend to capitalize on this unique position and seek to partner with fund managers as they look to transition from private to public ownership assets that meet a select set of criteria. A special purpose acquisition company ("SPAC") sponsored by us provides these fund managers with an alternative path to a public listing.

**Expand distribution channels.** We continue to build a scalable, cost-effective global institutional sales organization, which provides us with a strong local presence in several markets. Our sales organization comprises our business development and product groups which are both dedicated to marketing our services and products globally. In addition, we intend to increase our profile with influential intermediaries that advise individual and institutional clients, particularly small and medium-sized institutions and high-net-worth families and family offices. We may also enter into strategic distribution partnerships with financial institutions in certain geographical regions and market sectors to gain access to their captive client bases. As we continue to explore different ways to access alternative distribution channels, we are also acting as "sub-advisor" for financial intermediaries with significant distribution strength. In this role, we perform a range of investment services from portfolio construction to investment management, while the distribution partner focuses on product distribution and client service. In the context of these partnerships, the distribution partner often aims to provide its clients with products under its own brand, which we achieve by rebranding our existing offerings or by creating customized offerings carrying the distribution partner's name. We anticipate increasing sub-advisory opportunities as we continue to target high-net-worth individuals and families.

We made an investment for a minority stake in Russell Investments Group, Ltd. ("Russell"), a leading outsourced chief investment officer provider and global investment solutions firm. As part of the investment, HLA and Russell entered into a strategic partnership and intend to jointly develop and implement a strategy to engage in the global investment solutions outsourcing market.

**Diversify and grow client base.** We aim to continue to expand our relationships with existing clients and intend to capitalize on significant opportunities in new client segments globally, such as smaller institutions and high-net-worth individuals. We believe these investors offer an attractive opportunity to further diversify and grow our client base because many of them only recently have begun to invest in, or increase their allocations to, alternative investments.

**Expand private markets solutions and products to defined contribution, retail and similar pools of investable assets.** We believe we are pioneers in the creation, distribution, and management of products

such as specialized secondaries, direct/co-investments and specialty credit strategies that are designed to serve defined contribution retirement plans and similar entities. Many of our defined contribution retirement plan clients are based outside of the United States, ranging across Australia, Europe, and Latin America, among other geographies. While these clients tend to have lower private markets allocations than those of defined benefit pension plans, their comfort with, interest in and allocations to private markets alternative investments have tended to increase over time, due in part to significant advancements in the areas of private markets data and benchmarking, where we believe we play a leading role. Therefore, we intend to continue to develop, market and manage investment solutions and products specifically aimed at helping these investors create appropriately structured private markets alternatives programs.

**Expand globally.** We have substantially grown our global presence, both in terms of clients and investments, by expanding our international offices as well as our client presence. We have built a significant presence to serve clients in Europe, Latin America, the Middle East, Asia, Australia and Canada, and we have offices in London, Frankfurt, Tel Aviv, Hong Kong, Seoul, Singapore, Tokyo, Sydney and Toronto. In each of these places, we serve major institutional clients, and we review and commit capital to established local private markets funds on behalf of our clients. Our aim is to continue expanding our global presence through further direct investment in personnel, development of client relationships and increased investments with, and direct and co-investments alongside, established private markets fund managers.

We believe that many institutional investors outside the United States are currently underinvested in private markets asset classes and that capturing capital inflows into private capital investing from non-U.S. global markets represents a significant growth opportunity for us. We think that investors from developing regions will increasingly seek branded multi-capability alternative investment managers with which to invest. We believe that geographically and economically diverse non-U.S. investors will require a highly bespoke approach and will demand high levels of transparency, governance and reporting. We have seen this pattern developing in many places, including Europe, the Middle East, Latin America, Australasia, Japan, South Korea, Southeast Asia and China, and have positioned ourselves to take advantage of it by establishing local presences with global investment capabilities.

We believe we are uniquely capable of pursuing the opportunities arising from increased allocations among institutional investors and the rapid wealth creation globally among high-net-worth individuals because of our strong brand recognition, multi-office resources, experienced team of investment professionals and comprehensive suite of products and services.

**Leverage proprietary databases and analytics to enhance our existing service offerings and develop new products and services.** When compared to more liquid investment areas, the private markets industry is characterized by the limited availability and inconsistency of quality information. We believe that the general trend toward transparency and consistency in private markets reporting will create new opportunities for us. We intend to use the advantages afforded to us by our proprietary databases, analytical tools and deep industry knowledge to drive our performance and provide our clients with customized solutions across private markets asset classes. We expect that our data and analytical capabilities will play an important role in continuing to differentiate our products and services from those of our competitors.

In addition to continually expanding our own database, we develop strategic partnerships with, and opportunistically seek minority stakes in, innovative solutions providers such as Private Market Connect (data collection and management), Cobalt (benchmarking and diligence), Canoe Intelligence (document digitalization and processing), iCapital Network (high-net-worth fundraising portal) and Honcho (governance/monitoring software).

## Investment Types

We provide our clients access to private markets investment opportunities diversified across financing stages, geographic regions and industries through the investment types described below.

- *Primary Investments.* Primary investments are investments in private markets funds at the time the funds are initially launched. At the time we commit capital to a fund on behalf of our specialized funds or customized separate accounts, the investments that the fund will make are generally not known and investors typically have very little or no ability to influence the investments that are made during the fund's investment period. Primary funds usually have a contractual duration of between 10 and 15 years, with the capital typically deployed over a period of four to six years. For advisory and customized separate account clients, our investment recommendations and decisions are designed to achieve specific portfolio construction and return objectives mutually developed by us and the clients. Subject to specific client investment guidelines, we rarely invest in "first time" funds unless the management team has previously worked successfully together and built a credible and impressive track record.
- *Secondary Investments.* The private secondary market is a non-regulated private market in which buyers and sellers directly negotiate the terms of transactions. The secondary market has grown dramatically in the last 20 years and today provides a reliable liquidity option for owners of private markets interests as well as attractive buying opportunities for secondary investors. Institutional investors utilize the secondary market for strategic portfolio rebalancing, rationalizing overlapping positions resulting from mergers and acquisitions or providing liquidity when facing cash constraints. The market continues to evolve beyond purchases of existing limited partner interests. Today, secondary transactions typically fall within the following categories:
  - *Single Funds:* These transactions are often too small for the larger secondary funds and brokers and can be accessed through proprietary or less competitive sourcing methods.
  - *Subset Portfolios:* In these transactions, we typically target a multi-fund portfolio with limited information and/or transfer restrictions.
  - *Structured/Direct Transactions:* These transactions typically involve the direct purchase of companies alongside an existing or new manager, including fund manager spin-outs and fund manager restructurings.
- *Direct/co-investments.* Direct/co-investments are direct investments alongside private markets funds in underlying portfolio companies. Our direct/co-investment strategy starts with actively soliciting the managers of private markets funds in which we have made investments to offer our specialized funds and customized separate accounts all direct/co-investment opportunities that may arise from their investment operations.

The investment team analyzes and considers each deal to select those opportunities that best suit the direct/co-investment funds' investment objectives and create an appropriate diversity of investment type, industry, geography and manager. We generally make direct/co-investments on a parallel basis with the private markets funds and managers leading the investments, by purchasing similar securities on similar terms with exit provisions that allow the direct/co-investment funds through which we invest to realize their investments at the same time and on a pro rata basis.

- *Strategic Opportunities Funds:* Our strategic opportunities funds are short duration, private markets funds that seek to create a portfolio of opportunistically oriented, private markets investments that generate attractive risk-adjusted returns through a flexible and diversified investment strategy. The funds seek to invest across the entire capital structure and primarily utilize credit direct/co-investments, as well as tail-end secondary investments, to create a portfolio biased toward shorter-duration exposures and downside protection, including a current yield

component. The strategic opportunities funds also may seek to layer into the portfolio construction opportunistic investments, including unique equity positions and investments in areas of market dislocation. These funds leverage our existing platform to generate additional attractive deal flow.

- *Evergreen Funds:* Our evergreen funds primarily invest in secondaries and direct/co-investments and are designed to provide qualified clients, including certain high-net-worth individuals and their wealth advisors, periodic liquidity. These funds provide investors with an opportunity to access a diversified, institutional-quality portfolio of private equity and private credit assets through a single investment.

### **Investment Process and Monitoring**

Our investment team is divided into five dedicated teams for primary investments, secondary investments, direct/co-investments, real assets and research. Primary investments, secondary, direct/co-investments and real assets have their own discrete investment committees, although there is significant overlap among committee members.

Our investment process has six key steps: investment origination; preliminary screening; due diligence evaluation; financial analysis; investment evaluation and decision-making; and negotiation, documentation and closing. Each step is described below:

- *Investment Origination.* Fund managers raising new funds and seeking institutional investors typically market their funds directly to us. For secondary investments and direct/co-investments, we aggressively pursue attractive opportunities through our network of fund manager relationships, consultants and, to a lesser extent, third-party distributors.
- *Preliminary Screening.* For primary fund investment opportunities, including real estate, the screening process consists of a formal review of any private placement memorandum that we receive from a prospective fund manager. A screening memo is prepared by the fund investment team and the investment committee makes a decision whether to proceed to due diligence or decline the investment opportunity. For secondary and direct/co-investment opportunities, each investment is evaluated by the respective investment teams and the most attractive opportunities are reviewed in a formal screening process by the investment committee.
- *Due Diligence Evaluation.* For primary fund investments that proceed past the initial screening process, we meet in person with the fund manager (conditions permitting). A meeting memo prepared by the investment team based on the meeting is presented to the investment committee for a formal vote. If we elect to move forward, we issue a detailed questionnaire to the fund manager. We subsequently conduct a site visit at the fund manager's office. Lastly, we prepare a final investment report, which provides details on the manager's performance, merits and issues, as well as an in-depth analysis of the portfolio.

Among the direct/co-investment opportunities we review, only the most attractive move to more intensive due diligence. The initial due diligence may include meeting and interviewing management and company personnel, multiple meetings and discussions with the lead sponsor, review of materials and reports developed by the private markets fund manager and external consultants to evaluate the investment and engaging additional advisors when appropriate. In addition, we conduct industry and competitive analyses and a risk analysis on the opportunity.

- *Financial Analysis.* All investment opportunities that pass the initial due diligence review undergo a quantitative, rigorous financial and valuation review. For primary investments, financial analysis includes a thorough review of the fund manager's historical track record, in which we seek to identify the drivers of return.

Our secondary investment analysis involves both a bottom-up and a top-down analysis of each potential investment. The bottom-up analysis calculates individual values for each

underlying portfolio company within the fund. The top-down analysis focuses on assessment of the markets, both public and private, as well as a rigorous review of the fund manager. This review includes historical returns, average holding periods, investment style and risk profile. These two separate analyses are then combined and weighted in order to calculate an offering price for the portfolio.

For direct/co-investments, the company financial projections are studied, as well as the prospective capital structure and credit risk, and sensitivity analyses of the direct/co-investment's projected returns.

- *Investment Evaluation and Decision-Making.* Throughout the due diligence process, the investment team meets periodically with members of the investment committee in an iterative, dynamic “give and take” process leading to the investment decision stage.

For primary investments, the investment committee votes on each opportunity three times before it is formally approved: (i) at the screening stage; (ii) after the initial meeting; and (iii) when the final due diligence report is completed. At each stage, the investment team prepares a memorandum to the committee summarizing the diligence efforts to that point. The investment is then discussed formally by the investment team and the investment committee members to determine if it is attractive enough to move forward or, in the last stage, make an investment.

For secondary investments and direct/co-investments, the investment committee processes are more iterative. Opportunities are reviewed in investment committee meetings, and the discussion among the investment teams and the committee guides the diligence process. As the diligence process progresses, the investment committee makes the decision of whether to continue working on the transaction or to decline. At the final decision stage, a formal vote is required from the investment committee to make an investment.

- *Negotiation, Documentation and Closing.* Upon recommendation of an investment, we attend to all aspects of the negotiation, documentation and closing processes. Our in-house legal team is mobilized to review the transaction documents, including, in the case of direct/co-investments, the governing documents of the direct/co-investment vehicle and stockholders or comparable agreement setting forth the rights of the direct/co-investors. Throughout the documentation and closing process, the investment team and the legal team work closely together to maximize economic terms and legal rights and protections for our clients and our specialized funds.

### **Investment Performance**

The following tables present information relating to the historical performance of our discretionary investment accounts. The data for these investments is presented from the date indicated through December 31, 2020 and have not been adjusted to reflect acquisitions or disposals of investments subsequent to that date.

When considering the data presented below, you should note that the historical results of our discretionary investments are not indicative of the future results you should expect from such investments, from any future investment funds we may raise or from an investment in our Class A common stock, in part because:

- market conditions and investment opportunities during previous periods may have been significantly more favorable for generating positive performance than those we may experience in the future;
- the performance of our funds is generally calculated on the basis of the net asset value (“NAV”) of the funds’ investments, including unrealized gains, which may never be realized;
- our historical returns derive largely from the performance of our earlier funds, whereas future fund returns will depend increasingly on the performance of our newer funds or funds not yet formed;
- our newly established funds may generate lower returns during the period that they initially

deploy their capital;

- in recent years, there has been increased competition for investment opportunities resulting from the increased amount of capital invested in private markets alternatives and high liquidity in debt markets, and the increased competition for investments may reduce our returns in the future; and
- the performance of particular funds also will be affected by risks of the industries and businesses in which they invest.

The historical and potential future returns of the investment funds we manage are not directly linked to returns on our Class A common stock. Therefore, you should not conclude that continued positive performance of the investment funds we manage will necessarily result in positive returns on an investment in our Class A common stock. As used in this discussion, internal rate of return (“IRR”) is calculated on a pooled basis using daily cash flows. See “—Performance Methodology” below for more information on how our returns are calculated.

### *Specialized Fund Performance*

We organize, invest and manage primary, secondary and direct/co-investment funds. Our funds invest across a variety of private markets and include equity, equity-linked and credit funds offered on standard terms, as well as shorter duration, opportunistically oriented funds. Below is performance information across our various specialized funds. Substantially all of these funds are globally focused, and they are grouped by the investment strategy utilized.

#### *Gross Returns — Realized*

Fund	Vintage year	Fund size (\$M)	Realized Capital invested (\$M)	Realized Gross multiple	Realized Gross IRR (%)	Realized Gross Spread vs. S&P 500 PME	Realized Gross Spread vs. MSCI World PME
<b>Primaries (Diversified)</b>							
PEF I	1998	122	117	1.3	5.4%	378 bps	322 bps
PEF IV	2000	250	238	1.7	16.2%	1,302 bps	1,170 bps
PEF V	2003	135	133	1.7	14.2%	841 bps	950 bps
PEF VI	2007	494	497	1.6	12.0%	107 bps	443 bps
PEF VII	2010	262	244	1.6	14.7%	51 bps	454 bps
PEF VIII	2012	427	69	1.4	13.8%	130 bps	469 bps
PEF IX	2015	517	19	4.1	58.4%	4,356 bps	4,672 bps
PEF X	2018	278	N/A	N/A	N/A	N/A	N/A
<b>Secondaries</b>							
Pre-Fund	—	—	362	1.5	17.1%	1,330 bps	1,172 bps
Secondary Fund I	2005	360	353	1.2	5.2%	113 bps	341 bps
Secondary Fund II	2008	591	596	1.5	20.0%	463 bps	880 bps
Secondary Fund III	2012	909	579	1.6	20.4%	678 bps	1,075 bps
Secondary Fund IV	2016	1,916	185	2.2	41.5%	2,563 bps	2,867 bps
Secondary Fund V	2019	3,058	8	1.8	119.3%	10,224 bps	10,498 bps
<b>Co-investments</b>							
Pre-Fund	—	—	244	1.9	21.3%	1,655 bps	1,600 bps
Co-Investment Fund	2005	604	521	1.1	1.2%	(457) bps	(208) bps
Co-Investment Fund II	2008	1,195	849	2.5	21.5%	914 bps	1,292 bps
Co-Investment Fund III	2014	1,243	310	2.4	43.4%	2,969 bps	3,309 bps
Co-Investment Fund IV	2018	1,698	78	1.9	40.6%	2,539 bps	2,891 bps
<b>Strategic Opportunities (Tail-end secondaries and credit)</b>							
Strat Opps 2015	2015	71	52	1.3	17.2%	755 bps	1,123 bps
Strat Opps 2016	2016	214	134	1.3	18.4%	1,099 bps	1,322 bps
Strat Opps 2017	2017	435	235	1.2	16.2%	1,210 bps	1,242 bps
Strat Opps 2018	2018	889	242	1.2	16.2%	1,458 bps	1,702 bps
Strat Opps 2019	2019	762	25	1.1	13.9%	1,266 bps	1,520 bps

## Gross Returns — Realized and Unrealized

Fund	Vintage year	Fund size (\$M)	Capital invested (\$M)	Gross multiple	Net Multiple	Gross IRR (%)	Net IRR (%)	Gross Spread vs. S&P 500 PME	Net Spread vs. S&P 500 PME	Gross Spread vs. MSCI World PME	Net Spread vs. MSCI World PME
<b>Primaries (Diversified)</b>											
PEF I	1998	122	117	1.3	1.2	5.4%	2.5%	378 bps	76 bps	322 bps	16 bps
PEF IV	2000	250	238	1.7	1.5	16.2%	11.2%	1,302 bps	828 bps	1,170 bps	708 bps
PEF V	2003	135	133	1.7	1.6	14.2%	9.6%	841 bps	364 bps	950 bps	467 bps
PEF VI	2007	494	512	1.6	1.6	11.7%	8.8%	62 bps	(182) bps	398 bps	147 bps
PEF VII	2010	262	285	1.5	1.5	12.8%	8.8%	(137) bps	(516) bps	260 bps	(126) bps
PEF VIII	2012	427	411	1.4	1.4	9.9%	7.2%	(383) bps	(670) bps	(56) bps	(343) bps
PEF IX	2015	517	456	1.6	1.6	19.8%	17.7%	432 bps	202 bps	734 bps	499 bps
PEF X	2018	278	127	1.2	1.1	19.3%	14.0%	(218) bps	(1,000) bps	29 bps	(787) bps
<b>Secondaries</b>											
Pre-Fund	—	—	362	1.5	N/A	17.1%	N/A	1,330 bps	N/A	1,172 bps	N/A
Secondary Fund I	2005	360	353	1.2	1.2	5.2%	3.8%	113 bps	(62) bps	341 bps	158 bps
Secondary Fund II	2008	591	596	1.5	1.4	20.0%	13.6%	463 bps	(178) bps	880 bps	226 bps
Secondary Fund III	2012	909	830	1.4	1.4	14.6%	11.9%	113 bps	(185) bps	496 bps	204 bps
Secondary Fund IV	2016	1,916	1,966	1.5	1.4	21.0%	21.9%	409 bps	526 bps	720 bps	827 bps
Secondary Fund V	2019	3,058	974	1.4	1.5	74.6%	143.8%	4,824 bps	9,725 bps	4,982 bps	9,471 bps
<b>Co-investments</b>											
Pre-Fund	—	—	244	1.9	N/A	21.3%	N/A	1,655 bps	N/A	1,600 bps	N/A
Co-Investment Fund	2005	604	577	1.0	0.9	0.2%	(1.3)%	(569) bps	(745) bps	(319) bps	(500) bps
Co-Investment Fund II	2008	1,195	1,139	2.0	1.8	17.9%	14.2%	557 bps	168 bps	937 bps	544 bps
Co-Investment Fund III	2014	1,243	1,259	1.9	1.7	20.2%	16.8%	582 bps	253 bps	907 bps	570 bps
Co-Investment Fund IV	2018	1,698	1,407	1.3	1.3	20.9%	19.4%	122 bps	(224) bps	365 bps	(4) bps
<b>Strategic Opportunities (Tail-end secondaries and credit)</b>											
Strat Opps 2015	2015	71	67	1.3	1.2	14.0%	10.7%	531 bps	208 bps	851 bps	523 bps
Strat Opps 2016	2016	214	214	1.2	1.2	11.3%	8.9%	453 bps	227 bps	651 bps	426 bps
Strat Opps 2017	2017	435	445	1.3	1.2	12.8%	10.2%	774 bps	502 bps	896 bps	641 bps
Strat Opps 2018	2018	889	844	1.2	1.1	11.1%	9.2%	567 bps	317 bps	847 bps	606 bps
Strat Opps 2019	2019	762	522	1.1	1.1	12.6%	10.0%	315 bps	(405) bps	695 bps	(36) bps

## Performance Methodology

The indices presented for comparison are the S&P 500, MSCI World, Credit Suisse High Yield II (“CS HY II”) and Credit Suisse Leverage Loan (“CS LL”), calculated on a public market equivalent (“PME”) basis. We believe these indices are commonly used by private markets and credit investors to evaluate performance. The PME calculation methodology allows private markets investment performance to be evaluated against a public index and assumes that capital is being invested in, or withdrawn from, the index on the days the capital was called and distributed from the underlying fund managers. The S&P 500 Index is a total return capitalization-weighted index that measures the performance of 500 U.S. large cap stocks. The MSCI World Index is a free float-adjusted market capitalization-weighted index of over 1,600 world stocks that is designed to measure the equity market performance of developed markets. The CS HY II Index, formerly known as the DLJ High Yield Index, is designed to mirror the investable universe of the U.S. dollar denominated high yield debt market. Prices for the CS HY II Index are available on a weekly basis. The CS LL Index is an index designed to mirror the investable universe of the U.S. dollar denominated leveraged loan market. Loans must be rated 5B or lower and the index frequency is monthly.



Our IRR represents the pooled IRR for all discretionary investments for the period from inception to December 31, 2020. Gross IRR is presented net of management fees, carried interest and expenses charged by the general partners of the underlying investments, but does not include our management fees, carried interest or expenses. Our gross IRR would decrease with the inclusion of our management fees, carried interest and expenses. Net IRR is net of all management fees, carried interest and expenses charged by the general partners of the underlying investments, as well as by us. Net IRR figures for our funds do not include cash flows attributable to the general partner. Note that secondary portfolio IRRs can be initially impacted by purchase discounts (or premiums) paid at the closing of a transaction, the impact of which will diminish over time.

The “Realized IRR” represents the pooled IRR for those discretionary investments that we consider realized for purposes of our track record, which are investments where the underlying investment fund has been fully liquidated, has generated a distributions to paid-in capital ratio (“DPI”) greater than or equal to 1.0 or is older than six years and has a residual value to paid-in capital ratio (“RVPI”) less than or equal to 0.2. Hamilton Lane Secondary Realized includes investments that have been fully liquidated, have a DPI greater than or equal to 1.0 or a RVPI less than or equal to 0.2. Hamilton Lane Realized Co-Investment and Hamilton Lane Realized Strategic Opportunities include investments that have been fully liquidated or have a DPI greater than or equal to 1.0. “Unrealized” includes all investments that do not meet the aforementioned criteria. DPI represents total distributions divided by total invested capital. RVPI represents the remaining market value divided by total invested capital. “Capital Invested” refers to the total amount of all investments made by a fund, including commitment-reducing and non-commitment-reducing capital calls. “Multiple” represents total distributions from underlying investments to the fund plus the fund’s market value divided by total contributed capital. “Gross Multiple” is presented net of management fees, carried interest and expenses charged by the fund managers of the underlying investments.

Specialized fund and pre-fund performance does not include ten funds-of-funds that have investor-specific investment guidelines.

Certain of our specialized funds utilize revolving credit facilities, which provide capital that is available to fund investments or pay partnership expenses and management fees. Borrowings may be paid down from time to time with investor capital contributions or distributions from investments. The use of a credit facility affects the fund’s return and magnifies the performance on the upside or on the downside.

### **Assets Under Management and Advisement**

As of March 31, 2021, we had total AUA and AUM of approximately \$719 billion, of which \$88 billion represents AUM from our customized separate accounts and specialized funds, and \$631 billion represents AUA managed on behalf of our advisory accounts. Our AUM and AUA have distinctive terms and fee arrangements, and therefore are presented separately in this section.

#### ***AUM***

Our AUM, as presented in this Form 10-K, comprise the assets associated with our customized separate accounts and specialized funds. AUM does not include the assets associated with our distribution management services. We classify assets as AUM if we have full discretion over the investment decisions in an account. We calculate our AUM as the sum of:

- (1) the NAV of our clients’ and funds’ underlying investments;
- (2) the unfunded commitments to our clients’ and funds’ underlying investments; and
- (3) the amounts authorized for us to invest on behalf of our clients and fund investors but not committed to an underlying investment.

Management fee revenue is based on a variety of factors and is not linearly correlated with AUM. However, we believe AUM is a useful metric for assessing the relative size and scope of our asset management business.

Our AUM has grown from approximately \$42 billion as of March 31, 2017 to approximately \$88 billion as of March 31, 2021, representing a CAGR of approximately 20%. The following chart summarizes this growth.



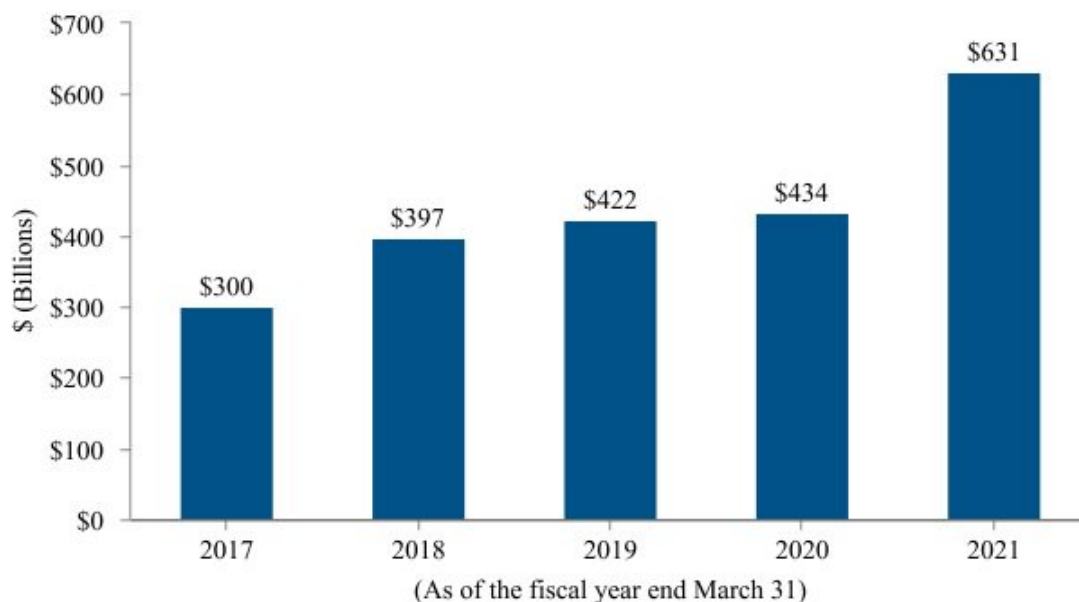
**AUA**

Our AUA comprise assets from clients for which we do not have full discretion to make investments in their account. We generally earn revenue on a fixed fee basis on our AUA client accounts for services including asset allocation, strategic planning, development of investment policies and guidelines, screening and recommending investments, legal negotiations, monitoring and reporting on investments and investment manager review and due diligence. Advisory fees vary by client based on the amount of annual commitments, services provided and other factors. Since we earn annual fixed fees from the majority of our AUA clients, the growth in AUA from existing accounts does not have a material impact on our revenues. However, we view AUA growth as a meaningful benefit in terms of the amount of data we are able to collect and the degree of influence we have with fund managers.

Assets related to our advisory accounts have increased from approximately \$300 billion as of March 31, 2017, to approximately \$631 billion as of March 31, 2021, representing a CAGR of approximately 20%. Our AUA clients are predominately large institutional investors with 44% of AUA related to public pension funds and 27% related to sovereign wealth funds. Our AUA is diversified across geographies with approximately 51% derived from clients based outside of the United States.

The following chart summarizes the growth of our AUA since fiscal year 2017.

### AUA



#### ***Diversification of Assets***

Given our goal of achieving strong investment returns and portfolio diversification for clients, investments are made across multiple private markets sub-asset classes, including corporate finance/buyout, growth equity, venture capital, mezzanine, distressed debt and other special situation funds (e.g., industry-focused funds and multi-stage funds). Because we have a considerable volume of investment opportunities globally, we selectively invest not only across sub-asset classes, but also across all major geographic regions, including North America, Europe, Asia, Australasia, Latin America, the Middle East and Africa.

#### **Fee-Earning Assets Under Management**

Fee-earning AUM is a metric we use to measure the assets from which we earn management fees. Our fee-earning AUM comprise assets in our customized separate accounts and specialized funds from which we derive management fees. We classify customized separate account revenue as management fees if the client is charged an asset-based fee, which includes the majority of our discretionary AUM accounts but also includes certain non-discretionary AUA accounts. Our fee-earning AUM is equal to the amount of capital commitments, net invested capital and NAV of our customized separate accounts and specialized funds depending on the fee terms. Substantially all of our customized separate accounts and specialized funds earn fees based on commitments or net invested capital, which are not affected by market appreciation or depreciation. Therefore, revenues and fee-earning AUM are not significantly affected by changes in market value.

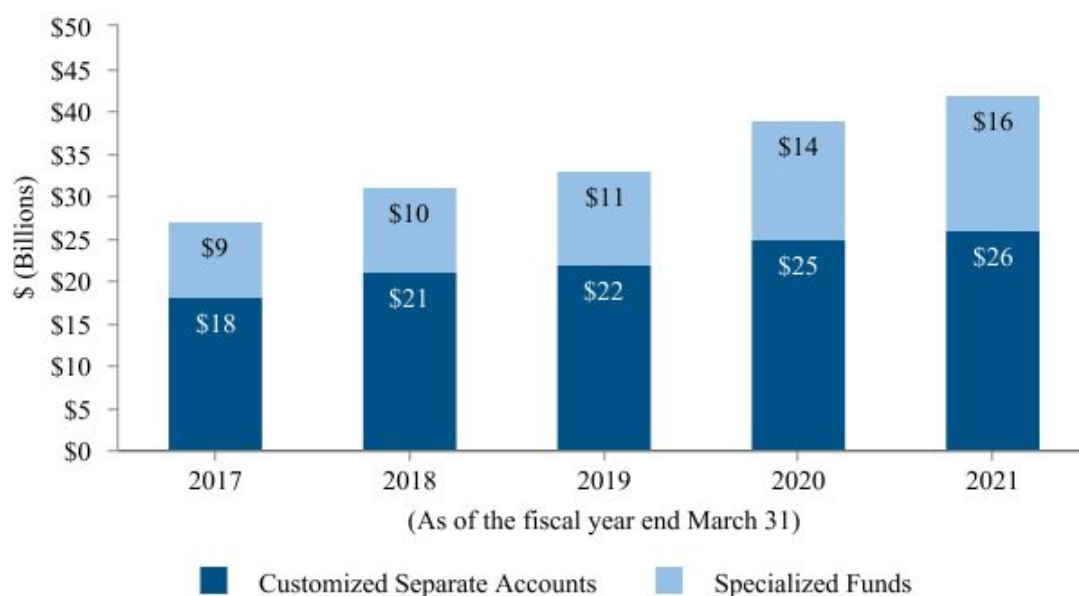
Our calculations of fee-earning AUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers. Our definition of fee-earning AUM is not based on any definition that is set forth in the agreements governing the customized separate accounts or specialized funds that we manage.

As of March 31, 2021, our fee-earning AUM was approximately \$42 billion compared to \$88 billion in AUM. The difference is due primarily to \$29 billion of discretionary AUM earning a flat fee or fee on

number of funds for which we categorize revenue as advisory and reporting. This was partially offset by \$2 billion of fee-earning AUM from customized separate accounts clients with non-discretionary AUA. The remaining \$19 billion is non fee-earning AUM, which includes accounts that earn fees as discretionary AUM is invested or considered active as well as accounts past their fee-earning period.

The following chart summarizes the growth of our fee-earning AUM since fiscal year 2017.

### Fee-Earning AUM



\* Amounts may not foot due to rounding

### Our Clients

Our client base primarily comprises institutional investors that range from those seeking to make an initial investment in alternative assets to some of the largest and most sophisticated private markets investors. As a highly customized, flexible outsourcing partner, we are equipped to provide investment services to institutional clients of all sizes and with different needs, internal resources and investment objectives. Our clients include prominent institutional investors in the United States, Canada, Europe, the Middle East, Asia, Australia and Latin America. We believe we are a leading provider of private markets solutions for U.S. labor union pension plans, and we serve numerous smaller public and corporate pension plans, sovereign wealth funds, financial institutions and insurance companies, endowments and foundations, as well as family offices and selected high-net-worth individuals.

As of March 31, 2021, our client and investor base included over 500 institutions and intermediaries and is broadly diversified by type, size and geography. Our intermediary clients enable us to provide our investment products to an expanded range of high-net-worth individuals and families. We have a diversified revenue stream from a variety of client types in multiple geographic regions, with no single client representing more than 4% of management and advisory fee revenues. Approximately 51% of our fiscal 2021 management and advisory fee revenues came from clients based outside of the United States. A significant portion of our revenue base is recurring and, based on the long-term nature of our funds as well as long-term relationships with many of our clients, provides highly predictable cash flows. For the year ended March 31, 2021, our top 10 clients generated approximately 19% of management and advisory fee revenues, and our top 20 clients generated approximately 28% of management and advisory fee revenues.

## **Sales and Marketing**

Our business development group consists of employees around the world, including in the United States, United Kingdom, Hong Kong, Japan, Singapore, South Korea, Brazil, Israel, Australia, Canada and Germany. We intend to grow our global sales force as we seek to continue to build our client base and pursue growth opportunities in less developed private equity markets such as Asia and Australia. See “—Business Strategy.” The execution of our marketing strategy relies primarily on our own business development group, which historically has generated the substantial majority of our new client engagements. To enhance our access to markets where we do not currently have a local presence or that are dominated by captive client relationship models, we selectively engage highly respected third-party organizations to market our products and services. For example, we use third-party distributors in Asia and Latin America (other than Brazil).

Our business development group is responsible for identifying and contacting prospective clients for our products and services. Our sales people also work directly with consultants that advise smaller and medium-size institutional investors, which often rely on the consultants for advice in the alternative investment area. Following the initial round of meetings and presentations, prospective advisory and customized separate account clients and specialized fund investors that wish to learn more about us often visit our offices with a team to conduct in-depth due diligence of our firm. Our business development people lead this process, coordinate meetings, and continue to be the prospective client’s principal contact with us through the decision-making process.

## **Client Service**

Our client service group includes employees located in the United States, United Kingdom, Japan, Hong Kong, Brazil, Israel, South Korea, and Australia. At the beginning of the engagement for each advisory account and customized separate account, a member of the relationship management group is assigned as the principal contact person with that client. The relationship managers take primary responsibility for working with the clients to design their strategic plans and to implement those plans in accordance with investment guidelines agreed to by us and the clients. The relationship managers work directly with our allocation committee to ensure that all investment opportunities that are appropriate for their clients are considered. The relationship managers communicate and meet regularly with their clients to discuss potential investments that we are currently considering, funds expected to be raised in the next 12 months, the current status of the clients’ portfolios, investment strategies and overall market conditions.

Within the client service group, our portfolio management services group is dedicated to tracking and reporting on primary investments, secondary investments and direct/co-investments that we manage for our clients. This group also uses the services of third-party administrators and analysts, particularly with respect to specialized funds. We maintain a disciplined investment monitoring process designed to adapt portfolio allocation to enhance returns in our advisory and customized separate account portfolios, as well as in our specialized funds. Once a primary or secondary investment is closed, we have frequent conversations with private markets fund managers, hold periodic in-person meetings (conditions permitting) and attend annual meetings and advisory board meetings. This process generally is led by members of the investment team but also includes members of the relationship management team as well as other members of the senior management team. We have active advisory board seats on behalf of our clients and participate on numerous valuation committees.

Our team of professionals closely follows the activities and investments in clients’ portfolios. The team measures adherence to the stated strategies and limited partnership agreement terms. The team is in regular contact with fund managers, which allows for early detection of potential issues and timely development of constructive recommendations.

We actively track and report on each investment and on overall portfolios. We provide clients with comprehensive and customized quarterly and annual reports. iLevel, our online, interactive client

reporting platform, affords clients always available, secure, Internet-based access to their portfolios. Clients can download timely information on cash flows, adjusted valuations, adjusted capital account schedules, underlying portfolio company information and other data provided by private markets fund managers or developed internally by our in-house reporting team.

## **Fees and Other Key Contractual Terms**

### ***Customized Separate Accounts***

We enter into written contracts with each of our customized separate account clients. Within agreed-upon investment guidelines, we generally have full discretion to buy, sell or otherwise effect investment transactions involving the assets in the account, in the name and on behalf of the client, although in some cases certain clients have the right to veto investments. Our discretion generally includes decisions related to, among other matters: voting securities; entering into, amending and terminating contracts; commencing, settling or discontinuing claims or actions; exercising options, conversion or subscription rights; whether to join, dissent from or oppose the reorganization, recapitalization, liquidation, merger, sale, mortgage, pledge or lease of any securities or other property constituting a part of the committed capital; depositing the committed capital with any protective, reorganization or similar committee and paying expenses of such committees and assessments on deposits with them; entering into brokerage accounts in the name of the client; and generally taking or refraining from taking any other action related to the investment or reinvestment of the committed capital. The discretion to invest committed capital generally is subject to investment guidelines established by our clients or by us in conjunction with our clients.

*Fees.* While the specific terms of our contracts vary significantly from client to client, generally our customized separate account clients are charged asset-based fees annually on committed or net invested capital and/or net asset value. These fees often decrease over the life of the contract due to built-in declines in contractual rates and/or as a result of lower net invested capital balances as capital is returned to clients. For some customized separate accounts, we charge clients annual fixed fees, and, in certain cases, we earn an incentive fee based on realized gains, particularly when the investment strategies include secondary investments and direct/co-investments. In certain cases, we also provide advisory and/or reporting services and, therefore, we also receive fees for services such as monitoring and reporting on a client's existing private markets investments. In addition, we may provide for investments in our specialized funds as part of our customized separate accounts, and therefore we also receive incentive fees based on realized gains of investments in our specialized funds and/or management fees under the terms of such funds. We generally reduce the management and/or incentive fees on customized separate accounts to the extent that assets in the accounts are invested in our specialized funds so that our clients do not pay duplicate fees.

*Duration and Termination.* Customized separate account contracts have varying durations of up to 12 years or indefinite terms, and typically can be terminated by our clients for any reason generally upon 30 to 90 days' notice or can only be terminated for specified reasons. Some contracts provide for termination on shorter or longer notice. Some contracts provide for penalty fees to be paid to us if termination occurs before the end of the stated term in the absence of cause. For contracts that provide for incentive fees based on realized gains, we typically retain the right to continue receiving those fees after termination with respect to existing investments at time of termination. See "Risk Factors—Risks Related to Our Business—Customized separate account and advisory account fee revenue is not a long-term contracted source of revenue and is subject to intense competition" included in Part I, Item 1A of this Form 10-K.

*Structure.* Our customized separate accounts are often structured through contractual arrangements involving an investment management agreement between us and the client. Alternatively, at the client's request, we will establish a separate investment vehicle, generally structured as a limited partnership with the client as the sole limited partner and a wholly owned subsidiary of HLA as the general partner. Such limited partnerships are typically formed in Delaware or a non-U.S. jurisdiction, such as the Cayman Islands or Luxembourg, in accordance with the client's specifications. In certain cases, we have formed

investment vehicles utilizing other forms, including Delaware limited liability companies, Cayman unit trusts and/or Luxembourg companies. Our capital commitment to such an investment vehicle is generally 1% of total capital commitments but in certain cases may be higher or lower. We manage these investment vehicles under an investment management agreement between the investment vehicle entity and us, and we manage all aspects of the vehicles, utilizing the services of third parties as needed, including administrators and custodial banks.

### *Specialized Funds*

Since 1997, we have sponsored 29 primary funds, five secondary funds, eight direct/co-investment funds, six strategic opportunities funds, one social and environmental impact fund and one Small Business Investment Company fund. The terms of each fund vary. We have described below the key terms of these funds.

In addition, we sponsor funds designed to provide investors periodic liquidity, which primarily invest in secondaries and direct/co-investments (the “evergreen funds”). One evergreen fund is marketed to investors outside of the United States on a private placement basis, and in the United States, we offer a similar vehicle for U.S. investors, which is registered under the Securities Act and as an investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”).

*Capital Commitments.* Investors in our specialized funds, other than the evergreen funds, generally make commitments to provide capital at the outset of a fund and deliver capital when called upon by us, as investment opportunities become available and to fund operational expenses and other obligations. The commitments are generally available for investment for three to six years, during what we call the commitment period. However, our strategic opportunities funds have one- to two-year commitment periods and, in the case of one of our direct/co-investment funds, the investors do not commit capital at the commencement of the fund but rather have the right to make their own investment decisions as to each investment opportunity that we present to them. We typically have invested the capital committed to our funds, other than our strategic opportunities funds, over a three- to five-year period. Investors in the evergreen funds fund their investment at the time of subscription, and the proceeds may be invested by the funds at any time.

*Structure.* We conduct the management of our specialized funds, other than the evergreen funds, primarily through structures in which limited partnerships (or series thereof) organized by us accept commitments or funds from investors. The investors become limited partners in the funds and a separate entity that we form and control acts as the general partner. Our capital commitment to the fund is generally 1% of total capital commitments. HLA, to which we refer as the “Manager”, generally serves as the investment manager of our funds, including the evergreen funds. The Manager is registered as an investment advisor under the Investment Advisers Act of 1940 (the “Investment Advisers Act”). Responsibility for helping a fund’s general partner with all aspects of the day-to-day operations of the fund generally is delegated to the Manager pursuant to an investment management agreement. The material terms of our investment management agreements relate to the scope of services to be rendered by the Manager to the applicable funds and certain rights of termination. The funds themselves do not register as investment companies under the Investment Company Act, in reliance on exemptions from such registration other than as described with respect to the evergreen funds.

The Manager generally makes all decisions concerning the making, monitoring and disposing of investments pursuant to authority delegated by the specialized fund’s general partner. The investors in the funds take no part in the conduct or control of the business of the funds, have no right or authority to act for or bind the funds and have no influence over the voting or disposition of the securities or other assets held by the funds. These decisions are made by us as the Manager, typically in our sole discretion pursuant to authority delegated by the general partner, subject to the investment limitations set forth in the agreements governing each fund. The limited partners often have the right to remove the general partner for cause or effect an early dissolution by supermajority vote, or in certain cases by a simple majority vote. In addition, the governing agreements of our funds typically require the suspension of the

commitment period if, depending on the fund, between two and ten designated principals of the Manager cease to devote sufficient professional time to or cease to be employed by the Manager, often called a “key man event”, or in connection with certain other events discussed under “—Duration, Redemption and Termination.” See “Risk Factors—Risks Related to our Business—Our ability to retain our senior management team and attract additional qualified investment professionals is critical to our success” included in Part I, Item 1A of this Form 10-K.

*Management Fees.* We earn management fees based on a percentage of limited partners’ capital commitments to, net invested capital or net asset value in, our specialized funds. The management fee during the commitment period is often charged on capital commitments and after the commitment period (or a defined anniversary of the fund’s initial closing) is typically reduced by a percentage of the management fee for the preceding year or charged on net invested capital. In the case of certain funds, we charge management fees on capital commitments, with the management fee increasing during the early years of the fund’s term and declining in the later years. Management fees for certain funds are discounted based on the amount of the limited partners’ commitments or if the limited partners are investors in our other funds. Management fees would be reduced in the event that any monitoring, consulting, investment banking, advisory, transaction, directors’ or break-up or similar fees are paid to the fund’s general partner, the Manager or any of their affiliates or principals.

*Incentive Fees.* The incentive fees charged by our specialized funds are generally referred to as “carried interest.” Our primary funds invest the majority of their capital in other private markets funds on a primary basis, and certain of our primary funds earn carried interest on these investments. To the extent that our primary funds also directly make secondary investments and direct/co-investments, they generally earn carried interest equal to a fixed percentage of net profits, subject to a compounded annual preferred return in respect of those investments. Carried interest from these primary funds is earned on a “full return” basis when all invested capital and the applicable preferred return has been received or on a “deal-by-deal” basis when all capital invested and the applicable preferred return has been received either on all realized investments or on each individual investment.

For each of our secondary funds, direct/co-investment funds, strategic opportunity funds and evergreen funds, we generally earn carried interest equal to a fixed percentage of net profits, subject to a compounded annual preferred return that varies based on fund type. In our secondary funds, we generally earn carried interest on a full-return basis. In the case of certain of our direct/co-investment funds, strategic opportunity funds and evergreen funds, we earn carried interest on a deal-by-deal basis.

If, upon the final distribution of any of our specialized funds from which we earn carried interest, we and our affiliates have received cumulative carried interest in excess of the amount to which we would be entitled from the profits calculated for such investments in the aggregate, or if the limited partners have not received distributions equal to those to which they are entitled, the general partner will return such part of any carried interest to the limited partners as is necessary to ensure that they receive the amounts to which they are entitled, less taxes on the carried interest. We refer to these provisions as “clawbacks.” Most of our funds that provide for carried interest require a full return of capital and expenses to investors before any carried interest is paid to us, which minimizes the risk of a clawback obligation.

*Duration, Redemption and Termination.* Our specialized funds, other than our strategic opportunities funds and evergreen funds, generally terminate 10 to 14 years after either the first or last date on which a limited partner is admitted to the fund, or, in the case of certain funds, terminate on a specified anniversary date. Our main primary, secondary and direct/co-investment funds have an average term of approximately 12 years. Certain of our strategic opportunities funds terminate five years after the last date on which a limited partner may be admitted to the fund. Our funds are generally subject to extension for up to two years at the discretion of the general partner and thereafter if consent of the requisite majority of limited partners or, in some cases, the fund’s advisory committee is obtained. Our evergreen funds do not have a fixed term.



Interests in our specialized funds, other than our evergreen funds, are not subject to redemption prior to termination of the funds. Termination or dissolution of the funds and the suspension of their commitment periods, however, can generally be accelerated upon the occurrence of certain customary events, including key man events, bankruptcy and similar events and the occurrence of fraud, willful malfeasance or gross negligence and other similar events. Such funds also may be terminated upon the affirmative vote, depending on the fund, of 75% to 85% of the total limited partner interests entitled to vote.

### ***Advisory Services***

We enter into written contracts with each of our advisory services clients. Advisory service clients are generally charged annual fixed fees, which vary depending on the services we provide. In limited cases, advisory service clients are charged basis point fees annually based on the amounts they have committed to invest pursuant to their agreements with us. In other cases, where our services are limited to monitoring and reporting on investment portfolios, clients are charged a fee based on the number of investments in their portfolio. We generally do not earn incentive fees based on advisory contracts.

Our advisory services contracts have various durations ranging from one year to indefinite terms. A number of our advisory service contracts have initial terms of approximately three years and then renew at the end of the initial term automatically or at the client's option unless terminated earlier. Advisory contracts can typically be terminated by our clients for any reason upon short notice, generally 30 to 90 days, although some contracts provide for termination on shorter or longer notice or can only be terminated for specified reasons. Advisory contracts with governmental pension plans typically are subject to a renewal process involving our submission of information in response to a request for proposal ("RFP") issued by the client. We submit extensive, detailed information pursuant to the RFP procedures, usually on a confidential basis, often in competition with other investment advisors bidding on the contract. In these cases, we generally do not know the identity of the other bidders or the substance of their proposals. The RFP procedures prohibit communications between bidders and the issuer of the RFP relating to the proposals during the bidding process.

### ***Distribution Management***

We enter into written contracts with each of our distribution management clients. These clients engage us to manage the liquidation of publicly traded securities that they receive as distributions from funds in which they are investors. Our agreements provide for either "managed liquidation" where the securities are sold within 90 days after distribution or "active management" where the securities may be sold over a longer period.

Distribution management clients are charged basis point fees on either the net proceeds received from the sale of their securities or the aggregate amount of a client's managed assets and vary depending on whether the account is for managed liquidation or active management services. Alternatively, active management clients may elect an incentive fee structure under which they are charged an asset-based fee plus an incentive fee based on net realized and unrealized gains and income net of realized and unrealized losses. The incentive fee is then credited to a notional account, and we are entitled to a fixed percentage of any positive balance in the notional account on an annual basis. The remaining portion of any positive balance in the notional account is carried forward to the following year. If the incentive fee calculation results in a negative amount in a given year, that amount is applied to reduce the balance in the notional account. We are not required to repay any negative balance in the notional account.

Distribution management contracts have varying durations, some with indefinite terms, and typically can be terminated by our clients for any reason generally upon 30 to 90 days' notice. Some contracts provide for termination on shorter or longer notice.

## **Competition**

We compete in all aspects of our business with a large number of asset management firms, commercial banks, broker-dealers, insurance companies and other financial institutions. With respect to our specialized funds, we primarily compete with the alternative asset management businesses of a number of large international financial institutions and established local and regional competitors based in the United States, Europe and Asia, including managers offering funds-of-funds, secondary funds and direct/co-investment funds in the private markets. Our principal competition for customized separate accounts is mostly other highly specialized and independent private markets asset management firms. We compete primarily in the advisory services area of the business with firms that are regionally based and with a select number of large consulting firms for whom private markets investments is only one, often small, portion of their overall business.

In order to grow our business, we must be able to compete effectively to maintain our existing client base and attract additional clients in advisory services, customized separate account and specialized fund areas of the business. Historically, we have competed principally on the basis of the factors listed below:

- Global access to private markets investment opportunities through our size, scale, reputation and strong relationships with private markets fund managers;
- Brand recognition and reputation within the investing community;
- Performance of investment strategies;
- Quality of service and duration of client relationships;
- Ability to provide a cost effective and comprehensive range of services and products; and
- Clients' perceptions of our independence and the alignment of our interests with theirs created through our investment in our own products.

The asset management business is intensely competitive, and in addition to the above factors, our ability to continue to compete effectively will depend upon our ability to attract highly qualified investment professionals and retain existing employees.

## **Intellectual Property**

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are owned by us or licensed by us. We also own or have the rights to copyrights that protect the content of our solutions. We believe that the "Hamilton Lane" trade name, logo and website are material to our operations.

We have entered into licensing agreements with other companies for several of our technology solutions, including Black Mountain and iLevel, which expire in 2021 and 2025, respectively. The iLevel license will automatically renew for additional one-year periods thereafter, unless terminated by either party.

## **Legal and Compliance**

Our general counsel reports to our chief executive officer. Our attorneys are embedded in our legal corporate, customized separate accounts, commingled funds and investment teams. Most of our customized separate account clients and certain of our advisory clients rely on us to review, analyze and negotiate the terms of the documents relating to primary, secondary and direct/co-investments. Working together with our investment teams, our attorneys negotiate directly with fund managers and deal sponsors and their counsel the terms of all limited partnership agreements, subscription documents, side letters, purchase agreements and other documents relating to primary, secondary and direct/co-investments. Our attorneys also review and make recommendations regarding amendments and requests

for consents presented by the fund managers from time to time. In addition, our legal team is responsible for preparing, reviewing and negotiating all documents relating to the formation and operation of our funds. We utilize the services of outside counsel as we deem necessary.

Our compliance team is led by our chief risk officer, who reports to our chief executive officer. Our chief risk officer has day-to-day management responsibility for the compliance team. The compliance team is responsible for operational due diligence and overseeing and enforcing our policies and procedures relating to compliance with the Investment Advisers Act and related rules and regulations and our code of ethics, as well as the compliance policies and procedures and laws and regulations that apply to our non-U.S. subsidiaries and operations. In addition, the compliance team is responsible for all regulatory matters relating to Hamilton Lane Securities, LLC, our SEC- and FINRA-registered broker-dealer affiliate through which we offer interests in our specialized funds.

## **Regulatory Environment**

Our business is subject to extensive regulation in the United States at both the federal and state level. Under these laws and regulations, the SEC and relevant state securities authorities have broad administrative powers, including the power to limit, restrict or prohibit an investment advisor from carrying on its business if it fails to comply with such laws and regulations. Possible sanctions that may be imposed include the suspension of individual employees, limitations on engaging in certain lines of business for specified periods of time, revocation of investment advisor and other registrations or licenses, censures and fines.

### ***SEC Regulation***

HLA is registered as an investment advisor with the SEC. As a registered investment advisor, it is subject to the requirements of the Investment Advisers Act, and the rules promulgated thereunder, as well as to examination by the SEC's staff. The Investment Advisers Act imposes substantive regulation on virtually all aspects of our business and our relationships with our clients. Applicable requirements relate to, among other things, fiduciary duties to clients, engaging in transactions with clients, maintaining an effective compliance program, incentive fees, solicitation arrangements, allocation of investments, conflicts of interest, advertising, recordkeeping, reporting and disclosure requirements. The Investment Advisers Act regulates the assignment of advisory contracts by the investment advisor. The SEC is authorized to institute proceedings and impose sanctions for violations of the Investment Advisers Act, ranging from fines and censures to termination of an investment advisor's registration. The failure of HLA to comply with the requirements of the Investment Advisers Act or the SEC could have a material adverse effect on us.

Most of our customized separate accounts and specialized funds are not registered under the Investment Company Act because we generally only form customized separate accounts for, and offer interests in our specialized funds to, persons who we reasonably believe to be "qualified purchasers" as defined in the Investment Company Act.

### ***ERISA-Related Regulation***

Some of our specialized funds are treated as holding "plan assets" as defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), as a result of investments in those funds by benefit plan investors. By virtue of its role as investment manager of these funds, HLA is a "fiduciary" under ERISA with respect to such benefit plan investors. ERISA and the Internal Revenue Code of 1986, as amended (the "Code"), impose certain duties on persons that are fiduciaries under ERISA, prohibit certain transactions involving benefit plans and "parties in interest" or "disqualified persons" to those plans, and provide monetary penalties for violations of these prohibitions. With respect to these funds, HLA relies on particular statutory and administrative exemptions from certain ERISA prohibited transactions, which exemptions are highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. The failure of HLA or us to comply with these various requirements could have a material adverse effect on our business.

In addition, with respect to other investment funds in which benefit plan investors have invested, but which are not treated as holding “plan assets,” we and HLA rely on certain rules under ERISA in conducting investment management activities. These rules are sometimes highly complex and may in certain circumstances depend on compliance by third parties that we do not control. If for any reason these rules were to become inapplicable, we and HLA could become subject to regulatory action or third-party claims that could have a material adverse effect on our business.

### ***Foreign Regulation***

We provide investment advisory and other services and raise funds in a number of countries and jurisdictions outside the United States. In many of these countries and jurisdictions, which include the European Union (“EU”), the European Economic Area (“EEA”), the individual member states of each of the EU and EEA, Australia, Canada, Hong Kong, Israel, Japan, Singapore, South Korea and the United Kingdom (“U.K.”), we and our operations, and in some cases our personnel, are subject to regulatory oversight and requirements. In general, these requirements relate to registration, licenses for our personnel, periodic inspections, the provision and filing of periodic reports, and obtaining certifications and other approvals. Across the EU, we are subject to the European Union Alternative Investment Fund Managers Directive (“AIFMD”) requirements regarding, among other things, registration for marketing activities, the structure of remuneration for certain of our personnel and reporting obligations. Individual member states of the EU have imposed additional requirements that may include internal arrangements with respect to risk management, liquidity risks, asset valuations, and the establishment and security of depository and custodial requirements.

The application of some of these requirements and regulations to our business will likely change in connection with the exit of the U.K. from the EU (“Brexit”), which became official in January 2020. For example, our subsidiaries that are authorized and regulated by the U.K. Financial Conduct Authority could potentially lose “passporting” privileges under certain EU directives, such as the AIFMD and the Markets in Financial Instruments Directive II (“MiFID II”), which certain of our specialized funds and customized separate accounts rely upon for access to markets throughout the EU. In preparation for this, we worked with a third-party alternative investment fund manager (“AIFM”) based in Luxembourg to replace, prior to Brexit, our U.K.-based AIFM for our funds and certain customized separate accounts for the EU. We are also in the process of obtaining a MiFID II license for one of our EU-based (non-U.K.) subsidiaries in the event that the MiFID II license currently held by our U.K.-based subsidiary is no longer valid after Brexit. While we believe that taking these steps will help to ensure that we are able to continue to conduct business in the U.K. and the EU after Brexit, there remains some uncertainty as to the full extent to which our business could be adversely affected by, among other things, the legal status of the U.K. in relation to the EU, the political conditions in the U.K., the trade relations of the U.K. vis-à-vis other countries and the economic outlook in the U.K. See “Risk Factors—Risks Related to Our Business—Operational risks and data security breaches may disrupt our business, result in losses or limit our growth”, “Risk Factors—Risks Related to Our Business—Our international operations are subject to certain risks, which may affect our revenue” and “Risk Factors—Risks Related to Our Industry—Regulation of investment advisors outside the United States could adversely affect our ability to operate our business.” included in Part I, Item 1A of this Form 10-K for more information on the risks we face in connection with Brexit.

## **Employees**

### ***Our Culture and Focus on Diversity, Equity & Inclusion***

We believe diversity and inclusion are a core part of our corporate mission to enrich lives and safeguard futures, and we leverage our status as a global leader in the private markets to promote diversity and inclusion to the benefit of employees, clients, the community and our industry overall. Our organization is focused on acting with integrity, pursuing excellence in all that we do and promoting equity and inclusion from within. This starts with a commitment to our employees to create a workplace

environment where they can thrive both professionally and personally, and where our employees feel comfortable bringing their whole selves to the workplace.

Formed in 2016, our Diversity, Equity & Inclusion Council (“DE&I Council”) aims to raise awareness about the importance and benefits of fostering an inclusive work environment and culture. We know that smart teams do great things, but diverse teams can do truly incredible things, and the way to affect change is to help create it. That is why in 2020 we announced the adoption of a new corporate value, “Promoting Equity and Inclusion from Within.”

We believe that our strong culture is a key factor driving our success in developing and maintaining high-quality relationships with current/prospective employees, clients, prospects, business partners and the communities within which we live and work. In early 2021, we became a signatory to the Institutional Limited Partners Association’s newly announced Diversity in Action Initiative. This effort focuses on foundational actions that limited partner and general partner organizations are taking to advance diversity, equity and inclusion, both internally and throughout the industry more broadly. With approximately 450 employees worldwide as of March 31, 2021, we are proud that our culture has been recognized annually by *Pensions & Investments* (“P&I”) magazine, a leading investment publication, as a “Best Place to Work in Money Management” since P&I created their list in 2012. We are one of just five firms to hold this distinction. In addition, Hamilton Lane has been recognized by the *Central Penn Business Journal* as a “Best Place to Work in Pennsylvania,” also for the last nine consecutive years.

### ***Talent Acquisition and Retention***

In 2020, our Human Resources Department, in conjunction with the firm’s DE&I Council, introduced a new strategic plan aimed at expanding upon existing efforts to intentionally embed diversity, equity and inclusion into the fabric of the firm’s values, culture, and recruiting and retention practices. The plan outlines enhanced recruiting and retention efforts, including an emphasis on ongoing training, accountability and inclusivity.

As of March 31, 2021, 51% of our employees were minorities or women and 48% of departments were led by minorities or women. As of March 31, 2021, approximately 40% of our employees were women and 32% of senior leadership roles were held by women. In recognition of our efforts, we were designated by the Private Equity Women Investor Network as International LP of the Year for 2020. This award is given annually to an outstanding institutional limited partner who has demonstrated a commitment to encouraging and supporting female investors in the private equity industry.

We believe that our culture and commitment to fostering a truly diverse workforce will continue to play an important role in supporting our future growth.

### ***Employee Engagement***

In addition to our recruiting and retention efforts, we recognize that a true commitment to diversity requires a proactive and multi-faceted approach. We have multiple employee-led programs designed to help our colleagues with skill development, career progression and work-life balance, as well as to facilitate open dialogues around important topics such as race, inclusion and social justice. Furthermore, employees have the opportunity to participate in our formal Mentoring Program, which is designed to help less tenured employees foster relationships with more experienced colleagues and/or peers in different departments with the goal of enhancing professional and personal development and growth.

In addition to formalizing a diversity, equity and inclusion strategy with clear objectives and aspirations for increasing the diversity of our workforce, we focused on a number of other human capital initiatives during fiscal 2021. For example, we completed the implementation of pay-for-performance, which involved the introduction of a common set of job competencies providing each individual job profile with a clear understanding of expectations for the role, a new performance measurement and reporting process, a standardized compensation structure and various training modules to facilitate these transitions. Finally, we completed the final implementation phase of a software program for financial

management and human capital management, which provides a platform to deliver our human capital processes, allowing enhanced data analysis, better controls through trackable and auditable transactions, and employee and manager self service.

Our success is because of our people, our colleagues across the globe who bring their authentic selves to work every day. We are not only private markets specialists, but we are artists, musicians, athletes, parents and so much more. It is that intersection of experiences that drives our culture and our unique spirit of competition that inspires innovation. Together, we believe diverse perspectives lead to informed decisions; decisions designed to benefit our clients, our employees and our competitive edge.

### ***New Corporate Headquarters — LEED and Fitwel Certifications***

In addition to the efforts noted above, we are pursuing both LEED (Leadership in Energy and Environmental Design) and Fitwel certifications for our new corporate headquarters office building in Conshohocken, Pennsylvania. The LEED certification demonstrates the value we place on locating our headquarters in an energy and resource-efficient building. The Fitwel certification demonstrates our commitment to the health and wellness of our employees. It focuses on increasing physical activity, providing healthy food options, promoting safety and contributing to the overall physical and mental wellbeing of those who work in the building. The office will offer increased spaces designated for personal wellness, mental health and well-being and employee connectivity.

### ***Compensation and Benefits***

In order to make working at Hamilton Lane an attractive proposition for current and prospective employees, we have developed a comprehensive total rewards compensation program. The elements of this program are designed to recognize and reward individual performance and recognize contributions that align with and drive positive business results. We believe that a compensation system that incentivizes actions that grow stockholder value closely aligns our employees with the interests of our stockholders. To further align their interests with those of investors in our funds, certain of our employees also have the opportunity to make investments in certain of our funds.

We offer a market-based mix of compensation elements, including:

- base salary;
- annual discretionary incentive bonuses consisting of both cash and equity;
- long-term equity incentives;
- a carried interest plan; and
- competitive health and wellness benefits.

The particular mix and weighting of elements varies depending on the functional area and level of seniority within our organization. We adjust the individual elements of compensation as needed to effectively compete for talent in the jurisdictions in which we do business and to comply with local law. We believe a blend of variable and longer-term components further attracts and incentivizes talent, provides an overall compensation package that is competitive with the market and encourages retention of top performers.

Our health and wellness benefits include 16 weeks of fully paid parental leave plus one additional week to be used on demand, regardless of gender identity, lactation and milk shipping services, assisted reproductive technology and adoption support, back-up child, elder and self-care, mental health services and a number of financial wellness benefits including our Employee Share Purchase Plan, as amended, through which employees can purchase shares of our Class A common stock at a discounted price.

### **Available Information**

Our website is located at [www.hamiltonlane.com](http://www.hamiltonlane.com), and the Shareholders page of our website is located at <http://ir.hamiltonlane.com>. We are subject to the informational requirements of the Exchange Act and

file or furnish reports, proxy statements and other information with the SEC. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, statements of changes in beneficial ownership and amendments to those reports are available for free on the Shareholders page of our website as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. The SEC maintains a website ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on the Shareholders page of our website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases as part of the Shareholders page of our website. Investors and others can receive notifications of new information posted on the Shareholders page of our website in real time by subscribing to email alerts. We also make certain corporate governance documents available on the Shareholders page of our website, including board committee charters and our code of conduct and ethics.

The contents of our websites are not incorporated by reference into this Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

## Item 1A. Risk Factors

*In addition to the other information set forth in this Form 10-K, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations. The risks described below are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may negatively affect our business, financial condition or results of operations.*

### **Risks Related to Our Business**

*The historical performance of our investments should not be considered as indicative of the future results of our investments or our operations or any returns expected on an investment in our Class A common stock.*

Past performance of our specialized funds and customized separate accounts or the investments that we recommend to our advisory clients is not necessarily indicative of future results or of the performance of our Class A common stock. An investment in our Class A common stock is not an investment in any of our specialized funds or customized separate accounts. In addition, the historical and potential future returns of specialized funds and customized separate accounts that we manage are not directly linked to returns on our Class A common stock. Therefore, you should not conclude that continued positive performance of our specialized funds, customized separate accounts or the investments that we recommend to our advisory clients will necessarily result in positive returns on an investment in our Class A common stock. However, poor performance of our specialized funds or customized separate accounts could cause a decline in our revenue, and could therefore have a negative effect on our performance and on returns on an investment in our Class A common stock.

The historical performance of our funds should not be considered indicative of the future performance of these funds or of any future funds we may raise, in part because:

- market conditions and investment opportunities during previous periods may have been significantly more favorable for generating positive performance than those we may experience in the future;
- the performance of our funds is generally calculated on the basis of NAV of the funds' investments, including unrealized gains, which may never be realized;
- our historical returns derive largely from the performance of our earlier funds, whereas future fund returns will depend increasingly on the performance of our newer funds or funds not yet formed;
- our newly established funds may generate lower returns during the period that they initially deploy their capital;
- competition continues to increase for investment opportunities, which may reduce our returns in the future;
- the performance of particular funds also will be affected by risks of the industries and businesses in which they invest; and
- we may create new funds that reflect a different asset mix and new investment strategies, as well as a varied geographic and industry exposure, compared to our historical funds, and any such new funds could have different returns from our previous funds.



***The success of our business depends on the identification and availability of suitable investment opportunities for our clients.***

Our success largely depends on the identification and availability of suitable investment opportunities for our clients, and in particular the success of funds in which our specialized funds, customized separate accounts and advisory accounts invest. The availability of investment opportunities will be subject to market conditions and other factors outside of our control and the control of the private markets fund managers with which we invest. Past returns of our specialized funds, customized separate accounts and advisory accounts have benefited from investment opportunities and general market conditions that may not continue or reoccur, including favorable borrowing conditions in the debt markets, and there can be no assurance that our specialized funds, customized separate accounts, advisory accounts or the underlying funds in which we invest will be able to avail themselves of comparable opportunities and conditions. There can also be no assurance that the private markets funds we select will be able to identify sufficient attractive investment opportunities to meet their investment objectives. Further, the due diligence investigations we conduct before recommending investments to our clients may not uncover all facts relevant to the suitability of such opportunities. See “—The due diligence process that we undertake in connection with investments may not reveal all facts that may be relevant in connection with an investment” for more information on the risks we face in connection with the due diligence process.

***Competition for access to investment funds and other investments we make for our clients is intense.***

We seek to maintain excellent relationships with general partners and managers of investment funds, including those in which we have previously made investments for our clients and those in which we may in the future invest, as well as sponsors of investments that might provide direct/co-investment opportunities in portfolio companies alongside the sponsoring fund manager. However, because of the number of investors seeking to gain access to investment funds and direct/co-investment opportunities managed or sponsored by the top performing fund managers, there can be no assurance that we will be able to secure the opportunity to invest on behalf of our clients in all or a substantial portion of the investments we select, or that the size of the investment opportunities available to us will be as large as we would desire. Access to secondary investment opportunities is also highly competitive and is often controlled by a limited number of general partners, fund managers and intermediaries.

***Customized separate account and advisory account fee revenue is not a long-term contracted source of revenue and is subject to intense competition.***

Our revenue in any given period is dependent on the number of fee-paying clients in such period. Our customized separate account and advisory account business operates in a highly competitive environment where typically there are no long-term contracts. While clients of our customized separate account and advisory account businesses may have multi-year contracts, many of these contracts are terminable upon 30 to 90 days’ advance notice to us. We may lose clients as a result of the sale or merger of a client, a change in a client’s senior management, a client’s decision to transition to in-house asset management rather than partner with a third-party provider such as us, competition from other financial advisors and financial institutions and other causes. Moreover, a number of our contracts with state government-sponsored clients are secured through such government’s RFP process, and can be subject to periodic renewal. If multiple clients were to exercise their termination rights or fail to renew their existing contracts and we were unable to secure new clients, our customized separate account and advisory account fees would decline materially. A significant reduction in the number of fee-paying clients in any given period could reduce our revenue and materially and adversely affect our business, financial condition and results of operations.

***Our failure to deal appropriately with conflicts of interest could damage our reputation and materially and adversely affect our business.***

As we expand the scope of our business, we increasingly confront potential conflicts of interest relating to our advisory and investment management businesses. For example, we may recommend that

various advisory clients invest in specialized funds managed by us. It is possible that actual, potential or perceived conflicts could give rise to investor dissatisfaction, litigation or regulatory enforcement actions. As a registered investment advisor, we owe our clients a fiduciary duty and are required to provide disinterested advice. Appropriately dealing with conflicts of interest is complex and difficult and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially and adversely affect our business in a number of ways, including an inability to raise additional funds, attract new clients or retain existing clients.

***We have obligations to investors in our specialized funds and customized separate accounts and may have obligations to other third parties that may conflict with your interests.***

Our subsidiaries that serve as the general partners of or advisors to our specialized funds and customized separate accounts have fiduciary and contractual obligations to the investors in those funds and accounts, and some of our subsidiaries may have contractual duties to other third parties. As a result, we may take actions with respect to the allocation of investments among our specialized funds and customized separate accounts (including funds and accounts that have different fee structures), the purchase or sale of investments in our specialized funds and customized separate accounts, the structuring of investment transactions for those specialized funds and customized separate accounts, the advice we provide or other actions in order to comply with these fiduciary and contractual obligations. In addition, because most of our senior management and other professionals hold most of their economic interests in us through HLA and certain of its affiliates, which are not subject to U.S. federal and state entity-level income taxes, and our Class A common stockholders hold their interests through Hamilton Lane Incorporated, which is subject to entity-level taxation as a corporation in the United States, conflicts relating to the selection and structuring of investments or other matters may arise between senior management and our other professionals, on the one hand, and the Class A stockholders of Hamilton Lane Incorporated, on the other hand.

***Our ability to retain our senior management team and attract additional qualified investment professionals is critical to our success.***

Our success depends on our ability to retain our senior management team and to recruit additional qualified investment, sales and other professionals. However, we may not be successful in our efforts to retain our senior management team, as the market for investment professionals is extremely competitive. The individuals that comprise our senior management team possess substantial experience and expertise and, in many cases, have significant relationships with certain of our clients. Accordingly, the loss of any one of our senior management team could adversely affect certain client relationships or limit our ability to successfully execute our investment strategies, which, in turn, could have a material adverse effect on our business, financial condition and results of operations. In addition, the governing agreements of our specialized funds typically require the suspension of the commitment period if, depending on the fund, between two and ten designated members of our senior management team cease to devote sufficient professional time to or cease to be employed by HLA, often called a “key man event,” or in connection with certain other events. The occurrence of a key man event could also affect investment periods under our limited partnership agreements. Any change to our senior management team could materially and adversely affect our business, financial condition and results of operations.

***We intend to expand our business and may enter into new lines of business, geographic markets or strategic partnerships, which may result in additional risks and uncertainties in our business.***

We currently generate substantially all of our revenue from asset management and advisory services. However, we may grow our business by offering additional products and services, by entering into new lines of business, by entering into, or expanding our presence in, new geographic markets and by entering into selected strategic partnerships. Entry into certain lines of business or geographic markets or the introduction of new types of investment structures, products or services could increase our operational

costs and may also subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, which may lead to increased litigation and regulatory risk. For example, we have recently undertaken business initiatives to reach an increasing number of retail investors, which exposes us to greater levels of risk, including heightened litigation, regulatory enforcement and reputational risks. We have also launched our first SPAC, Hamilton Lane Alliance Holdings I, Inc. (“HLAH”), with the goal of raising additional SPACs in the future, depending on market and other conditions. HLAH is sponsored by a wholly-owned subsidiary of HLA that will assist in identifying and effectuating a merger between HLAH and a target company. We view the sponsorship of SPACs as an extension of our pre-existing investment activities, but participation in the SPAC market exposes us and our affiliates to additional risks, including heightened litigation, regulatory enforcement and reputational risks as well as the potential loss of our investment if a suitable target company is not identified for the initial business combination within the prescribed timeframe.

To the extent we enter into new lines of business, we will face numerous risks and uncertainties, including risks associated with the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, that we do not have the required investment of capital and other resources and that we could potentially lose clients due to the perception that we are no longer focusing on our core business. We also may from time to time explore opportunities to grow our business via acquisitions, partnerships, investments or other strategic transactions. There can be no assurance that we will successfully identify, negotiate or complete such transactions, that any completed transactions will produce favorable financial results or that we will be able to successfully integrate an acquired business with ours.

In addition, certain aspects of our cost structure, such as costs for compensation, occupancy leases, communication and information technology services, and depreciation and amortization are largely fixed, and we may not be able to timely adjust these costs to match fluctuations in revenue related to growing our business or entering into new lines of business. If a new business generates insufficient revenue or if we are unable to efficiently manage our expanded operations, our business, financial condition and results of operations could be materially and adversely affected.

***A decline in the pace or size of fundraising or investments made by us on behalf of our specialized funds or customized separate accounts may adversely affect our revenues.***

The revenues that we earn are driven in part by the amount of capital committed by our clients for investment, our fundraising efforts and the pace at which we make investments on behalf of our specialized funds and customized separate accounts. A decline in the pace or the size of fundraising efforts or investments may reduce our revenues. The private markets investing environment continues to see increased competition, which can make fundraising and the deployment of capital more difficult. In addition, many other factors could cause a decline in the pace of investment, including the inability of our investment professionals to identify attractive investment opportunities, decreased availability of capital on attractive terms and our failure to consummate identified investment opportunities because of business, regulatory or legal complexities or uncertainty and adverse developments in the U.S. or global economy or financial markets. In addition, if we are unable to deploy capital at a pace that is sufficient to offset the pace of realizations, our fee revenues could decrease.

For our specialized funds and customized separate accounts that charge fees based on invested capital, such a decline in the pace of investments may reduce our revenue more acutely. In addition, fees based on invested capital may create an incentive to make investments earlier in the specialized fund’s or customized separate account’s life than it otherwise would if fees were charged based purely on capital commitments, which has more predictability for revenues.

***Our indebtedness may expose us to substantial risks.***

We maintain a Term Loan and Security Agreement (as amended, the “Term Loan Agreement”), a Multi-Draw Term Loan and Security Agreement (as amended, the “Multi-Draw Term Loan Agreement”)

and a Revolving Loan and Security Agreement (as amended, the “Revolving Loan Agreement” and, together with the Term Loan Agreement and the Multi-Draw Term Loan Agreement, the “Loan Agreements”) with First Republic Bank (“First Republic”). The Term Loan Agreement matures on July 1, 2027, the Revolving Loan Agreement matures on March 24, 2023 and the Multi-Draw Term Loan Agreement matures on July 1, 2030. For more information on our Loan Agreements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Loan Agreements”.

We expect to continue to utilize debt to finance our operations, which will expose us to the typical risks associated with the use of leverage. An increase in leverage could make it more difficult for us to withstand adverse economic conditions or business plan variances, to take advantage of new business opportunities, or to make necessary capital expenditures. Any portion of our cash flow required for debt service would not be available for our operations, distributions, dividends or other purposes. Any substantial decrease in net operating cash flows or any substantial increase in expenses could make it difficult for us to meet our debt service requirements or force us to modify our operations. Further, there is no guarantee that we will be able to obtain new borrowings or refinance existing borrowings on favorable terms when they mature. Our level of indebtedness may make us more vulnerable to economic downturns and reduce our flexibility in responding to changing business, regulatory and economic conditions, which could materially and adversely affect our business, financial condition and results of operations.

***We may be unable to remain in compliance with the financial or other covenants contained in the Loan Agreements.***

The Loan Agreements contain, and any future debt instruments may contain, financial and other covenants that impose requirements on us and limit our and our subsidiaries’ ability to engage in certain transactions or activities, such as:

- incur additional debt;
- provide guarantees in respect of obligations of other persons;
- make loans, advances and investments;
- make certain payments in respect of equity interests, including, among others, the payment of dividends and other distributions, redemptions and similar payments, payments in respect of warrants, options and other rights, and payments in respect of subordinated indebtedness;
- enter into transactions with investment funds and affiliates;
- create or incur liens;
- enter into negative pledges;
- sell all or any part of the business, assets or property, or otherwise dispose of assets;
- make acquisitions or consolidate or merge with other persons;
- enter into sale-leaseback transactions;
- change the nature of our business;
- change our fiscal year;
- make certain modifications to organizational documents or certain material contracts;
- make certain modifications to certain other debt documents; and

- enter into certain agreements with respect to the repayment of indebtedness, the making of loans or advances, or the transfer of assets.

There can be no assurance that we will be able to maintain leverage levels in compliance with the financial covenants included in the Loan Agreements. These restrictions may limit our flexibility in operating our business, and any failure to comply with these financial and other covenants, if not waived, would cause a default or event of default. Our obligations under the Loan Agreements are secured by substantially all of our assets. In the case of an event of default, creditors may exercise rights and remedies, including the rights and remedies of a secured party, under such agreements and applicable law, which could materially and adversely affect our business, financial condition and results of operations. For more information on our Loan Agreements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Loan Agreements”.

***Dependence on leverage by certain funds and portfolio companies subjects us to volatility and contractions in the debt financing markets and could adversely affect the ability of our specialized funds and customized separate accounts to achieve attractive rates of return on those investments.***

Certain of the specialized funds we manage, the funds in which we invest and portfolio companies within our funds and customized separate accounts currently rely on leverage. If our specialized funds or the companies in which our specialized funds or customized separate accounts invest raise capital in the structured credit, leveraged loan and high yield bond markets, the results of their operations may suffer if such markets experience dislocations, contractions or volatility. Any such events could adversely impact the availability of credit to businesses generally, the cost or terms on which lenders are willing to lend, or the strength of the overall economy.

The absence of available sources of sufficient debt financing for extended periods of time or an increase in either the general levels of interest rates or in the risk spread demanded by sources of indebtedness would make it more expensive to finance those investments, and, in the case of rising interest rates, decrease the value of fixed-rate debt investments made by our funds. Certain investments may also be financed through fund-level debt facilities, which may or may not be available for refinancing on favorable terms, or at all, at the end of their respective terms. Finally, limitations on the deductibility of interest expense on indebtedness used to finance our specialized funds’ investments reduce the after-tax rates of return on the affected investments and make it more costly to use debt financing. See “—Extensive government regulation, compliance failures and changes in law or regulation could adversely affect us.” Any of these factors may have an adverse impact on our business, results of operations and financial condition.

Similarly, private markets fund portfolio companies regularly utilize the corporate debt markets to obtain additional financing for their operations. The leveraged capital structure of such businesses increases the exposure of the funds’ portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of such business or its industry. Any adverse impact caused by the use of leverage by portfolio companies in which we directly or indirectly invest could in turn adversely affect the returns of our specialized funds, customized separate accounts and advisory accounts.

***Defaults by clients and third-party investors in certain of our specialized funds and customized separate accounts could adversely affect that fund’s operations and performance.***

Our business is exposed to the risk that clients that owe us money for our services may not pay us. We believe that this risk could potentially increase due to the coronavirus (“COVID-19”) pandemic. Also, if investors in our specialized funds and certain customized separate accounts default on their obligations to fund commitments, there may be adverse consequences on the investment process, and we could incur losses and be unable to meet underlying capital calls. For example, investors in most of our specialized funds make capital commitments to those funds that we are entitled to call from those investors at any time during prescribed periods. We depend on investors fulfilling and honoring their commitments when

we call capital from them for those funds to consummate investments and otherwise pay their obligations when due. In addition, certain of our funds may utilize lines of credit to fund investments. Because interest expense and other costs of borrowings under lines of credit are an expense of the fund, the fund's net multiple of invested capital may be reduced, as well as the amount of carried interest generated by the fund. Any material reduction in the amount of carried interest generated by a fund may adversely affect our revenues.

Any investor that did not fund a capital call would be subject to several possible penalties, including having a meaningful amount of its existing investment forfeited in that fund. However, the impact of the penalty is directly correlated to the amount of capital previously invested by the investor in the fund. For instance, if an investor has invested little or no capital early in the life of the fund, then the forfeiture penalty may not be as meaningful. A failure of investors to honor a significant amount of capital calls could have a material adverse effect on our business, financial condition and results of operations.

***Our failure to comply with investment guidelines set by our clients could result in damage awards against us or a reduction in AUM, either of which would cause our earnings to decline and adversely affect our business.***

When clients retain us to manage assets on their behalf, they specify certain guidelines regarding investment allocation and strategy that we are required to observe in the management of their portfolios. Our failure to comply with these guidelines and other limitations could result in clients terminating their investment management agreement with us, as these agreements generally are terminable without cause on 30 to 90 days' notice. Clients could also sue us for breach of contract and seek to recover damages from us. In addition, such guidelines may restrict our ability to pursue certain allocations and strategies on behalf of our clients that we believe are economically desirable, which could similarly result in losses to a client account or termination of the account and a corresponding reduction in AUM. Even if we comply with all applicable investment guidelines, a client may be dissatisfied with its investment performance or our services or fees, and may terminate their customized separate accounts or advisory accounts or be unwilling to commit new capital to our specialized funds, customized separate accounts or advisory accounts. Any of these events could cause our earnings to decline and materially and adversely affect our business, financial condition and results of operations.

***Misconduct by our employees, advisors or third-party service providers could harm us by impairing our ability to attract and retain clients and subjecting us to significant legal liability and reputational harm.***

There is a risk that our employees, advisors or third-party service providers could engage in misconduct that adversely affects our business. We are subject to a number of laws, obligations and standards arising from our advisory and investment management businesses and our discretionary authority over the assets we manage. The violation of these laws, obligations and standards by any of our employees, advisors or third-party service providers would adversely affect our clients and us. Our business also often requires that we deal with confidential matters of great significance to companies and funds in which we may invest for our clients. If our employees, advisors or third-party service providers were to engage in fraudulent activity, violate regulatory standards or improperly use or disclose confidential information, we could be subject to legal or regulatory action and suffer serious harm to our reputation, financial position and current and future business relationships. The pervasiveness of social media, coupled with increased public focus on the externalities of activities unrelated to the business, could further magnify the reputational risks associated with negative publicity. It is not always possible to detect or deter misconduct, and the extensive precautions we take that seek to detect and prevent undesirable activity may not be effective in all cases. If one of our employees, advisors or third-party service providers were to engage in misconduct or were to be accused of misconduct, our business and our reputation could be materially and adversely affected. Further, we are subject to the risk that our service providers may default on their contractual obligations to us, which could result in significant disruption to our operations and ability to serve our clients. See “—Extensive government regulation, compliance failures and changes in law or regulation could adversely affect us.”

***If the investments we make on behalf of our specialized funds or customized separate accounts perform poorly, we may suffer a decline in our investment management revenue and earnings, and our ability to raise capital for future specialized funds and customized separate accounts may be materially and adversely affected.***

Our revenue from our investment management business is derived from fees earned for our management of our specialized funds, customized separate accounts and advisory accounts, incentive fees, or carried interest, with respect to certain of our specialized funds and customized separate accounts, and monitoring and reporting fees. In the event that our specialized funds, customized separate accounts or individual investments perform poorly, our revenues and earnings derived from incentive fees will decline, and it will be more difficult for us to raise capital for new specialized funds or gain new customized separate account clients in the future. In addition, if carried interest that was previously distributed to us exceeds the amounts to which we are ultimately entitled, we may be required to repay that amount under a “clawback” obligation. If we are unable to repay the amount of the clawback, we would be subject to liability for a breach of our contractual obligations. If we are unable to raise or are required to repay capital, our business, financial condition and results of operations would be materially and adversely affected.

***The timing at which we receive distributions of carried interest, an element of our revenues, can be sporadic and unpredictable, which may make it difficult for us to achieve steady earnings growth on a quarterly basis and may cause the price of our Class A common stock to decline.***

Our cash flow may fluctuate significantly due to the fact that we receive carried interest distributions only when investments are realized and achieve a certain preferred return based on performance. It takes a substantial period of time to identify attractive investment opportunities, raise all funds needed to make an investment and then realize the cash value (or other proceeds) of an investment. Even if an investment proves to be profitable, it may be a number of years before any profits can be realized in cash (or other proceeds). We cannot predict when, or if, any realization of investments will occur, and thus, we cannot predict the timing or amounts of carried interest distributions to us. If we were to receive a distribution of carried interest in a particular quarter, it may have a significant impact on our results for that particular quarter, which may not be replicated in subsequent quarters. As a result, achieving steady growth in net income and cash flow on a quarterly basis may be difficult, which could in turn lead to large adverse movements or general increased volatility in the price of our Class A common stock.

***The exercise of redemption or repurchase rights by investors in our evergreen funds may adversely affect our revenues.***

Certain of our specialized funds contain investor liquidity features. While these features are subject to certain limitations, and such funds maintain multiple sources of liquidity to fund potential redemption or repurchase requests, multiple and sustained requests could exhaust these sources of liquidity and create pressure to dispose of investments by such funds sooner than anticipated to satisfy such redemption requests. The investments of such funds are generally illiquid in nature and disposing of such investments within the necessary timeframe could reduce the price at which counterparties are willing to transact. In most cases, transferring such investments requires the consent of a third-party sponsor, and, if such sponsors are unwilling to consent, a fund may need to liquidate a less desirable investment as an alternative. Such accelerated disposition could reduce or eliminate our potential carried interest associated with such investment, and the reduction in such fund’s NAV resulting from the redemption or repurchase would reduce the management fees payable to us.

***Valuation methodologies for certain assets in our specialized funds and customized separate accounts can be significantly subjective, and the values of assets established pursuant to such methodologies may never be realized, which could result in significant losses for our specialized funds and customized separate accounts.***

There are no readily ascertainable market prices for a large number of the investments in our specialized funds, customized separate accounts, advisory accounts or the funds in which we invest. The

value of the fund investments of our specialized funds and customized separate accounts is determined periodically by us based on the fair value of such investments as reported by the underlying fund managers. Our valuation of the funds in which we invest is largely dependent upon the processes employed by the managers of those funds. The fair value of investments is determined using a number of methodologies described in the particular funds' valuation policies. These policies are based on a number of factors, including the nature of the investment, the expected cash flows from the investment, the length of time the investment has been held, restrictions on transfer and other generally accepted valuation methodologies. The value of the co/direct-equity and credit investments of our specialized funds and customized separate accounts is determined periodically by us using independent third-party valuation firms to aid us in determining the fair value of these investments using generally accepted valuation methodologies. These may include references to market multiples, valuations for comparable companies, public or private market transactions, subsequent developments concerning the companies to which the securities relate, results of operations, financial condition, cash flows, and projections of such companies provided to the general partner and such other factors that we may deem relevant. The methodologies we use in valuing individual investments are based on a variety of estimates and assumptions specific to the particular investments, and actual results related to the investment may vary materially as a result of the inaccuracy of such assumptions or estimates. In addition, because the illiquid investments held by our specialized funds, customized separate accounts, advisory accounts and the funds in which we invest may be in industries or sectors that are unstable, in distress, or undergoing some uncertainty, such investments are subject to rapid changes in value caused by sudden company-specific or industry-wide developments.

Because there is significant uncertainty in the valuation of, or in the stability of the value of, illiquid investments, the fair values of such investments as reflected in a fund's NAV do not necessarily reflect the prices that would actually be obtained if such investments were sold. Realizations at values significantly lower than the values at which investments have been reflected in fund NAVs could result in losses for the applicable fund and the loss of potential incentive fees by the fund's manager and us. Also, a situation in which asset values turn out to be materially different from values reflected in fund NAVs, whether due to misinformation or otherwise, could cause investors to lose confidence in us and may, in turn, result in difficulties in our ability to raise additional capital, retain clients or attract new clients. Further, we often engage third-party valuation agents to assist us with the valuations. It is possible that a material fact related to the target of the valuation might be inadvertently omitted from our communications with them, resulting in an inaccurate valuation.

Further, the SEC has highlighted valuation practices as one of its areas of focus in investment advisor examinations and has instituted enforcement actions against advisors for misleading investors about valuation. If the SEC were to investigate and find errors in our methodologies or procedures, we and/or members of our management could be subject to penalties and fines, which could harm our reputation and our business, financial condition and results of operations could be materially and adversely affected.

***Our investment management activities may involve investments in relatively high-risk, illiquid assets, and we and our clients may lose some or all of the amounts invested in these activities or fail to realize any profits from these activities for a considerable period of time.***

The investments made by our specialized funds and customized separate accounts and recommended by our advisory services may include high-risk, illiquid assets. We have made and expect to continue to make principal investments alongside our investors, as the general partner, in our existing private markets funds and certain customized separate accounts and in any new private markets funds we may establish in the future. The private markets funds in which we invest capital generally invest in securities that are not publicly traded. Even if such securities are publicly traded, many of these funds may be prohibited by contract or applicable securities laws from selling such securities for a period of time. Such funds will generally not be able to sell these securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. Accordingly, the private markets funds in which we invest our clients' capital may not be able to sell securities when they desire and therefore may not be able to realize the full value of such securities. The ability of private markets funds to dispose of investments is dependent in part on the public equity and debt markets, to the



extent that the ability to dispose of an investment may depend upon the ability to complete an IPO of the portfolio company in which such investment is held or the ability of a prospective buyer of the portfolio company to raise debt financing to fund its purchase. Furthermore, large holdings of publicly traded equity securities can often be disposed of only over a substantial period of time, exposing the investment returns to risks of downward movement in market prices during the disposition period. Contributing capital to these funds is risky, and we may lose some or the entire amount of our specialized funds' and our clients' investments.

The portfolio companies in which private markets funds have invested or may invest will sometimes involve a high degree of business and financial risk. These companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may be subject to extensive regulatory oversight, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may have a high level of leverage, or may otherwise have a weak financial condition. See “—Dependence on leverage by certain funds and portfolio companies subjects us to volatility and contractions in the debt financing markets and could adversely affect the ability of our specialized funds and customized separate accounts to achieve attractive rates of return on those investments.”

In addition, these portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. Portfolio companies in non-U.S. jurisdictions may be subject to additional risks, including changes in currency exchange rates, exchange control regulations, risks associated with different types (and lower quality) of available information, expropriation or confiscatory taxation and adverse political developments. In addition, during periods of difficult market conditions or slowdowns in a particular investment category, industry or region, portfolio companies may experience decreased revenues, financial losses, difficulty in obtaining access to financing and increased costs. During these periods, these companies may also have difficulty in expanding their businesses and operations and may be unable to pay their expenses as they become due. A general market downturn or a specific market dislocation may result in lower investment returns for the private markets funds or portfolio companies in which our specialized funds and customized separate accounts invest, which consequently would materially and adversely affect investment returns for our specialized funds and customized separate accounts. Furthermore, if the portfolio companies default on their indebtedness, or otherwise seek or are forced to restructure their obligations or declare bankruptcy, we could lose some or all of our investment and suffer reputational harm.

***We may pursue investment opportunities that involve business, regulatory, legal or other complexities.***

We may pursue investment opportunities that have unusually complex business, regulatory and/or legal aspects to them. Some of our investments may be structured as an investment in which we only acquire a minority interest or in which two or more investors serve together or collectively as equity sponsors, which generally means that any governance rights must be shared with the other investors. Accordingly, decisions relating to the investment may be made by third parties, which could have a material adverse effect on the returns achieved by us on the investment. Complexity presents risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute, it can be more difficult to manage or realize value from the assets acquired in such transactions and such transactions sometimes involve a higher level of regulatory scrutiny or a greater risk of contingent liabilities. Any of these risks could materially and adversely affect our business, financial condition and results of operations.

***Our specialized funds and customized separate accounts may face risks relating to undiversified investments.***

We cannot give assurance as to the degree of diversification that will be achieved in any of our specialized funds or customized separate accounts. Difficult market conditions or slowdowns affecting a particular asset class, industry, geographic region or other category of investment could have a significant adverse impact on a given specialized fund or customized separate account if its investments are concentrated in that area, which would result in lower investment returns. Accordingly, a lack of diversification on the part of a specialized fund or customized separate account could adversely affect its investment performance and, as a result, our business, financial condition and results of operations.

***Our specialized funds and customized separate accounts make investments in funds and companies that we do not control.***

Investments by most of our specialized funds and customized separate accounts will include debt instruments and equity securities of companies that we do not control. Our specialized funds and customized separate accounts may invest through co-investment arrangements or acquire minority equity interests and may also dispose of a portion of their equity investments in portfolio companies over time in a manner that results in their retaining a minority investment. Consequently, the performance of our specialized funds and customized separate accounts will depend significantly on the investment and other decisions made by third parties, which could have a material adverse effect on the returns achieved by our specialized funds or customized separate accounts. Portfolio companies in which the investment is made may make business, financial or management decisions with which we do not agree. In addition, the majority stakeholders or our management may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of our investments and the investments we have made on behalf of clients could decrease and our financial condition, results of operations and cash flow could suffer as a result.

***Investments by our specialized funds, customized separate accounts and advisory accounts may in many cases rank junior to investments made by other investors.***

In many cases, the companies in which our specialized funds, customized separate accounts or advisory accounts invest have indebtedness or equity securities, or may be permitted to incur indebtedness or to issue equity securities, that rank senior to our clients' investments in our specialized funds, customized separate accounts or advisory accounts. By their terms, these instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of our clients' investments. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which one or more of our specialized funds, customized separate accounts or advisory accounts hold an investment, holders of securities ranking senior to our clients' investments would typically be entitled to receive payment in full before distributions could be made in respect of our clients' investments. After repaying senior security holders, the company may not have any remaining assets to use for repaying amounts owed in respect of our clients' investments. To the extent that any assets remain, holders of claims that rank equally with our clients' investments would be entitled to share on an equal and ratable basis in distributions that are made out of those assets. Also, during periods of financial distress or following an insolvency, our ability to influence a company's affairs and to take actions to protect investments by our specialized funds, customized separate accounts or advisory accounts may be substantially less than that of those holding senior interests.

***The substantial growth of our business in recent years may be difficult to sustain, as it may place significant demands on our resources and employees and may increase our expenses.***

The substantial growth of our business has placed, and if it continues, will continue to place, significant demands on our infrastructure, our investment team and other employees, and will increase our expenses. In addition, we are required to develop continuously our infrastructure in response to the increasingly complex investment management industry and increasing sophistication of investors. Legal

and regulatory developments also contribute to the level of our expenses. The future growth of our business will depend, among other things, on our ability to maintain the appropriate infrastructure and staffing levels to sufficiently address our growth and may require us to incur significant additional expenses and commit additional senior management and operational resources. We may face significant challenges in maintaining adequate financial and operational controls as well as implementing new or updated information and financial systems and procedures. Training, managing and appropriately sizing our work force and other components of our business on a timely and cost-effective basis may also pose challenges. In addition, our efforts to retain or attract qualified investment professionals may result in significant additional expenses. There can be no assurance that we will be able to manage our growing business effectively or that we will be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

***We may not be able to maintain our desired fee structure as a result of industry pressure from private markets investors to reduce fees, which could have a material adverse effect on our profit margins and results of operations.***

We may not be able to maintain our current fee structure as a result of industry pressure from private markets investors to reduce fees. In order to maintain our desired fee structure in a competitive environment, we must be able to continue to provide clients with investment returns and service that incentivize our investors to pay our desired fee rates. We cannot assure you that we will succeed in providing investment returns and service that will allow us to maintain our desired fee structure. Fee reductions on existing or future new business could have a material adverse effect on our profit margins and results of operations.

***Our risk management strategies and procedures may leave us exposed to unidentified or unanticipated risks.***

Risk management applies to our investment management operations as well as to the investments we make for our specialized funds and customized separate accounts. We have developed and continue to update strategies and procedures specific to our business for managing risks, which include market risk, liquidity risk, operational risk and reputational risk. Management of these risks can be very complex. These strategies and procedures may fail under some circumstances, particularly if we are confronted with risks that we have underestimated or not identified, including those related to the COVID-19 pandemic. In addition, some of our methods for managing the risks related to our clients' investments are based upon our analysis of historical private markets behavior. Statistical techniques are applied to these observations in order to arrive at quantifications of some of our risk exposures. Historical analysis of private markets returns requires reliance on valuations performed by fund managers, which may not be reliable measures of current valuations. These statistical methods may not accurately quantify our risk exposure if circumstances arise that were not observed in our historical data. In particular, as we enter new lines of business or offer new products, our historical data may be incomplete. Failure of our risk management techniques could materially and adversely affect our business, financial condition and results of operations, including our right to receive incentive fees.

***The due diligence process that we undertake in connection with investments may not reveal all facts that may be relevant in connection with an investment.***

Before making or recommending investments for our clients, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important, complex, and sometimes evolving, business, financial, tax, accounting, technological, environmental, social, governance and legal and regulatory issues. Outside consultants, legal advisors and accountants may be involved in the due diligence process in varying degrees depending on the type of investment and the parties involved. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in

some circumstances, third-party investigations, and such an investigation will not necessarily result in the investment ultimately being successful.

Moreover, the due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts (including bribery, fraud or other illegal activities) or risks that are necessary or helpful in evaluating such investment opportunity. Instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect and may be more widespread in certain jurisdictions. Our specialized funds, customized separate accounts or advisory accounts may invest in emerging market countries that may not have established laws and regulations that are as stringent as in more developed nations, or where existing laws and regulations may not be consistently enforced. Due diligence on investment opportunities in these jurisdictions is frequently more complicated because consistent and uniform commercial practices in such locations may not have developed, and bribery, fraud, accounting irregularities and corrupt practices can be especially difficult to detect in such locations. Such misconduct may undermine our due diligence efforts with respect to such companies and could negatively affect the valuations of investments in such companies. Further, we may not identify or foresee future developments that could have a material adverse effect on an investment, such as misconduct by personnel at companies in which our specialized funds, customized separate accounts or advisory accounts invest. Financial fraud or other deceptive practices, or failures by personnel at such companies to comply with anti-bribery, trade sanctions or other legal and regulatory requirements, could cause significant legal, reputational and business harm to us.

In addition, a substantial portion of our specialized funds are funds-of-funds, and therefore we are dependent on the due diligence investigation of the general partner or direct/co-investment partner leading such investment. We have little or no control over their due diligence process, and any shortcomings in their due diligence could be reflected in the performance of the investment we make with them on behalf of our clients. Poor investment performance could lead clients to terminate their agreements with us and/or result in negative reputational effects, either of which could materially and adversely affect our business, financial condition and results of operations.

***Restrictions on our ability to collect and analyze data regarding our clients' investments could adversely affect our business.***

Our database of private markets investments includes funds and direct/co-investments that we monitor and report on for our specialized funds, customized separate accounts and advisory accounts. We rely on our database to provide regular reports to our clients, to research developments and trends in private markets and to support our investment processes. We depend on the continuation of our relationships with the general partners and sponsors of the underlying funds and investments in order to maintain current data on these investments and private markets activity. The termination of such relationships or the imposition of restrictions on our ability to use the data we obtain for our reporting and monitoring services could adversely affect our business, financial condition and results of operations.

***Operational risks and data security breaches may disrupt our business, damage our reputation, result in financial losses or limit our growth.***

We rely heavily on our financial, accounting, compliance, monitoring, reporting and other data processing systems. Any failure or interruption of these systems, including the loss of data, whether caused by fire, other natural disaster, power or telecommunications failure, computer viruses, malicious actors, acts of terrorism or war or otherwise, could result in a disruption of our business, financial loss, liability to clients, regulatory intervention or reputational damage, and thus materially and adversely affect our business. Although we have back-up systems in place, including back-up data storage, our back-up procedures and capabilities in the event of a failure or interruption may not be adequate. In recent years, we have substantially upgraded and expanded the capabilities of our data processing systems and other operating technology, and we expect that we will need to continue to upgrade and expand these capabilities in the future to avoid disruption of, or constraints on, our operations. We may incur

significant costs to further upgrade our data processing systems and other operating technology in the future.

In addition, we are dependent on the effectiveness of our information security policies, procedures and capabilities designed to protect our computer, network and telecommunications systems and the data such systems contain or transmit. Attacks on our information technology infrastructure could enable the attackers to gain access to and steal our proprietary information, destroy data or disable, degrade or sabotage our systems or divert or otherwise steal funds. Attacks could range from those common to businesses generally to those that are more advanced and persistent, which may target us because, as an alternative investment management firm, we hold a significant amount of confidential and sensitive information about our clients and potential investments.

Although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to unauthorized access, theft, misuse, computer viruses or other malicious code, and other events that could have a security impact. We, our employees and certain of our third-party service providers have been and expect to continue to be the target of “phishing” attacks, and the subject of impersonations and fraudulent requests for money, and other forms of activities. Further, the majority of our employees globally have been working remotely in accordance with local government guidance and social distancing recommendations related to the COVID-19 pandemic, which could introduce operational risks, including heightened cybersecurity risk. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. In addition, cybersecurity has become a top priority for regulators around the world. Many jurisdictions in which we operate have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the General Data Protection Regulation (“GDPR”) in the EU. See “—Rapidly developing and changing privacy laws and regulations could increase compliance costs and subject us to enforcement risks and reputational damage.” Some jurisdictions have also enacted laws requiring companies to notify individuals and governmental agencies of data security breaches involving certain types of personal data. Breaches in security could potentially jeopardize our, our employees’ or our clients’ or counterparties’ confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, our employees’, our clients’, our counterparties’ or third parties’ operations, which could result in material financial losses, increased costs, disruption of our business, liability to clients and other counterparties, regulatory intervention or reputational damage, which, in turn, could cause a decline in our earnings and/or stock price. Furthermore, if we experience a cybersecurity incident, it could result in regulatory investigations and material penalties, which could lead to negative publicity and may cause our clients to lose confidence in the effectiveness of our security measures. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

Finally, we rely on third-party service providers for certain aspects of our business, including for certain information systems, technology, administration, payroll, tax, legal and compliance matters and for the administration of certain of our funds. Their inability or failure to perform as expected or in accordance with the terms of their engagements with us could have a material adverse effect on the operation of our business. These third-party service providers could also experience any of the above cybersecurity threats, fraudulent activities or security breaches, and as a result, unauthorized individuals could improperly gain access to our confidential data. Any interruption or deterioration in the performance of these third parties, cybersecurity incidents involving these third parties or failures of their information systems and technology could impair the quality of our funds’ operations, affect our reputation and adversely affect our business, financial condition and results of operations.

***Rapidly developing and changing privacy laws and regulations could increase compliance costs and subject us to enforcement risks and reputational damage.***

We are subject to various risks and costs associated with the collection, processing, storage and transmission of personal data and other sensitive and confidential information. Personal data is information that can be used to identify a natural person, including names, photos, email addresses, or

computer IP addresses. This data is wide ranging and relates to our clients, employees, counterparties and other third parties. Our compliance obligations include those relating to state laws, such as the California Consumer Privacy Act (“CCPA”), which provides for enhanced privacy protections for California residents, a private right of action for data breaches and statutory fines and damages for data breaches or other CCPA violations, as well as a requirement of “reasonable” cybersecurity. We are also required to comply with foreign data collection and privacy laws in various non-U.S. jurisdictions in which we have offices or conduct business, including the GDPR, which applies to all organizations processing or holding personal data of EU data subjects (regardless of the organization’s location) as well as to organizations outside the EU that offer goods or services in the EU, or that monitor the behavior of EU data subjects. Compliance with the GDPR requires us to analyze and evaluate how we handle data in the ordinary course of business, from processes to technology. EU data subjects need to be given full disclosure about how their personal data will be used and stored. In that connection, consent must be explicit and companies must be in a position to delete information from their global systems permanently if consent were withdrawn. Financial regulators and data protection authorities throughout the EU have broad audit and investigatory powers under the GDPR to probe how personal data is being used and processed. Penalties for non-compliance can be material. Serious breaches of the GDPR include fines on companies of up to the greater of €20 million or 4% of global group turnover in the preceding year, regulatory action and reputational risk. Our business is subject to many privacy laws in addition to the CCPA and GDPR. In addition, some countries and states are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost, complexity and regulatory enforcement risk of delivering our services. There are currently a number of proposals pending before federal, state, and foreign legislative and regulatory bodies.

While we have taken various measures to help ensure that our policies, processes and systems are in compliance with our obligations, our potential liability remains, particularly given the continued and rapid development of privacy laws and regulations around the United States and the world, varied requirements from jurisdiction to jurisdiction, increased enforcement action and significant monetary penalties. Any inability, or perceived inability, to adequately address privacy concerns, or comply with applicable laws, regulations, policies, industry standards and guidance, contractual obligations, or other legal obligations, even if unfounded, could result in significant regulatory and third-party liability, increased costs, disruption of our business and operations, and a loss of client confidence and other reputational damage. Furthermore, as new privacy-related laws and regulations are implemented, the time and resources needed for us to seek compliance with such laws and regulations continues to increase.

***We may face damage to our professional reputation and legal liability if our services are not regarded as satisfactory or for other reasons.***

As a financial services firm, we depend to a large extent on our relationships with our clients and our reputation for integrity and high-caliber professional services to attract and retain clients. As a result, if a client is not satisfied with our services, such dissatisfaction may be more damaging to our business than to other types of businesses.

In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial advisors has been increasing. Our asset management and advisory activities may subject us to the risk of significant legal liabilities to our clients and third parties, including our clients’ stockholders or beneficiaries, under securities or other laws and regulations for materially false or misleading statements made in connection with securities and other transactions. In our investment management business, we make investment decisions on behalf of our clients, or make investment recommendations to our clients, that could result in substantial losses. Any such losses also may subject us to the risk of legal and regulatory liabilities or actions alleging negligent misconduct, breach of fiduciary duty or breach of contract. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. We may incur significant legal expenses in defending litigation. In addition, negative publicity and press speculation about us, our investment activities or the private markets in general, whether or not based in truth, or litigation or

regulatory action against us or any third-party managers recommended by us or involving us may tarnish our reputation and harm our ability to attract and retain clients. Substantial legal or regulatory liability could materially and adversely affect our business, financial condition or results of operations or cause significant reputational harm to us, which could seriously harm our business.

***We are subject to increasing scrutiny from clients, investors and regulators with respect to ESG costs of investments made by our specialized funds, which may constrain investment opportunities for our specialized funds and adversely affect our ability to raise capital from such clients and investors.***

In recent years, certain clients and investors have placed increasing importance on ESG implications of investments made by private equity and other funds to which they commit capital. Certain investors have also demonstrated increased activism with respect to existing investments, including by urging asset managers to take certain actions that could adversely affect the value of an investment, or refrain from taking certain actions that could improve the value of an investment. At times, clients and investors have conditioned future capital commitments on the taking or refraining from taking of such actions. Clients' and investors' increased focus and activism related to ESG and similar matters may constrain our investment opportunities. In addition, clients and investors may decide to not commit capital to future fundraises as a result of their assessment of our approach to and consideration of the ESG cost of investments made by our specialized funds. To the extent our access to capital from such clients and investors is impaired, we may not be able to maintain or increase the size of our specialized funds or raise sufficient capital for new specialized funds, which may adversely affect our revenues.

In addition, ESG matters have been the subject of increased focus by certain regulators in the United States and EU. As a result of these legislative initiatives, we may be required to provide additional disclosure to investors in our specialized funds with respect to ESG matters, and we and our specialized funds may be subject to enhanced regulatory scrutiny for compliance with any regulatory requirements.

***Our international operations are subject to certain risks, which may affect our revenue.***

We intend to grow our non-U.S. business, including growth into new regions with which we have less familiarity and experience, and this growth is important to our overall success. In addition, many of our larger clients are non-U.S. entities seeking to invest in U.S. funds and operating companies. Our international operations carry special financial and business risks, which could include the following:

- greater difficulties in managing and staffing foreign operations;
- fluctuations in foreign currency exchange rates that could adversely affect our results;
- unexpected changes in trading policies, regulatory requirements, tariffs and other barriers;
- longer transaction cycles;
- higher operating costs;
- local labor conditions and regulations;
- adverse consequences or restrictions on the repatriation of earnings;
- potentially adverse tax consequences, such as trapped foreign losses;
- less stable political and economic environments;
- terrorism, political hostilities, war, public health crises and other civil disturbances or other catastrophic events that reduce business activity;
- cultural and language barriers and the need to adopt different business practices in different geographic areas; and

- difficulty collecting fees and, if necessary, enforcing judgments.

As part of our day-to-day operations outside the United States, we are required to create compensation programs, employment policies, compliance policies and procedures and other administrative programs that comply with the laws of multiple countries. We also must communicate and monitor standards and directives across our global operations. Our failure to successfully manage and grow our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with non-U.S. standards and procedures.

A significant amount of the investments of our specialized funds, customized separate accounts and advisory accounts include private markets funds that are located outside the United States or that invest in portfolio companies located outside the United States. Such non-U.S. investments involve certain factors not typically associated with U.S. investments, including risks related to (i) currency exchange matters, such as exchange rate fluctuations between the U.S. dollar and the foreign currency in which the investments are denominated, and costs associated with conversion of investment proceeds and income from one currency to another, (ii) differences between the U.S. and foreign capital markets, including the absence of uniform accounting, auditing, financial reporting and legal standards, practices and disclosure requirements and less government supervision and regulation, (iii) certain economic, social and political risks, including exchange control regulations and restrictions on foreign investments and repatriation of capital, the risks of political, economic or social instability, and (iv) the possible imposition of foreign taxes with respect to such investments or confiscatory taxation. These risks could adversely affect the performance of our specialized funds, customized separate accounts and advisory accounts that are invested in securities of non-U.S. companies, which would adversely affect our business, financial condition and results of operations.

Any payment of distributions, loans or advances to and from our subsidiaries could be subject to restrictions on or taxation of dividends or repatriation of earnings under applicable local law, monetary transfer restrictions, foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate or other restrictions imposed by current or future agreements, including debt instruments, to which our non-U.S. subsidiaries may be a party. Our business, financial condition and results of operations could be adversely impacted, possibly materially, if we are unable to successfully manage these and other risks of international operations in a volatile environment. If our international business increases relative to our total business, these factors could have a more pronounced effect on our operating results or growth prospects.

In addition, in January 2020, the U.K. withdrew from the European Union, and the transition period during which the U.K. was treated as a member of the EU ended December 31, 2020. Our business may be adversely affected by Brexit due to, among other things, disruption of the free movement of goods, services, capital, and people between the U.K. and the EU as well as potential changes to the legal and regulatory environment in the region. Furthermore, as a result of Brexit, our subsidiaries that are authorized and regulated by the U.K. Financial Conduct Authority are no longer able to avail themselves of passporting rights under certain EU directives (such as the AIFMD and MiFID II) to provide services and perform activities in the U.K. and other parts of Europe. This may have an adverse impact on our results including the cost of, risk to, manner of conducting, and location of, our European business and our ability to hire and retain key staff in Europe. This may also adversely impact the markets in which we operate; the funds we manage or advise; our fund investors and our ability to raise capital from them; and ultimately the returns that may be achieved. While we have taken measures designed to allow us to continue to conduct our business in both the U.K. and the EU, Brexit may increase our cost of conducting business, interfere with our ability to market our products and provide our services and generally make it more difficult for us to pursue our objectives in the region.

Brexit could also lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which EU laws to replace or replicate. Compliance with any such new laws and regulations in the U.K. may be difficult and/or costly to implement and could adversely impact our ability



to raise capital from investors in the U.K. and the EU, which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition.

Political parties in several other member states of the EU have similarly proposed that a referendum be held on their country's membership in the EU. It is unclear whether any other member states of the EU will hold such referendums, but further disruption and legal uncertainty can be expected if there are.

### **Risks Related to Our Industry**

#### ***The investment management business is intensely competitive.***

The investment management business is intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service provided to clients, investor liquidity and willingness to invest, investment terms and conditions, brand recognition and business reputation. Our investment management business competes with a variety of traditional and alternative asset managers, commercial banks, investment banks and other financial institutions, and we expect that competition will continue to increase. A number of factors serve to increase our competitive risks:

- some of our competitors have more relevant experience, greater financial and other resources and more personnel than we do;
- there are relatively few barriers to entry impeding new asset management firms, including a relatively low cost of entering these lines of business, and the successful efforts of new entrants into our various lines of business is expected to continue to result in increased competition;
- if allocation of assets to alternative investment strategies increases, there will be increased competition for alternative investments and access to fund general partners and managers;
- some of our competitors may have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to our specialized funds, particularly funds that directly use leverage or rely on debt financing of their portfolio companies to generate superior investment returns;
- developments in financial technology (or fintech), such as a distributed ledger technology (or blockchain), have the potential to disrupt the financial industry and change the way financial institutions, as well as investment managers, do business, and could exacerbate these competitive pressures;
- certain investors may prefer to invest with private partnerships; and
- other industry participants will from time to time seek to recruit our investment professionals and other employees away from us.

This competitive pressure could adversely affect our ability to make successful investments and restrict our ability to raise future funds, either of which would materially and adversely impact our business, financial condition and results of operations.

#### ***Difficult or volatile market and geopolitical conditions can adversely affect our business and the investments made by our specialized funds, customized separate accounts and advisory accounts in many ways.***

Our business and the performance of investments made by our specialized funds, customized separate accounts and advisory accounts can be materially affected by difficult or volatile financial market and geopolitical conditions and events throughout the world that are outside our control, including rising interest rates, inflation, the availability of credit, changes in laws, trade barriers, public health crises, civil unrest, trade conflicts, war or threat of war, terrorism or political uncertainty. These factors

may affect the level and volatility of securities prices and the liquidity and value of investments, and we may not be able to or may choose not to manage our exposure to them.

Market deterioration could cause us, the specialized funds and customized separate accounts we manage or the funds in which they invest to experience tightening of liquidity, reduced earnings and cash flow and impairment charges, as well as challenges in raising and deploying capital, obtaining investment financing and making investments on attractive terms. These market conditions can also have an impact on our ability and the ability of funds in which we and our clients invest to liquidate positions in a timely and efficient manner.

Our business could generate lower revenue in a general economic downturn or a tightening of global credit markets. A general economic downturn or tightening of global credit markets may result in reduced opportunities to find suitable investments and make it more difficult for us, or the funds in which we and our clients invest, to exit and realize value from existing investments, potentially resulting in a decline in the value of the investments held in our clients' portfolios and a decrease in incentive fee revenue. Any reduction in the market value of the assets we manage will not likely be reported until one or more quarters after the end of the applicable performance period due to an inherent lag in the valuation process of private markets investments. This can result in a mismatch between stated valuation and current market conditions and can lead to delayed revelations of changes in performance and, therefore, delayed effects on our clients' portfolios. If our clients reduce their commitments to make investments in private markets in favor of investments they perceive as offering greater opportunity or lower risk, our revenue or net income could decline as a result of lower fees being paid to us. Further, if, due to the lag in reporting, their decision to do so is made after the initial effects of a market downturn are felt by the rest of the economy, the adverse effect we experience as a result of that decision could likewise adversely affect our results of operations on a delayed basis.

Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. If our revenue declines without a commensurate reduction in our expenses, our net income will be reduced. Accordingly, difficult market conditions could materially and adversely affect our business, financial condition and results of operations.

Volatility and disruption in the equity and credit markets, whatever the cause, could also adversely affect the portfolio companies in which private markets funds invest, which, in turn, would adversely affect the performance of our specialized funds, customized separate accounts and advisory accounts. For example, the lack of available credit or the increased cost of credit may materially and adversely affect the performance of funds that rely heavily on leverage such as leveraged buyout funds. Disruptions in the debt and equity markets may make it more difficult for funds to exit and realize value from their investments, because potential buyers of portfolio companies may not be able to finance acquisitions and the equity markets may become unfavorable for IPOs. In addition, the volatility will directly affect the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the valuation of the investments of our specialized funds, customized separate accounts and advisory accounts. Any or all of these factors may result in lower investment returns.

The global financial markets continue to experience volatility and disruption due to the COVID-19 pandemic, and any economic recovery will likely be uneven and characterized by meaningful dispersion across sectors and regions. There can be no assurance that initiatives taken by governmental authorities designed to strengthen and stabilize the economy and financial markets will be successful, and there is no way to predict the ultimate impact of the disruption or the effect that these initiatives will have on the performance of our specialized funds, customized separate accounts or advisory accounts. See “—The COVID-19 pandemic has caused severe disruptions in the U.S. and global economies and may adversely impact our financial condition and results of operations.”

***The COVID-19 pandemic has caused severe disruptions in the U.S. and global economies and may adversely impact our financial condition and results of operations.***

The outbreak of the COVID-19 pandemic in early 2020 led much of the world to institute stay-at-home orders, restrictions on travel, transportation, education, production of goods, provision of services, bans on public gatherings, the closing of non-essential businesses or limiting their hours of operation and other restrictions on businesses and their operations in an effort to slow the transmission of the virus. These restrictions have adversely impacted global commercial activity and contributed to significant disruption and uncertainty in the global financial markets. While restrictions have been relaxed or lifted in many jurisdictions in an effort to generate more economic activity, the risk of future COVID-19 outbreaks remains, and jurisdictions may reimpose them in an effort to mitigate risks to public health, especially if more infectious strains of the virus spread. Although a number of vaccines have been developed, the timing of widespread global vaccination is uncertain and these vaccines may be less effective against new, mutated strains of the virus, potentially leading people to continue to self-isolate and not participate in the economy at pre-pandemic levels for a prolonged period of time. Given the amount of uncertainty regarding the scope and duration of the COVID-19 pandemic, it is currently not possible to predict the precise impact it will have on our business, but it has impacted, and may further impact, our business in various ways, including but not limited to the following:

- We operate our business and target investment opportunities globally, with clients and offices across North America, Europe, Asia-Pacific and the Middle East. The ability to easily travel and meet with prospective and current clients in person helps build and strengthen our relationships with them in ways that telephone and video conferences may not always afford. Restrictions on travel and gatherings as well as stay-at-home orders mean that most of our client and prospect meetings are not currently taking place in person, and the vast majority of our employees are working from home. As a consequence, our ability to market our funds and raise new business has been impeded (which may result in lower or delayed revenue growth), it has become more difficult to conduct due diligence on investments (which can impede the identification of investment risks) and remote working by our employees during this period could strain our technology resources and introduce operational risks, including heightened cybersecurity risk, as remote working environments can be less secure and more susceptible to hacking attacks.
- A slowdown in fundraising activity could result in delayed or decreased management fees compared to prior periods. In addition, investors may become restricted by their asset allocation policies to invest in new or successor funds that we provide, or may be prohibited by new laws or regulations from funding existing commitments. Further, the uncertainties brought about by the pandemic may cause investors to change their investment strategies or limit the amount of capital they are willing to commit, and that may additionally and negatively affect our ability to raise funds. We may also experience a slowdown in the deployment of our capital, which could also adversely affect our ability to raise capital for new or successor funds.
- Incentive fee revenue, which is typically volatile and largely unpredictable, has in the past and may in the future decrease as the ability of general partners to exit existing investments may be limited due to uncertainty in the global economic markets.
- While the market dislocation caused by COVID-19 would be expected to present attractive investment opportunities due to increased volatility in the financial markets, we may not be able to complete those investments, which could impact revenue, particularly for specialized funds and customized separate accounts that charge fees on invested capital.
- Our liquidity and cash flows may be adversely impacted by declines in realized incentive fees and management fee revenues. As of March 31, 2021, we have adequate liquidity with \$87 million in available cash and \$35 million in availability under our Loan Agreements.

- Our specialized funds and customized separate accounts invest in industries that have been, and continue to be, materially impacted by the COVID-19 pandemic, including healthcare, travel, entertainment, hospitality and retail. Companies in these industries are facing operational and financial hardships resulting from the pandemic, and if conditions are volatile or do not improve, they could continue to suffer materially, become insolvent or cease operations altogether, any of which would decrease the value of the investments and/or cause significant volatility in valuations. Underlying investments within our specialized funds and customized separate accounts reflect valuations determined as of December 31, 2020. Decreases in public markets and credit indices as well as decreases in current or future estimated performance of underlying portfolio companies in quarters ending after that date may result in negative valuation adjustments that will be reported on a three-month lag in accordance with our accounting policy. Adverse investment valuations directly impact our investments, equity in income of investees, unrealized carried interest, AUM and AUA for the period.
- COVID-19 presents a threat to our employees' well-being and morale. If our senior management or other key personnel become ill or are otherwise unable to perform their duties for an extended period of time, we may experience a loss of productivity or a delay in the implementation of certain strategic plans. In addition to any potential impact of such extended illness on our operations, we may be exposed to the risk of litigation by our employees against us for, among other things, failure to take adequate steps to protect their well-being, particularly in the event they become sick after a return to the office. A prolonged period of remote work may also make it more difficult to integrate new employees and maintain our culture. Further, local COVID-19-related laws can be subject to rapid change depending on public health developments, which can lead to confusion and make compliance with laws uncertain and subject us to increased risk of litigation for non-compliance.
- Regulatory oversight and enforcement has become more rigorous for public companies in general, and for the financial services industry in particular, as a result of the volatility in the financial markets.

We believe COVID-19's adverse impact on our business, financial condition and results of operations will be significantly driven by a number of factors that we are unable to predict or control, including, for example: the severity and duration of the pandemic; the pandemic's impact on the U.S. and global economies; the timing, scope and effectiveness of additional governmental responses to the pandemic; the timing and path of economic recovery; and the negative impact on our portfolio investments, clients, counterparties, vendors and other business partners that may indirectly adversely affect us. The impact of COVID-19 may also exacerbate the other risks discussed in this Form 10-K.

***Extensive government regulation, compliance failures and changes in law or regulation could adversely affect us.***

Our business activities are subject to laws, rules and regulations with which we seek to comply. Any changes or potential changes in the regulatory framework applicable to our business may impose additional expenses or capital requirements on us, limit our fundraising activities, have an adverse effect on our results of operations, financial condition, reputation or prospects, impair employee retention or recruitment and require substantial attention by senior management. The recent change in presidential administrations increases the potential for legislative changes and regulatory reform and has led and will lead to leadership changes at a number of U.S. federal regulatory agencies with oversight over the U.S. financial services industry. This poses uncertainty with respect to such agencies' policy priorities and may lead to increased regulatory enforcement activity in the financial services industry. It is impossible to determine the extent of the impact of any new laws, regulations, initiatives or regulatory guidance that may be proposed or may become law on our business or the markets in which we operate, but they could make it more difficult for us to operate our business.

Governmental authorities around the world have implemented or are implementing financial system and participant regulatory reform in reaction to volatility and disruption in the global financial markets, financial institution failures and financial frauds. Such reform includes, among other things, additional regulation of investment funds, as well as their managers and activities, including compliance, risk management and anti-money laundering procedures; restrictions on specific types of investments and the provision and use of leverage; implementation of capital requirements; limitations on compensation to managers; and books and records, reporting and disclosure requirements. We cannot predict with certainty the impact on us, our specialized funds or customized separate accounts, or on private markets funds generally, of any such reforms. Any of these regulatory reform measures could have an adverse effect on our specialized funds' and customized separate accounts' investment strategies or our business model. We may incur significant expense in order to comply with such reform measures and may incur significant liabilities if regulatory authorities determine that we are not in compliance.

We could also be adversely affected by changes in applicable tax laws, regulations, or administrative interpretations thereof. The new Biden administration has provided initial guidance on what U.S. tax law reforms the President would support. Among other things, the administration may pursue tax policies seeking to increase the corporate income tax rate, which could materially increase the amount of taxes we would be required to pay. The new administration has also proposed to increase individual ordinary and capital gains tax rates, which would increase the amount of tax distributions that HLA is required to pay to its members. See “—Risks Related to our Organizational Structure—In certain circumstances, HLA is required to make distributions to us and the direct and indirect owners of HLA, and the distributions that HLA will be required to make may be substantial.” Other changes that could be enacted in the future, including changes to tax laws enacted by state or local governments in jurisdictions in which we operate, could result in further changes to state and local taxation and materially adversely affect our financial position and results of operations.

In addition, our effective tax rate and tax liability are based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner which they apply to us and our funds is sometimes open to interpretation. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. The tax authorities could challenge our interpretation of laws, regulations and treaties, resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. Changes to tax laws may also adversely affect our ability to attract and retain key personnel.

Our advisory and investment management businesses are subject to regulation in the United States, including by the Securities and Exchange Commission (the “SEC”), the Commodity Futures Trading Commission (the “CFTC”), the Internal Revenue Service (the “IRS”), the Financial Industry Regulatory Authority and other regulatory agencies, pursuant to, among other laws, the Investment Advisers Act, the Securities Act, the Code, the Commodity Exchange Act, and the Exchange Act. Any change in such regulation or oversight may have a material adverse impact on our operating results. In addition, we regularly rely on exemptions from various requirements of these and other applicable laws. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. If, for any reason, these exemptions were to be revoked or challenged or otherwise become unavailable to us, we could be subject to regulatory action or third-party claims, and our business could be materially and adversely affected. Our failure to comply with applicable laws or regulations could result in fines, suspensions of personnel or other sanctions, including revocation of our registration as an investment adviser or the registration of our broker-dealer subsidiary. Even if a sanction imposed against us or our personnel is small in monetary amount, the adverse publicity arising from the imposition of sanctions against us by regulators could harm our reputation and cause us to lose existing clients or fail to gain new clients. The requirements imposed by our regulators under the Investment Advisers Act are designed primarily to ensure the integrity of the financial markets and to protect our clients and are not designed to protect our stockholders.

In the wake of highly publicized financial scandals, investors exhibited concerns over the integrity of the U.S. financial markets, and the regulatory environment in which we operate is subject to further regulation in addition to those rules already promulgated. For example, there are a significant number of new and proposed regulations that may affect our business under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”). The SEC in particular continues to increase its regulation of the asset management and private equity industries, focusing on the private equity industry’s fees, allocation of expenses to funds, marketing practices, allocation of fund investment opportunities, disclosures to fund investors, the allocation of broken-deal expenses and general conflicts of interest disclosures. The SEC has also heightened its focus on the valuation practices employed by investment advisers. The lack of readily ascertainable market prices for many of the investments made by our specialized funds or customized separate accounts or the funds in which we invest could subject our valuation policies and processes to increased scrutiny by the SEC. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. Brexit may result in our being subject to new and increased regulations if we can no longer rely on passporting privileges that allow U.K. financial institutions to access the EU single market without restrictions. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations.

To the extent that HLA is a “fiduciary” under ERISA, with respect to benefit plan clients, it is subject to ERISA, and to regulations promulgated thereunder. ERISA and applicable provisions of the Code impose certain duties on persons who are fiduciaries under ERISA, prohibit certain transactions involving ERISA plan clients and provide monetary penalties for violations of these prohibitions. Our failure to comply with these requirements could have a material adverse effect on our business. In addition, a court could find that one of our co-investment funds has formed a partnership-in-fact conducting a trade or business and would therefore be jointly and severally liable for the portfolio company’s unfunded pension liabilities.

In addition, HLA is registered as an investment adviser with the SEC and is subject to the requirements and regulations of the Investment Advisers Act. Such requirements relate to, among other things, restrictions on entering into transactions with clients, maintaining an effective compliance program, incentive fees, solicitation arrangements, allocation of investments, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an adviser and their advisory clients, as well as general anti-fraud prohibitions. As a registered investment adviser, HLA has fiduciary duties to its clients. A failure to comply with the obligations imposed by the Investment Advisers Act, including recordkeeping, advertising and operating requirements, disclosure obligations and prohibitions on fraudulent activities, could result in examinations, investigations, sanctions and reputational damage, and could materially and adversely affect our business, financial condition and results of operations.

The Foreign Investment Risk Review Modernization Act significantly increased the types of transactions that are subject to the jurisdiction of the Committee on Foreign Investment in the United States (“CFIUS”). CFIUS has the authority to review and potentially block or impose conditions on certain foreign investments in U.S. companies or real estate, which may reduce the number of potential buyers and limit the ability of our funds to realize value from certain existing and future investments.

***Federal, state and foreign anti-corruption and sanctions laws create the potential for significant liabilities and penalties and reputational harm.***

We are also subject to a number of laws and regulations governing payments and contributions to political persons or other third parties, including restrictions imposed by the Foreign Corrupt Practices Act (“FCPA”) as well as trade sanctions and export control laws administered by the Office of Foreign Assets Control (“OFAC”), the U.S. Department of Commerce and the U.S. Department of State. The FCPA is intended to prohibit bribery of foreign governments and their officials and political parties, and requires public companies in the United States to keep books and records that accurately and fairly reflect

those companies' transactions. OFAC, the U.S. Department of Commerce and the U.S. Department of State administer and enforce various export control laws and regulations, including economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. These laws and regulations relate to a number of aspects of our business, including servicing existing fund investors, finding new fund investors, and sourcing new investments, as well as activities by the portfolio companies in our investment portfolio or other controlled investments.

Similar laws in non-U.S. jurisdictions, such as EU sanctions or the U.K. Bribery Act, as well as other applicable anti-bribery, anti-corruption, anti-money laundering, or sanction or other export control laws in the United States and abroad, may also impose stricter or more onerous requirements than the FCPA, OFAC, the U.S. Department of Commerce and the U.S. Department of State, and implementing them may disrupt our business or cause us to incur significantly more costs to comply with those laws. Different laws may also contain conflicting provisions, making compliance with all laws more difficult. If we fail to comply with these laws and regulations, we could be exposed to claims for damages, civil or criminal financial penalties, reputational harm, incarceration of our employees, restrictions on our operations and other liabilities, which could negatively affect our business, operating results and financial condition. In addition, we may be subject to successor liability for FCPA violations or other acts of bribery, or violations of applicable sanctions or other export control laws committed by companies in which we or our funds invest or which we or our funds acquire. While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our personnel with the FCPA and other anti-corruption, sanctions and export control laws in jurisdictions in which we operate, such policies and procedures may not be effective in all instances to prevent violations. Any determination that we have violated the FCPA or other applicable anti-corruption, sanctions or export control laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects, financial condition, results of operations or the market value of our Class A common stock.

***Regulation of investment advisors outside the United States could adversely affect our ability to operate our business.***

We provide investment advisory and other services and raise funds in a number of countries and jurisdictions outside the United States. In many of these countries and jurisdictions, which include the U.K., the EU, the EEA, certain of the individual member states of each of the EU and EEA, Australia, Canada, Hong Kong, Israel, Singapore, South Korea and Japan, we and our operations, and in some cases our personnel, are subject to regulatory oversight and requirements. In general, these requirements relate to registration, licenses for our personnel, periodic inspections, marketing activities, the provision and filing of periodic reports, and obtaining certifications and other approvals. Across the EU, we are subject to the AIFMD, under which we are subject to regulatory requirements regarding, among other things, registration for marketing activities, the structure of remuneration for certain of our personnel and reporting obligations. Individual member states of the EU have imposed additional requirements that may include internal arrangements with respect to risk management, liquidity risks, asset valuations, and the establishment and security of depository and custodial requirements. Because some EEA countries have not yet incorporated the AIFMD into their agreement with the EU, we may undertake marketing activities and provide services in those EEA countries only in compliance with applicable local laws. In certain other jurisdictions, we are subject to various securities and other laws relating to fundraising and other matters. Failure to maintain compliance with applicable laws and regulations could result in regulatory intervention, adversely affect our business or ability to provide services to our clients and harm our reputation.

In the EU, the MiFID II requires, among other things, all MiFID II investment firms to comply with prescriptive disclosure, transparency, reporting and recordkeeping obligations and obligations in relation to the receipt of investment research, best execution, product governance and marketing communications. As we operate investment firms which are subject to MiFID II, we have implemented policies and procedures to comply with MiFID II where relevant, including where certain rules have an extraterritorial

impact on us. Compliance with MiFID II has resulted in greater overall complexity, higher compliance, administration and operational costs, and less overall flexibility. The complexity, operational costs and reduction in flexibility may be further compounded as a result of U.K.'s departure from the EU. This is because the U.K. is both: (i) no longer generally required to transpose EU law into U.K. law and (ii) has transposed certain EU legislation into U.K. law subject to various amendments and subject to the U.K. Financial Conduct Authority's oversight rather than that of EU regulators. Taken together, this could result in divergence between the U.K. and EU regulatory frameworks. Outside the U.K. and EEA, the regulations to which we are subject relate primarily to registration and reporting obligations.

It is expected that additional laws and regulations will come into force in the U.K., EEA, the EU, and other countries in which we operate over the coming years. Regulation (EU) 2019/2033 on the prudential requirements for investment firms ("IFR") and Directive (EU) 2019/2034 on the prudential supervision of investment firms ("IFD") entered into force on December 25, 2019, although many parts of the IFR and IFD will not apply until June 26, 2021. Together, the IFR and IFD will introduce a new prudential regime for those of our EU investment firms that are subject to MiFID II, including new requirements, such as general capital requirements, liquidity requirements, remuneration requirements, requirements to conduct internal capital adequacy assessments and additional requirements on disclosures and public reporting. The legislation could hinder our ability to deploy capital as freely as we would wish and to recruit and incentivize staff. Different and extended internal governance, disclosure, reporting, liquidity and group "prudential" consolidation requirements (among other things) could also have a material impact on our EU-based operations. Further, the U.K.'s departure from the EU and the potential resulting divergence between the U.K. and EU regulatory frameworks may result in additional complexity and costs in complying with regulations across both the U.K. and EU. The U.K. is also proposing to introduce a new prudential regime for investment firms that are subject to MiFID II (as implemented in the U.K.), to take effect on January 1, 2022. The exact impact of the new U.K. prudential regime is currently uncertain. In addition, there may be changes to the AIFMD regime and also further regulation adopted, which may impact those parts of our business operating within the EU.

These laws and regulations, and any changes in them, may affect our costs and manner of conducting business in one or more markets, the risks of doing business, the assets that we manage or advise, and our ability to raise capital from investors. In addition, Brexit may have adverse economic, political and regulatory effects on the operation of our business. Any failure by us to comply with either existing or new laws or regulations could have a material adverse effect on our business, financial condition and results of operations.

### **Risks Related to Our Organizational Structure**

***Failure to establish and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.***

We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. Additionally, we are required to have our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. An adverse report may be issued in the event our independent registered public accounting firm is not satisfied with the level at which our controls are documented, designed or operating.

A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. When evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we



identify any material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is ineffective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, we could fail to meet our reporting obligations or be required to restate our financial statements for prior periods. Investors may also lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could be negatively affected, and we could become subject to investigations by Nasdaq, the SEC or other regulatory authorities, which would require additional financial and management resources.

***We are a “controlled company” within the meaning of the Nasdaq listing standards and, as a result, qualify for, and intend to continue to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.***

Holders of our Class B common stock, which is not publicly traded, control a majority of the voting power of our outstanding common stock. As a result, we qualify as a “controlled company” within the meaning of the corporate governance standards of Nasdaq. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including the requirement that (i) a majority of our board of directors consist of independent directors, (ii) director nominees be selected or recommended to the board by independent directors and (iii) we have a compensation committee that is composed entirely of independent directors.

Although the majority of our board of directors consists of independent directors, we have elected to rely on these exemptions and expect to continue to do so. As a result, our directors are not nominated or selected by independent directors and our compensation committee does not consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

***Our only material asset is our interest in HLA, and we are accordingly dependent upon distributions from HLA to pay dividends, taxes and other expenses.***

HLI is a holding company and has no material assets other than its ownership of membership units in HLA and certain deferred tax assets. As such, HLI does not have any independent means of generating revenue. We intend to cause HLA to make pro rata distributions to its members, including us, in an amount at least sufficient to allow us to pay all applicable taxes, to make payments under the tax receivable agreement we have entered into with the direct and indirect members of HLA, and to pay our corporate and other overhead expenses. To the extent that HLI needs funds, and HLA is restricted from making such distributions under applicable laws or regulations, or is otherwise unable to provide such funds, it could materially and adversely affect our liquidity and financial condition.

***The IRS might challenge the tax basis step-up we received in connection with our IPO and the related transactions and in connection with subsequent acquisitions of membership units in HLA.***

We have used a portion of the proceeds from our IPO and from subsequent registered offerings to purchase membership units in HLA from certain of the legacy direct or indirect members of HLA, which resulted in an increase in our share of the tax basis of the assets of HLA that otherwise would not have been available. The HLA membership units held directly and indirectly by the members of HLA other than HLI, including members of our senior management team, may in the future be exchanged for shares of our Class A common stock or, at our election, for cash. These exchanges are likely to result in increases in our share of the tax basis of the assets of HLA that otherwise would not have been available. The increases in tax basis may reduce the amount of tax that we would otherwise be required to pay in the future, although it is possible that the IRS might challenge all or part of that tax basis increase, and a court

might sustain such a challenge. Our ability to achieve benefits from any tax basis increase will depend upon a number of factors, as discussed below, including the timing and amount of our future income.

***We are required to pay over to legacy direct or indirect members of HLA most of the tax benefits we receive from tax basis step-ups attributable to our acquisition of membership units of HLA, and the amount of those payments could be substantial.***

As part of our Reorganization, we entered into a tax receivable agreement for the benefit of the direct and indirect members of HLA other than us, pursuant to which we will pay them 85% of the amount of the tax savings, if any, that we realize (or, under certain circumstances, are deemed to realize) as a result of increases in tax basis (and certain other tax benefits) resulting from our acquisition of membership units or as a result of certain items of loss being specially allocated to us for tax purposes in connection with dispositions by HLA of certain investment assets. HLI will retain the benefit of the remaining 15% of these tax savings.

The term of the tax receivable agreement commenced upon the completion of our IPO and will continue until all tax benefits that are subject to the tax receivable agreement have been utilized or have expired, unless we exercise our right to terminate the tax receivable agreement (or the tax receivable agreement is terminated due to a change of control or our breach of a material obligation thereunder), in which case, we will be required to make the termination payment specified in the tax receivable agreement. In addition, payments we make under the tax receivable agreement will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return.

The actual increase in tax basis, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending on a number of factors, including, but not limited to, the price of our Class A common stock at the time of the purchase or exchange, the timing of any future exchanges, the extent to which exchanges are taxable, the amount and timing of our income and the tax rates then applicable. We expect that, as a result of the increases in the tax basis of the tangible and intangible assets of HLA attributable to the exchanged HLA interests, the payments that we may make to the legacy direct or indirect members of HLA could be substantial. There may be a material negative effect on our liquidity if, as described below, the payments under the tax receivable agreement exceed the actual benefits we receive in respect of the tax attributes subject to the tax receivable agreement and/or distributions to us by HLA are not sufficient to permit us to make payments under the tax receivable agreement.

***In certain circumstances, payments under the tax receivable agreement may be accelerated and/or significantly exceed the actual tax benefits we realize.***

The tax receivable agreement provides that if we exercise our right to early termination of the tax receivable agreement, in whole or in part, we experience a change in control, or we materially breach our obligations under the tax receivable agreement, we will be obligated to make an early termination payment to the legacy direct or indirect members of HLA equal to the net present value of all payments that would be required to be paid by us under the tax receivable agreement. The amount of such payments will be determined on the basis of certain assumptions in the tax receivable agreement, including (i) the assumption (except in the case of a partial termination) that we would have enough taxable income in the future to fully utilize the tax benefit resulting from any increased tax basis that results from an exchange and (ii) the assumption that any units (other than those held by Hamilton Lane Incorporated) outstanding on the termination date are deemed to be exchanged for shares of Class A common stock on the termination date. Any early termination payment may be made significantly in advance of the actual realization, if any, of the future tax benefits to which the termination payment relates.

Moreover, as a result of an elective early termination, a change of control or our material breach of our obligations under the tax receivable agreement, we could be required to make payments under the tax receivable agreement that exceed our actual cash savings under the tax receivable agreement. Thus, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms

of business combinations or changes of control. There can be no assurance that we will be able to finance any such early termination payment. It is also possible that the actual benefits ultimately realized by us may be significantly less than were projected in the computation of the early termination payment.

We will not be reimbursed for any payments previously made under the tax receivable agreement if the basis increases described above are successfully challenged by the IRS or another taxing authority. As a result, in certain circumstances, payments could be made under the tax receivable agreement in excess of our ultimate cash tax savings.

***In certain circumstances, HLA is required to make distributions to us and the direct and indirect owners of HLA, and the distributions that HLA will be required to make may be substantial.***

HLA is treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to U.S. federal income tax. Instead, taxable income is allocated to members, including us. Pursuant to the HLA Operating Agreement, HLA makes pro rata cash distributions, or tax distributions, to the members, including us, calculated using an assumed tax rate, to help each of the members to pay taxes on such member's allocable share of taxable income. Under applicable tax rules, HLA is required to allocate net taxable income disproportionately to its members in certain circumstances. Because tax distributions are based on an assumed tax rate that is the highest possible rate applicable to any member, HLA is required to make tax distributions that, in the aggregate, will likely exceed the amount of taxes that HLA would have paid if it were taxed on its net income at the assumed rate. The pro rata distribution amounts will also be increased if and to the extent necessary to ensure that the amount distributed to HLI is sufficient to enable HLI to pay its actual tax liabilities and its other expenses and costs (including amounts payable under the tax receivable agreement).

Funds used by HLA to satisfy its tax distribution obligations are not available for reinvestment in our business. Moreover, the tax distributions HLA is required to make may be substantial, and may exceed (as a percentage of HLA's income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. In addition, because these payments are calculated with reference to an assumed tax rate, and because of the disproportionate allocation of net taxable income, these payments will likely significantly exceed the actual tax liability for many of the legacy owners of HLA.

As a result of (i) potential differences in the amount of net taxable income allocable to us and to the direct and indirect owners of HLA, (ii) the lower tax rate applicable to corporations than individuals and (iii) the use of an assumed tax rate in calculating HLA's distribution obligations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the tax receivable agreement. If we do not distribute such cash balances as dividends on our Class A common stock and instead, for example, hold such cash balances or lend them to HLA, the existing owners of HLA would benefit from any value attributable to such accumulated cash balances as a result of their right to acquire shares of Class A common stock or, at our election, an amount of cash equal to the fair market value thereof, in exchange for their Class B units or Class C units.

***If Hamilton Lane Incorporated were deemed an "investment company" under the Investment Company Act as a result of its ownership of HLA, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.***

An issuer will generally be deemed to be an "investment company" for purposes of the Investment Company Act if:

- it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or
- absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are engaged primarily in the business of providing asset management services and not in the business of investing, reinvesting or trading in securities. We also believe that the primary source of income from each of our businesses is properly characterized as income earned in exchange for the provision of services. We hold ourselves out as an asset management firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that either Hamilton Lane Incorporated or HLA is an “orthodox” investment company as defined in section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above. HLA does not have significant assets other than its equity interests in certain wholly owned subsidiaries, which in turn have no significant assets other than general partner interests in the specialized funds we sponsor. These wholly owned subsidiaries are the sole general partners of the funds and are vested with all management and control over the funds. We do not believe the equity interests of HLA in its wholly owned subsidiaries or the general partner interests of these wholly owned subsidiaries in the funds are investment securities. Hamilton Lane Incorporated’s unconsolidated assets consist primarily of cash, a deferred tax asset and Class A units of HLA, which represent the managing member interest in HLA. Hamilton Lane Incorporated is the sole managing member of HLA and holds an approximately 67.2% economic interest in HLA. As managing member, Hamilton Lane Incorporated exercises complete control over HLA. As such, we do not believe Hamilton Lane Incorporated’s managing member interest in HLA is an investment security. Therefore, we believe that less than 40% of Hamilton Lane Incorporated’s total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis comprise assets that could be considered investment securities. Accordingly, we do not believe Hamilton Lane Incorporated is an inadvertent investment company by virtue of the 40% test in section 3(a)(1)(C) of the Investment Company Act as described in the second bullet point above. In addition, we believe Hamilton Lane Incorporated is not an investment company under section 3(b)(1) of the Investment Company Act because it is primarily engaged in a non-investment company business.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operations of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, prohibit the issuance of stock options, and impose certain governance requirements. We intend to continue to conduct our operations so that Hamilton Lane Incorporated will not be deemed to be an investment company under the Investment Company Act. However, if anything were to happen that would cause Hamilton Lane Incorporated to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on our capital structure, ability to transact business with affiliates (including HLA) and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among HLA, us or our senior management team, or any combination thereof and materially and adversely affect our business, financial condition and results of operations.

***A change of control of our Company, including the occurrence of a “Sunset,” could result in an assignment of our investment advisory agreements.***

Under the Investment Advisers Act, each of the investment advisory agreements for the funds and other accounts we manage must provide that it may not be assigned without the consent of the particular fund or other client. An assignment may occur under the Investment Advisers Act if, among other things, HLA undergoes a change of control. After a “Sunset” becomes effective (as described in “Organizational Structure—Class A and Class B Common Stock—Voting Rights”), the Class B Common Stock will have one vote per share instead of ten votes per share, and the stockholders agreement will expire, meaning that the Class B Holders party thereto will no longer control the appointment of directors or be able to direct the vote on all matters that are submitted to our stockholders for a vote. These events could be deemed a change of control of HLA, and thus an assignment. If such an assignment occurs, we cannot be certain that HLA will be able to obtain the necessary consents from our funds and other clients, which could cause us to lose the management fees and performance fees we earn from such funds and other clients.

***Because most members of our senior management team hold most of their economic interest in HLA through other entities, conflicts of interest may arise between them and holders of shares of our Class A common stock or us.***

Because most members of our senior management team hold most of their economic interest in HLA directly through holding companies and other vehicles rather than through ownership of shares of our Class A common stock, they may have interests that do not align with, or conflict with, those of the holders of Class A common stock or with us. For example, members of our senior management team have different tax positions from Class A common stockholders, which could influence their decisions regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when we should terminate the tax receivable agreement and accelerate the obligations thereunder. In addition, the structuring of future transactions and investments may take into consideration the members' tax considerations even where no similar benefit would accrue to us.

***The disparity in the voting rights among the classes of our common stock and inability of the holders of our Class A common stock to influence decisions submitted to a vote of our stockholders may have an adverse effect on the price of our Class A common stock.***

Holders of our Class A common stock and Class B common stock vote together as a single class on almost all matters submitted to a vote of our stockholders. Shares of our Class A common stock and Class B common stock entitle the respective holders to identical non-economic rights, except that each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally, while each share of our Class B common stock entitles its holder to ten votes until a Sunset becomes effective. See "Organizational Structure—Class A and Class B Common Stock." After a Sunset becomes effective, each share of our Class B common stock will entitle its holder to one vote. Certain of the holders of our Class B common stock who are significant outside investors, members of management and significant employee owners have agreed to vote all of their shares in accordance with the instructions of HLA Investments, LLC ("HLAI"), and will therefore be able to exercise control over all matters requiring our stockholders' approval, including the election of our directors, as well as any significant corporate transactions. The difference in voting rights could adversely affect the value of our Class A common stock to the extent that investors view, or any potential future purchaser of our Company views, the superior voting rights and implicit control of the Class B common stock to have value.

***Our share price may decline due to the large number of shares eligible for future sale and for exchange.***

The market price of our Class A common stock could decline as a result of sales of a large number of shares of Class A common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Shares of Class A common stock that were issued in the Reorganization to the original members of HLA who became HLI stockholders owning our Class A common stock are "restricted securities", and their resale is subject to future registration or reliance on an exemption from registration.

The approximately 17.6 million shares of Class A common stock issuable upon exchange of the Class B units and Class C units that are held by Class B Holders and Class C Holders will be eligible for resale from time to time, subject to certain exchange timing and volume and Securities Act restrictions.

We have entered into a registration rights agreement with certain Class B Holders who are significant outside investors, members of management and significant employee owners. Under that agreement, subject to certain limitations, those persons have the ability to cause us to register the resale of shares of our Class A common stock that they acquire upon exchange of their Class B units and Class C units in HLA. Registration of these shares would result in them becoming freely tradable in the open market unless restrictions apply.

***We expect to continue to pay dividends to our stockholders, but our ability to do so is subject to the discretion of our board of directors and may be limited by our holding company structure and applicable provisions of Delaware and Pennsylvania law.***

Since our IPO, our board of directors has declared regular quarterly dividends on our Class A common stock. Although we expect to continue to pay cash dividends to our stockholders, our board of directors may, in its discretion, increase or decrease the level of dividends or discontinue the payment of dividends entirely. In addition, as a holding company, we are dependent upon the ability of HLA to generate earnings and cash flows and distribute them to us so that we may pay our obligations and expenses (including our taxes and payments under the tax receivable agreement) and pay dividends to our stockholders. We expect to cause HLA to make distributions to its members, including us. However, the ability of HLA to make such distributions will be subject to its operating results, cash requirements and financial condition, restrictive covenants in the Loan Agreements and applicable Pennsylvania law (which may limit the amount of funds available for distribution to its members). Our ability to declare and pay dividends to our stockholders is likewise subject to Delaware law (which may limit the amount of funds available for dividends). If, as a consequence of these various limitations and restrictions, we are unable to generate sufficient distributions from our business, we may not be able to make, or may be required to reduce or eliminate, the payment of dividends on our Class A common stock.

***Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and may negatively affect the market price of our Class A common stock.***

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and bylaws include provisions that:

- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent, except that action by written consent will be allowed for as long as we are a controlled company;
- specify that special meetings of our stockholders can be called only by our board of directors or the chairman of our board of directors;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- authorize our board of directors to issue, without further action by the stockholders, up to 10,000,000 shares of undesignated preferred stock; and
- reflect two classes of common stock, as discussed above.

These and other provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. Also, the tax receivable agreement provides that, in the event of a change of control, we will be required to make a payment equal to the present value of estimated future payments under the tax receivable agreement, which would result in a significant payment becoming due in the event of a change of control. In addition, we are a Delaware corporation and governed by the Delaware General Corporation Law (the “DGCL”). Section 203 of the DGCL generally prohibits a Delaware corporation from engaging in any of a broad

range of business combinations with any “interested” stockholder, in particular those owning 15% or more of our outstanding voting stock, for a period of three years following the date on which the stockholder became an “interested” stockholder. While we have elected in our certificate of incorporation not to be subject to Section 203 of the DGCL, our certificate of incorporation contains provisions that have the same effect as Section 203 of the DGCL, except that they provide that HLAI, its affiliates, groups that include HLAI and certain of their direct and indirect transferees will not be deemed to be “interested stockholders,” regardless of the percentage of our voting stock owned by them, and accordingly will not be subject to such restrictions.

*The provision of our certificate of incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.*

Our certificate of incorporation requires, to the fullest extent permitted by law, that (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers or stockholders to us or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws, (4) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws or (5) any action asserting a claim governed by the internal affairs doctrine may be brought only in the Court of Chancery in the State of Delaware. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

#### **Item 1B. Unresolved Staff Comments.**

None.

#### **Item 2. Properties**

In June 2021, we expect to move our corporate headquarters and principal offices from Bala Cynwyd, Pennsylvania to 110 Washington Street, Suite 1300, Conshohocken, Pennsylvania 19428. We entered a lease agreement for the Conshohocken space in October 2019. The lease for our former headquarters space at One Presidential Boulevard in Bala Cynwyd expires in December 2021, or sooner if a replacement tenant is found. Once we move to Conshohocken, we will no longer operate out of Bala Cynwyd. We also lease additional office space in Denver, Frankfurt, Hong Kong, London, Miami, New York, Portland (Oregon), San Diego, San Francisco, Scranton (Pennsylvania), Seoul, Singapore, Sydney, Herzliya, Israel (a suburb of Tel Aviv), Tokyo and Toronto. We do not own any real property. We believe our current facilities are adequate for our current needs and that suitable additional space will be available as and when needed.

#### **Item 3. Legal Proceedings**

In the ordinary course of business, we may be subject to various legal, regulatory and/or administrative proceedings from time to time. Although there can be no assurance of the outcome of such proceedings, our management does not believe it is probable that any pending or, to our knowledge, threatened legal proceeding or claim would individually or in the aggregate materially affect our consolidated financial statements.

#### **Item 4: Mine Safety Disclosures**

Not applicable.

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Shares of our Class A common stock began trading on the Nasdaq Global Select Market under the symbol “HLNE” on March 1, 2017. Prior to that date, there was no public trading market for shares of our Class A common stock.

There is no established public trading market for our Class B common stock. Class B common stock may not be transferred independently of the corresponding Class B units, which are subject to significant restrictions on transfer as set forth in the HLA Operating Agreement. Holders of Class B common stock are entitled to receive only the par value (\$0.001) of the Class B common stock upon exchange of the corresponding Class B unit pursuant to the exchange agreement.

#### Holders of Record

As of May 25, 2021, there were four stockholders of record of our Class A common stock. The number of record holders does not include persons who held shares of our Class A common stock in nominee or “street name” accounts through brokers. As of May 25, 2021, there were 32 stockholders of record of our Class B common stock.

#### Dividend Policy

We declared a quarterly dividend of \$0.3125 per share of Class A common stock to record holders in each quarter of fiscal 2021. On May 27, 2021, we declared a quarterly dividend of \$0.35 per share of Class A common stock to record holders at the close of business on June 15, 2021. The payment date will be July 7, 2021. We do not pay dividends on our Class B common stock.

The declaration and payment by us of any future dividends to holders of our Class A common stock is at the sole discretion of our board of directors. Our board intends to cause us to continue to pay a comparable cash dividend on a quarterly basis. Subject to funds being legally available, we intend to cause HLA to make pro rata distributions to its members, including us, in an amount at least sufficient to allow us to pay all applicable taxes, to make payments under the tax receivable agreement, and to pay our corporate and other overhead expenses, including dividend payments to our stockholders.

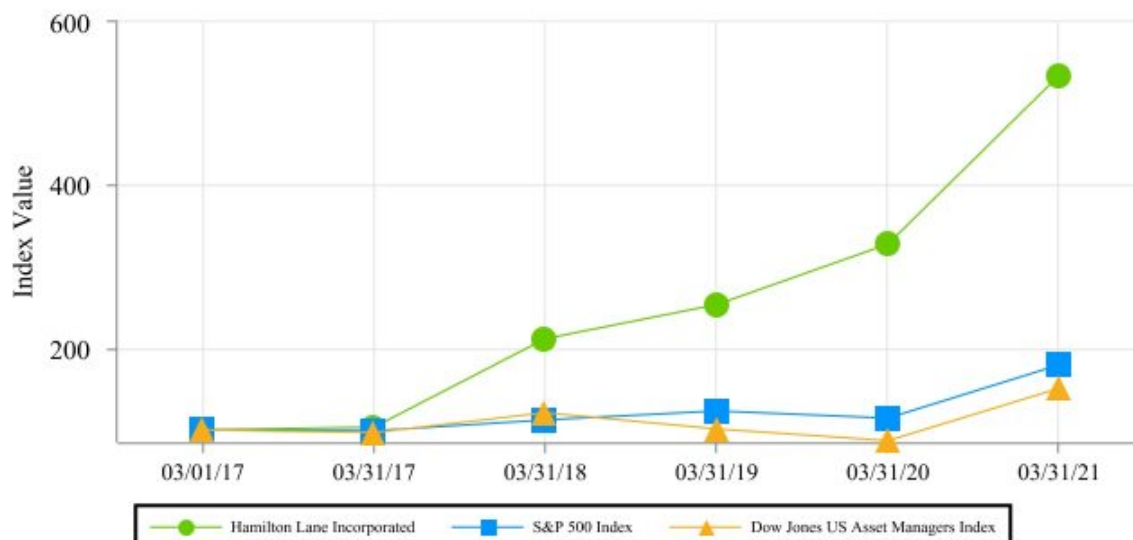
#### Stock Performance Graph

The following graph and table depict the total return to stockholders from the closing price on March 1, 2017 (the date our Class A common stock began trading on Nasdaq) through March 31, 2021, relative to the performance of the S&P 500 Index and the Dow Jones U.S. Asset Managers Index. The graph and table assume \$100 invested on March 1, 2017, and dividends reinvested in the security or index.

The performance graph and table are not intended to be indicative of future performance. The performance graph and table shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of the Company’s filings under the Securities Act or the Exchange Act.



## Total Return Performance



	3/1/17	3/31/17	3/31/18	3/31/19	3/31/20	3/31/21
Hamilton Lane Incorporated	\$ 100.00	\$ 103.61	\$ 211.93	\$ 253.14	\$ 327.52	\$ 533.89
S&P 500	100.00	98.75	112.54	123.22	114.62	179.19
Dow Jones US Asset Managers Index	100.00	96.85	120.71	101.29	86.49	150.63

### Issuer Purchases of Equity Securities

The following table provides information about our repurchase activity with respect to shares of our Class A common stock for the quarter ended March 31, 2021:

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(2)
January 1-31, 2021	48	\$ 78.05	—	\$ 50,000,000
February 1-28, 2021	—	\$ —	—	\$ 50,000,000
March 1-31, 2021	69,403	\$ 87.09	—	\$ 50,000,000
<b>Total</b>	<b>69,451</b>	<b>\$ 87.08</b>	<b>—</b>	<b>\$ 50,000,000</b>

(1) Represents shares of Class A common stock tendered by employees as payment of taxes withheld on the vesting of restricted stock granted under the Hamilton Lane Incorporated 2017 Equity Incentive Plan, as amended (the “2017 Equity Plan”).

(2) On November 6, 2018, we announced that our board of directors authorized a program to repurchase, in the aggregate, up to 6% of the outstanding shares of our Class A common stock as of the date of the authorization, not to exceed \$50 million (the “Stock Repurchase Program”). The authorization provides us the flexibility to repurchase shares in the open market or in privately negotiated transactions from time to time, based on market conditions and other factors. We have not repurchased any of our Class A common stock under the Stock Repurchase Program, so the full purchase authority remains available under this program, which expires 12 months after the date of the first acquisition under the authorization.

## Item 6. Selected Financial Data

The following selected consolidated income statement data for the years ended March 31, 2021, 2020, and 2019 and the selected consolidated balance sheet data as of March 31, 2021 and 2020 are derived from our audited consolidated financial statements included elsewhere in this Form 10-K. The following selected consolidated income statement data for the years ended March 31, 2018 and 2017, and the selected consolidated balance sheet data as of March 31, 2019, 2018 and 2017 are derived from our audited consolidated financial statements not included in this Form 10-K. This information should be read in conjunction with, and is qualified by reference to, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 and the consolidated financial statements and notes thereto in Part II, Item 8 of this Form 10-K. The data presented below for periods before our IPO does not reflect the added costs we incur as a public company. Our historical results are not necessarily indicative of the results to be expected in the future.

	Year Ended March 31,				
	2021	2020	2019	2018	2017
<i>(in thousands, except per share amounts)</i>					
<b>Income Statement Data</b>					
Revenues					
Management and advisory fees	\$ 289,444	\$ 244,920	\$ 217,773	\$ 195,030	\$ 172,674
Incentive fees	52,191	29,128	34,406	49,003	7,146
Total revenues	341,635	274,048	252,179	244,033	179,820
Total expenses	185,907	157,619	147,955	121,080	103,705
Total other income (expense)	37,474	24,315	25,333	16,677	(1,361)
Income before income taxes	193,202	140,744	129,557	139,630	74,754
Income tax expense	24,417	13,968	30,560	33,333	316
Net income	168,785	126,776	98,997	106,297	74,438
Less: Income attributable to non-controlling interests	70,763	65,951	65,424	88,956	73,826
Net income attributable to Hamilton Lane Incorporated	\$ 98,022	\$ 60,825	\$ 33,573	\$ 17,341	\$ 612
Earnings per share of Class A common stock:					
Basic	\$ 2.82	\$ 2.17	\$ 1.41	\$ 0.94	\$ 0.03
Diluted	\$ 2.81	\$ 2.15	\$ 1.40	\$ 0.93	\$ 0.03
Dividends declared per share of Class A common stock	\$ 1.25	\$ 1.10	\$ 0.85	\$ 0.70	\$ —
<b>Non-GAAP Financial Measures</b>					
Fee Related Earnings <sup>(1)</sup>	130,039	100,978	89,901	81,223	72,252
Adjusted EBITDA <sup>(1)</sup>	168,239	127,292	117,736	132,586	83,031
<b>Balance Sheet Data</b>					
Cash and cash equivalents	\$ 87,025	\$ 50,124	\$ 49,357	\$ 47,596	\$ 32,286
Investments	373,623	207,747	154,491	137,253	120,147
Total assets	1,136,519	473,529	360,591	293,795	240,617
Deferred incentive fee revenue	—	3,704	3,704	6,245	45,166
Debt	163,175	74,524	70,954	84,162	84,310
Total liabilities	546,318	236,128	190,869	157,721	153,990
Total equity	314,201	237,401	169,722	136,074	86,627
Total liabilities and equity	1,136,519	473,529	360,591	293,795	240,617

(1) Adjusted EBITDA and Fee Related Earnings (“FRE”) are non-GAAP measures. For a further discussion of our non-GAAP measures and a reconciliation from GAAP financial measures to non-GAAP financial measures, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures” included in Part II, Item 7 of this Form 10-K.

## Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

*The following information should be read in conjunction with our selected combined financial and operating data and the accompanying consolidated financial statements and related notes. See “Index to Consolidated Financial Statements of Hamilton Lane Incorporated.”*

*The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Form 10-K, particularly in “Risk Factors”, the “Summary of Risk Factors” and the “Cautionary Note Regarding Forward-Looking Information.” Unless otherwise indicated, references in this Annual Report on Form 10-K to fiscal 2021, fiscal 2020 and fiscal 2019 are to our fiscal years ended March 31, 2021, 2020 and 2019, respectively.*

### Business Overview

We are a global private markets investment solutions provider. We offer a variety of investment solutions to address our clients’ needs across a range of private markets, including private equity, private credit, real estate, infrastructure, natural resources, growth equity and venture capital. These solutions are constructed from a range of investment types, including primary investments in funds managed by third-party managers, direct/co-investments alongside such funds and acquisitions of secondary stakes in such funds, with a number of our clients utilizing multiple investment types. These solutions are offered in a variety of formats covering some or all phases of private markets investment programs:

- *Customized Separate Accounts:* We design and build customized portfolios of private markets funds and direct investments to meet our clients’ specific portfolio objectives with regard to return, risk tolerance, diversification and liquidity. We generally have discretionary investment authority over our customized separate accounts, which comprised approximately \$69 billion of our AUM as of March 31, 2021.
- *Specialized Funds:* We organize, invest and manage specialized primary, secondary, direct/co-investment funds, strategic opportunity funds and evergreen funds. Our specialized funds invest across a variety of private markets and include equity, equity-linked and credit funds offered on standard terms as well as shorter duration, opportunistically oriented funds. We launched our first specialized fund in 1997, and our product offerings have grown steadily, comprising approximately \$19 billion of our AUM as of March 31, 2021.
- *Advisory Services:* We offer investment advisory services to assist clients in developing and implementing their private markets investment programs. Our investment advisory services include asset allocation, strategic plan creation, development of investment policies and guidelines, the screening and recommending of investments, legal negotiations, the monitoring of and reporting on investments and investment manager review and due diligence. Our advisory clients include some of the largest and most sophisticated private markets investors in the world. We had approximately \$631 billion of AUA as of March 31, 2021.
- *Distribution Management:* We offer distribution management services to our clients through active portfolio management to enhance the realized value of publicly traded stock they receive as distributions from private equity funds.
- *Reporting, Monitoring, Data and Analytics:* We provide our clients with comprehensive reporting and investment monitoring services, usually bundled into our broader investment solutions

offerings, but occasionally on a stand-alone, fee-for-service basis. Private markets investments are unusually difficult to monitor, report on and administer, and our clients are able to benefit from our sophisticated infrastructure, which provides clients with real time access to reliable and transparent investment data, and our high-touch service approach, which allows for timely and informed responses to the multiplicity of issues that can arise. We also provide comprehensive research and analytical services as part of our investment solutions, leveraging our large, global, proprietary and high-quality database of private markets investment performance and our suite of proprietary analytical investment tools.

Our client base primarily comprises institutional investors that range from those seeking to make an initial investment in alternative assets to some of the largest and most sophisticated private markets investors. As a highly customized, flexible outsourcing partner, we are equipped to provide investment services to institutional clients of all sizes and with different needs, internal resources and investment objectives. Our clients include prominent institutional investors in the United States, Canada, Europe, the Middle East, Asia, Australia and Latin America. We believe we are a leading provider of private markets solutions for U.S. labor union pension plans, and we serve numerous smaller public and corporate pension plans, sovereign wealth funds, financial institutions and insurance companies, endowments and foundations, as well as family offices and selected high-net-worth individuals.

### **Trends Affecting Our Business**

Our results of operations are affected by a variety of factors, including conditions in the global financial markets and the economic and political environments, particularly in the United States, Western Europe and Asia. As interest rates remain near historic lows and public equities are not able to meet expected returns, we see increasing investor demand for alternative investments to achieve higher yields. As a result, some investors have increased their allocation to private markets relative to other asset classes. In addition, the opportunities in private markets have expanded as firms have created new vehicles and products in which to access private markets across different geographies and opportunity sets.

In addition to the aforementioned macroeconomic and sector-specific trends, we believe the following factors will influence our future performance:

- *The extent to which investors favor alternative investments.* Our ability to attract new capital is partially dependent on investors' views of alternative assets relative to traditional publicly listed equity and debt securities. We believe fundraising efforts will continue to be impacted by certain fundamental asset management trends that include: (1) the increasing importance and market share of alternative investment strategies to investors in light of an increased focus on lower-correlated and absolute levels of return; (2) the increasing demands of the investing community, including the potential for fee compression and changes to other terms; (3) shifting asset allocation policies of institutional investors; and (4) increasing barriers to entry and growth.
- *Our ability to generate strong returns.* We must continue to generate strong returns for our investors through our disciplined investment diligence process in an increasingly competitive market. The ability to attract and retain clients is partially dependent on returns we are able to deliver versus our peers. The capital we are able to attract drives the growth of our AUM and AUA and the management and advisory fees we earn.
- *Our ability to source investments with attractive risk-adjusted returns.* An increasing part of our management fee and incentive fee revenue has been from our co-investment and secondary

investment platforms. The continued growth of this revenue is dependent on our continued ability to source attractive investments and deploy the capital that we have raised or manage on behalf of our clients. Because we are selective in the opportunities in which we invest, the capital deployed can vary from year to year. Our ability to identify attractive investments and execute on those investments is dependent on a number of factors, including the general macroeconomic environment, valuation, transaction size, and expected duration of such investment opportunity. A significant decrease in the quality or quantity of potential opportunities could adversely affect our ability to source investments with attractive risk-adjusted returns.

- *Our ability to maintain our data advantage relative to competitors.* We believe that the general trend towards transparency and consistency in private markets reporting will create new opportunities for us to leverage our databases and analytical capabilities. We intend to use these advantages afforded to us by our proprietary databases, analytical tools and deep industry knowledge to drive our performance, provide our clients with customized solutions across private markets asset classes and continue to differentiate our products and services from those of our competitors. Our ability to maintain our data advantage is dependent on a number of factors, including our continued access to a broad set of private market information on an on-going basis, as well as our ability to maintain our investment scale, considering the evolving competitive landscape and potential industry consolidation.
- *Our ability to continue to expand globally.* We believe that many institutional investors outside the United States are currently underinvested in private markets asset classes and that capturing capital inflows into private capital investing from non-U.S. global markets represents a significant growth opportunity for us. Our ability to continue to expand globally is dependent on our ability to continue building successful relationships with investors internationally and subject to the evolving macroeconomic and regulatory environment of the various countries where we operate or in which we invest.
- *Increased competition to work with top private equity fund managers.* There has been a trend amongst private markets investors to consolidate the number of general partners in which they invest. At the same time, an increasing flow of capital to the private markets has often times resulted in certain funds being oversubscribed. This has resulted in some investors, primarily smaller investors or less strategically important investors, not being able to gain access to certain funds. Our ability to invest and maintain our sphere of influence with these high-performing fund managers is critical to our investors' success and our ability to maintain our competitive position and grow our revenue.
- *Unpredictable global macroeconomic conditions.* Global economic conditions, including political environments, financial market performance, interest rates, credit spreads or other conditions beyond our control, all of which affect the performance of the assets underlying private market investments, are unpredictable and could negatively affect the performance of our clients' portfolios or the ability to raise funds in the future.
- *Increasing regulatory requirements.* The complex regulatory and tax environment could restrict our operations and subject us to increased compliance costs and administrative burdens, as well as restrictions on our business activities.

## **Impact of Covid-19**

In March 2020, the World Health Organization declared the coronavirus (“COVID-19”) outbreak a global pandemic, which has resulted in significant disruption and uncertainty in the global economic markets. We are closely monitoring developments related to the COVID-19 pandemic and assessing any negative impacts to our business. For a description of the impact that COVID-19 has had and may in the future have on our business, see “Risk Factors—Risks Related to Our Industry—The COVID-19 pandemic has caused severe disruptions in the U.S. and global economies and may adversely impact our financial condition and results of operations”. As of March 31, 2021 we have adequate liquidity with \$87 million in available cash and \$35 million in availability under our Loan Agreements. For more information on our Loan Agreements, see “—Liquidity and Capital Resources—Loan Agreements”.

## **Recent Transactions**

### ***Special Purpose Acquisition Company***

In January 2021, we closed an initial public offering on our first special purpose acquisition company (“SPAC”), Hamilton Lane Alliance Holdings I, Inc. (“HLAH”), of 27.6 million units for \$276 million. HLAH is sponsored by a wholly-owned subsidiary of HLA that will assist in identifying and effectuating a merger between HLAH and a target company. As part of the IPO, we were issued 4.9 million Class B shares for sponsoring HLAH and purchased 5 million warrants for \$7.5 million. The shares and warrants vest or become exercisable upon a successful merger and at certain share price targets. Our goal is to raise additional SPACs in the future, depending on market and other conditions.

### ***March 2021 Offering***

In March 2021, we and certain selling stockholders completed a registered offering of an aggregate of 1,453,110 shares of Class A common stock at a price of \$87.36 per share (the “March 2021 Offering”). The purpose of the March 2021 Offering was to provide liquidity to significant direct and indirect owners of HLA. The shares sold consisted of (i) 94,245 shares held by the selling stockholders and (ii) 1,358,865 shares newly issued by us. We received \$118.7 million in net proceeds from the sale of our shares and used all of the proceeds to settle exchanges by certain members of HLA of a total of 1,101,365 Class B units and 257,500 Class C units. In connection with the exchange of the Class B units, we also repurchased for par value and canceled a corresponding number of shares of Class B common stock. We did not receive any proceeds from the sale of shares by the selling stockholders.

### ***Investment***

In March 2021, HLA invested \$90 million in exchange for a minority interest in Russell Investments Group, Ltd. (“Russell”), a leading outsourced chief investment officer provider and global investment solutions firm. HLA and Russell intend to jointly develop and implement a strategy to engage in the global investment solutions outsourcing market. HLA funded the investment using cash on hand and available borrowings under its Loan Agreements.

### ***Acquisition***

In April 2021 HLA acquired substantially all the assets of 361 Capital, LLC, a Denver, Colorado-based boutique alternative investment management firm for a total aggregate purchase price of \$13 million, of which \$10 million was paid in cash on the closing date of the acquisition. The remaining \$3 million will be paid in two equal installments on the first and second anniversaries of the closing.

## Operating Segments

We operate our business in a single segment, which is how our chief operating decision maker (who is our chief executive officer) reviews financial performance and allocates resources.

## Key Financial and Operating Measures

Our key financial measures are discussed below.

### *Revenues*

We generate revenues primarily from management and advisory fees, and to a lesser extent, incentive fees. See “—Critical Accounting Policies—Revenue Recognition of Incentive Fees” and Note 2 of the consolidated financial statements included in Part II, Item 8 of this Form 10-K for additional information regarding the manner in which management and advisory fees and incentive fees are generated.

*Management and advisory fees* comprise specialized fund and customized separate account management fees, advisory and reporting fees and distribution management fees.

Revenues from customized separate accounts are generally based on a contractual rate applied to committed capital or net invested capital under management. These fees often decrease over the life of the contract due to built-in declines in contractual rates and/or as a result of lower net invested capital balances as capital is returned to clients. In certain cases, we also provide advisory and/or reporting services, and, therefore, we also receive fees for services such as monitoring and reporting on a client’s existing private markets investments. In addition, we may provide for investments in our specialized funds as part of our customized separate accounts. In these cases, we generally reduce the management and/or incentive fees on customized separate accounts to the extent that assets in the accounts are invested in our specialized funds so that our clients do not pay duplicate fees.

Revenues from specialized funds are based on a percentage of limited partners’ capital commitments to, net invested capital or net asset value in, our specialized funds. The management fee during the commitment period is often charged on capital commitments and after the commitment period (or a defined anniversary of the fund’s initial closing) is typically reduced by a percentage of the management fee for the preceding year or charged on net invested capital. In the case of certain funds, we charge management fees on capital commitments, with the management fee increasing during the early years of the fund’s term and declining in the later years. Management fees for certain funds are discounted based on the amount of the limited partners’ commitments or if the limited partners are investors in our other funds.

Revenues from advisory and reporting services are generally annual fixed fees, which vary depending on the services we provide. In limited cases, advisory service clients are charged basis point fees annually based on the amounts they have committed to invest pursuant to their agreements with us. In other cases where our services are limited to monitoring and reporting on investment portfolios, clients are charged a fee based on the number of investments in their portfolio.

Distribution management fees are generally earned by applying a percentage to AUM or proceeds received. Certain active management clients may elect a fee structure under which they are charged an asset-based fee plus a fee based on net realized and unrealized gains and income net of realized and unrealized losses.

*Incentive fees* comprise carried interest earned from our specialized funds and certain customized separate accounts structured as single-client funds in which we have a general partner commitment, and performance fees earned on certain other customized separate accounts.

For each of our secondary funds, direct/co-investment funds, strategic opportunity funds and evergreen funds, we generally earn carried interest equal to a fixed percentage of net profits, usually 10.0% to 12.5%, subject to a compounded annual preferred return that is generally 6.0% to 8.0%. To the extent that our primary funds also directly make secondary investments and direct/co-investments, they generally earn carried interest on a similar basis. Furthermore, certain of our primary funds earn carried interest on their investments in other private markets funds on a primary basis that is generally 5.0% of net profits, subject to the fund's compounded annual preferred return.

We recognize carried interest when it is probable that a significant reversal will not occur. In the event that a payment is made before it can be recognized as revenue, this amount would be included as deferred incentive fee revenue on our Consolidated Balance Sheet and recognized as income in accordance with our revenue recognition policy. The primary contingency regarding incentive fees is the "clawback," or the obligation to return distributions in excess of the amount prescribed by the applicable fund or separate account documents.

Performance fees, which are a component of incentive fees, are based on the aggregate amount of realized gains earned by the applicable customized separate account, subject to the achievement of defined minimum returns to the clients. Performance fees range from 5.0% to 12.5% of net profits, subject to a compounded annual preferred return that varies by account but is generally 6.0% to 8.0%. Performance fees are recognized when the risk of clawback or reversal is not probable.

### ***Expenses***

*Compensation and benefits* is our largest expense and consists of (a) base compensation comprising salary, bonuses and benefits paid and payable to employees, (b) equity-based compensation associated with the grants of restricted stock awards to senior employees and (c) incentive fee compensation, which consists of carried interest and performance fee allocations. We expect to continue to experience a general rise in compensation and benefits expense commensurate with expected growth in headcount and with the need to maintain competitive compensation levels as we expand geographically and create new products and services.

Our compensation arrangements with our employees contain a significant bonus component driven by the results of our operations. Therefore, as our revenues, profitability and the amount of incentive fees earned by our customized separate accounts and specialized funds increase, our compensation costs rise.

Certain current and former employees participate in a carried interest program whereby approximately 25% of incentive fees from certain of our specialized funds and customized separate accounts are awarded to plan participants. We record compensation expense payable to plan participants as the incentive fees become estimable and collection is probable.

*General, administrative and other* includes travel, accounting, legal and other professional fees, commissions, placement fees, office expenses, depreciation and other costs associated with our operations. Our occupancy-related costs and professional services expenses, in particular, generally increase or decrease in relative proportion to the number of our employees and the overall size and scale of our business operations.



### ***Other Income (Expense)***

*Equity in income (loss) of investees* primarily represents our share of earnings from our investments in our specialized funds and certain customized separate accounts in which we have a general partner commitment. Equity income primarily comprises our share of the net realized and unrealized gains (losses) and investment income partially offset by the expenses from these investments.

We have general partner commitments in our specialized funds and certain customized separate accounts that invest solely in primary funds, secondary funds and direct/co-investments, as well as those that invest across investment types. Equity in income (loss) of investees will increase or decrease as the change in underlying fund investment valuations increases or decreases. Since our direct/co-investment funds invest in underlying portfolio companies, their quarterly and annual valuation changes are more affected by individual company movements than our primary and secondary funds that have exposures across multiple portfolio companies in underlying private markets funds. Our specialized funds and customized separate accounts invest across industries, strategies and geographies, and therefore our general partner investments do not include any significant concentrations in a specific sector or area outside the United States.

*Interest expense* includes interest paid and accrued on our outstanding debt, along with the amortization of deferred financing costs, amortization of original issue discount and the write-off of deferred financing costs due to the repayment of previously outstanding debt.

*Interest income* is income earned on cash and cash equivalents.

*Non-operating income (loss)* consists primarily of gains and losses on certain investments and other non-recurring or non-cash items.

### ***Fee-Earning AUM***

Fee-earning AUM is a metric we use to measure the assets from which we earn management fees. Our fee-earning AUM comprise assets in our customized separate accounts and specialized funds from which we derive management fees. We classify customized separate account revenue as management fees if the client is charged an asset-based fee, which includes the majority of our discretionary AUM accounts but also includes certain non-discretionary AUA accounts. Our fee-earning AUM is equal to the amount of capital commitments, net invested capital and NAV of our customized separate accounts and specialized funds depending on the fee terms. Substantially all of our customized separate accounts and specialized funds earn fees based on commitments or net invested capital, which are not affected by market appreciation or depreciation. Therefore, revenues and fee-earning AUM are not significantly affected by changes in market value.

Our calculations of fee-earning AUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers. Our definition of fee-earning AUM is not based on any definition that is set forth in the agreements governing the customized separate accounts or specialized funds that we manage.

## Annual Consolidated Results of Operations

The following is a discussion of our consolidated results of operations for each of the years in the three-year period ended March 31, 2021. This information is derived from our accompanying consolidated financial statements prepared in accordance with GAAP.

	Year Ended March 31,		
	2021	2020	2019
(in thousands)			
<b>Revenues</b>			
Management and advisory fees	\$ 289,444	\$ 244,920	\$ 217,773
Incentive fees	31,134	21,437	17,658
Consolidated variable interest entities related:			
Incentive fees	21,057	7,691	16,748
Total revenues	341,635	274,048	252,179
<b>Expenses</b>			
Compensation and benefits	136,319	100,138	98,995
General, administrative and other	49,210	57,481	48,960
Consolidated variable interest entities related:			
General, administrative and other	378	—	—
Total expenses	185,907	157,619	147,955
<b>Other income (expense)</b>			
Equity in income of investees	32,389	20,731	7,457
Interest expense	(2,044)	(2,816)	(3,039)
Interest income	1,676	709	255
Non-operating income	5,894	6,172	20,915
Consolidated variable interest entities related:			
Equity in loss of investees	(2,123)	(481)	(255)
Unrealized gains	2,141	—	—
Interest expense	(459)	—	—
Total other income (expense)	37,474	24,315	25,333
Income before income taxes	193,202	140,744	129,557
Income tax expense	24,417	13,968	30,560
Net income	168,785	126,776	98,997
Less: (Loss) income attributable to non-controlling interests in general partnerships	(250)	85	564
Less: Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	69,720	65,866	64,860
Less: Income attributable to non-controlling interests in Hamilton Lane Alliance Holdings I, Inc.	1,293	—	—
Net income attributable to Hamilton Lane Incorporated	\$ 98,022	\$ 60,825	\$ 33,573

## Revenues

	Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
<b>Management and advisory fees</b>			
Specialized funds	\$ 148,023	\$ 111,803	\$ 93,056
Customized separate accounts	93,963	90,750	85,245
Advisory	26,439	24,160	24,130
Reporting and other	11,134	9,102	8,805
Distribution management	6,701	4,920	4,525
Fund reimbursement revenue	3,184	4,185	2,012
Total management and advisory fees	289,444	244,920	217,773
Incentive fees	52,191	29,128	34,406
Total revenues	\$ 341,635	\$ 274,048	\$ 252,179

### *Year ended March 31, 2021 compared to year ended March 31, 2020*

Total revenues increased \$67.6 million, or 25%, to \$341.6 million, for fiscal 2021 compared to fiscal 2020, due to increases in management and advisory fees and incentive fees.

Management and advisory fees increased \$44.5 million, or 18%, to \$289.4 million for fiscal 2021 compared to fiscal 2020. Specialized funds revenue increased by \$36.2 million compared to the prior year, due primarily to a \$37.7 million increase in revenue from our latest secondary fund, which added \$2.2 billion in fee-earning AUM in fiscal 2021. Management fees for our latest secondary fund included \$18.2 million in retroactive fees for fiscal 2021 compared to \$2.8 million for our latest co-investment fund in fiscal 2020. Retroactive fees are management fees earned in the current period from investors that commit to a specialized fund towards the end of the fundraising period and are required to pay a catch-up management fee as if they had committed to the fund at the first closing in a prior period. Customized separate accounts revenue increased \$3.2 million in fiscal 2021 due to a \$1.1 billion increase in fee-earning AUM from the addition of several new accounts and additional allocations from existing accounts during the fiscal year. Advisory and reporting fees increased \$4.3 million in fiscal 2021 due to the addition of new accounts. Distribution management revenue increased \$1.8 million in fiscal 2021, due primarily to higher performance fees.

Incentive fees increased \$23.1 million to \$52.2 million for fiscal 2021 compared to fiscal 2020, due to a \$9.7 million increase in incentive fees from one of our specialized funds and increases across our other specialized funds and customized separate accounts.

### *Year ended March 31, 2020 compared to year ended March 31, 2019*

Total revenues increased \$21.9 million, or 9%, to \$274.0 million, for fiscal 2020 compared to fiscal 2019, due to an increase in management and advisory fees.

Management and advisory fees increased \$27.1 million, or 12%, to \$244.9 million for fiscal 2020 compared to fiscal 2019. Specialized funds revenue increased by \$18.7 million compared to the prior year, due primarily to a \$14.0 million increase in revenue from our latest secondary fund, which added \$1.7 billion in fee-earning AUM in fiscal 2020, and a \$3.3 million increase from our latest co-investment fund, which added \$0.2 billion in fee-earning AUM in fiscal 2020. Management fees for our latest co-

investment fund included \$2.8 million in retroactive fees for fiscal 2020 compared to \$1.7 million for fiscal 2019. Customized separate accounts revenue increased \$5.5 million in fiscal 2020 due to a \$2.4 billion increase in fee-earning AUM from the addition of several new accounts and additional allocations from existing accounts during the fiscal year. Fund reimbursement revenue increased \$2.2 million for fiscal 2020 compared to fiscal 2019, due primarily to the recognition of fund reimbursements from our latest secondary fund. Distribution management revenue increased \$0.4 million due to higher stock distribution activity and the related fees earned from this business.

Incentive fees decreased \$5.3 million to \$29.1 million for fiscal 2020 compared to fiscal 2019, due primarily to a \$9.1 million decrease in incentive fees from one of our specialized funds and a \$4.7 million decrease from one of our customized separate accounts, which included the general partner catch-up in the prior year period. This was partially offset by a \$11.6 million increase from new accounts moving into a realized incentive fee position in fiscal 2020.

### ***Expenses***

#### ***Year ended March 31, 2021 compared to year ended March 31, 2020***

Total expenses increased \$28.3 million, or 18%, for fiscal 2021 compared to fiscal 2020 due to an increase in compensation and benefits expenses, partially offset by a decrease in general, administrative and other expenses.

Compensation and benefits expenses increased \$36.2 million, or 36%, to \$136.3 million for fiscal 2021 compared to fiscal 2020, due primarily to an increase in base compensation and benefits. Base compensation and benefits increased \$30.6 million, or 36%, for fiscal 2021 compared to fiscal 2020, due primarily to an increase in our bonus plan accrual from stronger company performance compared to the prior year period. Incentive compensation increased \$5.7 million for fiscal 2021 compared to fiscal 2020 due to the increase in incentive fee revenue.

General, administrative and other expenses decreased \$7.9 million for fiscal 2021 compared to fiscal 2020. This change consisted primarily of a \$3.9 million decrease in travel expenses due to COVID-19, a \$2.3 million decrease in legal related expenses, and a \$1.7 million decrease in consulting expenses.

#### ***Year ended March 31, 2020 compared to year ended March 31, 2019***

Total expenses increased \$9.7 million, or 7%, for fiscal 2020 compared to fiscal 2019 due to an increase in general, administrative and other expenses.

Compensation and benefits expenses increased \$1.1 million, or 1%, to \$100.1 million for fiscal 2020 compared to fiscal 2019, due to an increase in base compensation partially offset by a nonrecurring contingent compensation payment in the prior year period related to the fiscal 2018 acquisition of Real Asset Portfolio Management LLC (“RAPM”). Base compensation and benefits increased \$6 million, or 8%, for fiscal 2020 compared to fiscal 2019, due primarily to increased salary expense from additional headcount in the current year period compared to the prior year period. Contingent compensation related to the RAPM acquisition decreased \$5.1 million for fiscal 2020 compared to fiscal 2019 due to the earnout period ending in the prior year. Incentive compensation decreased \$0.6 million for fiscal 2020 compared to fiscal 2019 due to the decrease in incentive fee revenue. Equity-based compensation increased \$0.8 million for fiscal 2020 compared to fiscal 2019 as a result of the amortization of equity awards, which have increased in recent years.

General, administrative and other expenses increased \$8.5 million for fiscal 2020 compared to fiscal 2019. This change consisted primarily of a \$2.5 million increase in technology and office related

expenses, a \$2.2 million increase in consulting and professional fees, a \$1.9 million increase in commissions from fund closings in the current year period, and a \$0.9 million increase in legal-related expenses.

***Other Income (Expense)***

The following shows the equity in income (loss) of investees included in other income (expense):

	Year Ended March 31,		
	2021	2020	2019
(in thousands)			
<b>Equity in income of investees</b>			
Primary funds	\$ 2,443	\$ 2,550	\$ 1,594
Direct/co-investment funds	8,553	8,869	2,201
Secondary funds	6,226	2,514	1,282
Customized separate accounts	9,508	5,729	2,328
Other equity method investments	3,536	588	(203)
<b>Total equity in income of investees</b>	<b>\$ 30,266</b>	<b>\$ 20,250</b>	<b>\$ 7,202</b>

***Year ended March 31, 2021 compared to year ended March 31, 2020***

Other income (expense) increased \$13.2 million to \$37.5 million for fiscal 2021 compared to fiscal 2020, due primarily to an increase in equity in income of investees.

Equity in income of investees increased \$10.0 million to \$30.3 million for fiscal 2021 compared to fiscal 2020. This increase was due primarily to a \$3.8 million increase in gains across our customized separate accounts, a \$3.7 million increase in gains in our secondary fund product, and a \$2.9 million increase in gains in our other funds which includes our evergreen funds.

Interest income increased \$1.0 million for fiscal 2021 compared to fiscal 2020, due primarily to a late closing interest on our secondary fund in market in the period.

***Year ended March 31, 2020 compared to year ended March 31, 2019***

Other income (expense) decreased \$1.0 million to \$24.3 million for fiscal 2020 compared to fiscal 2019, due primarily to a decrease in non-operating income, partially offset by an increase in equity in income of investees.

Equity in income of investees increased \$13.0 million to \$20.3 million for fiscal 2020 compared to fiscal 2019. This increase was due primarily to a \$6.7 million increase in gains in our direct/co-investment fund products, a \$3.4 million increase in gains across our customized separate accounts, and a \$1.2 million increase in gains in our secondary fund products.

Non-operating income decreased \$14.7 million to \$6.2 million for fiscal 2020 compared to fiscal 2019, due primarily to a \$4.6 million decrease in gains from the sale of technology investments and a \$10.1 million decrease to our liability under the tax receivable agreement in the prior year as a result of a re-measurement related to changes in state tax rate estimates.

### ***Income Tax Expense***

Income tax expense reflects U.S. federal and applicable state income taxes with respect to our allocable share of any taxable income of HLA subsequent to the Reorganization.

Our effective income tax rate in fiscal 2021, 2020 and 2019 was 12.6%, 9.9%, and 23.6% respectively. The fiscal 2021 effective income tax rate was different from the statutory tax rate due to the portion of income allocated to the non-controlling interest and change in the valuation allowance recorded against deferred tax assets. The effective income tax rate for fiscal 2021 was higher than fiscal 2020 due primarily to discrete tax adjustments that reduced the fiscal 2020 effective income tax rate. The effective income tax rate for fiscal 2021 was less than fiscal 2019 due primarily to the revaluation of deferred tax assets related to changes in state income tax apportionment in fiscal 2019.

### ***Fee-Earning AUM***

The following table provides the period to period roll-forward of our fee-earning AUM.

	<u>Year Ended March 31,</u>			<u>Year Ended March 31,</u>		
	<u>2021</u>			<u>2020</u>		
	(in millions)					
	Customized Separate Accounts	Specialized Funds	Total	Customized Separate Accounts	Specialized Funds	Total
<b>Balance, beginning of period</b>	<b>\$ 24,545</b>	<b>\$ 14,118</b>	<b>\$ 38,663</b>	<b>\$ 22,160</b>	<b>\$ 11,434</b>	<b>\$ 33,594</b>
Contributions <sup>(1)</sup>	5,761	3,436	9,197	4,885	3,424	8,309
Distributions <sup>(2)</sup>	(4,904)	(1,306)	(6,210)	(2,624)	(724)	(3,348)
Foreign exchange, market value and other <sup>(3)</sup>	262	93	355	124	(16)	108
<b>Balance, end of period</b>	<b>\$ 25,664</b>	<b>\$ 16,341</b>	<b>\$ 42,005</b>	<b>\$ 24,545</b>	<b>\$ 14,118</b>	<b>\$ 38,663</b>

- (1) Contributions represent new commitments from customized separate accounts and specialized funds that earn fees on a committed capital fee base and capital contributions to underlying investments from customized separate accounts and specialized funds that earn fees on a net invested capital or NAV fee base.
- (2) Distributions represent returns of capital in customized separate accounts and specialized funds that earn fees on a net invested capital or NAV fee base, reductions in fee-earning AUM from separate accounts and specialized funds that moved from a committed capital to net invested capital fee base and reductions in fee-earning AUM from customized separate accounts and specialized funds that are no longer earning fees.
- (3) Foreign exchange, market value and other consists primarily of the impact of foreign exchange rate fluctuations for customized separate accounts and specialized funds that earn fees on non-U.S. dollar denominated commitments and market value appreciation (depreciation) from customized separate accounts and specialized funds that earn fees on a NAV fee base.

### ***Year ended March 31, 2021 compared to year ended March 31, 2020***

Fee-earning AUM increased \$3.3 billion, or 9%, to \$42.0 billion for fiscal 2021, due to contributions from customized separate accounts and specialized funds.

Customized separate accounts fee-earning AUM increased \$1.1 billion, or 5%, to \$25.7 billion for fiscal 2021. Customized separate accounts contributions were \$5.8 billion for fiscal 2021 due to new allocations from existing clients and new clients. Distributions were \$4.9 billion for fiscal 2021 due to \$2.1 billion from accounts reaching the end of their fund term, \$1.9 billion from accounts moving from a committed to net invested capital fee base, and \$0.8 billion from returns of capital in accounts earning fees on a net invested capital or NAV fee base.

Specialized funds fee-earning AUM increased \$2.2 billion, or 16%, to \$16.3 billion for fiscal 2021. Specialized fund contributions were \$3.4 billion for fiscal 2021 due primarily to \$2.2 billion in new commitments to our secondary fund in market during the period. Distributions were \$1.3 billion for fiscal 2021, due to \$0.7 billion from funds reaching the end of their fund term and \$0.6 billion from returns of capital in funds earning fees on a net invested capital or NAV fee base.

***Year ended March 31, 2020 compared to year ended March 31, 2019***

Fee-earning AUM increased \$5.1 billion, or 15%, to \$38.7 billion for fiscal 2020, due primarily to new specialized funds and customized separate accounts commitments.

Customized separate accounts fee-earning AUM increased \$2.4 billion, or 11%, to \$24.5 billion for fiscal 2020. Customized separate accounts contributions were \$4.9 billion for fiscal 2020 due to new allocations from existing clients and new clients. Distributions were \$2.6 billion for fiscal 2020 due to \$1.0 billion from accounts reaching the end of their account term, \$0.8 billion from accounts moving from a committed capital to a net invested fee base as their investment period expired, and \$0.8 billion from returns of capital in accounts earning fees on a net invested capital or NAV fee base.

Specialized funds fee-earning AUM increased \$2.7 billion, or 23%, to \$14.1 billion for fiscal 2020. Specialized fund contributions were \$3.4 billion for fiscal 2020 due primarily to \$1.7 billion in new commitments to our secondary fund in market during the period, \$0.2 billion from our co-investment fund in market during the period, and \$0.9 billion from funds earning fees on a net invested capital or NAV fee base. Distributions were \$0.7 billion for fiscal 2020 due to \$0.4 billion from returns of capital in funds earning fees on a net invested capital fee base and \$0.3 billion from funds moving from a committed capital to a net invested fee base as their investment period expired.

## Non-GAAP Financial Measures

Below is a description of our unaudited non-GAAP financial measures. These are not measures of financial performance under GAAP and should not be considered a substitute for the most directly comparable GAAP measures, which are reconciled below. These measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these measures in isolation or as a substitute for GAAP measures. Other companies may calculate these measures differently than we do, limiting their usefulness as a comparative measure.

### *Adjusted EBITDA*

Adjusted EBITDA is our primary internal measure of profitability. We believe Adjusted EBITDA is useful to investors because it enables them to better evaluate the performance of our core business across reporting periods. Adjusted EBITDA represents net income excluding (a) interest expense on our outstanding debt, (b) income tax expense, (c) depreciation and amortization expense, (d) equity-based compensation expense, (e) other non-operating income and (f) certain other significant items that we believe are not indicative of our core performance.

### *Fee Related Earnings*

Fee Related Earnings (“FRE”) is used to highlight earnings of the Company from recurring management fees. FRE represents net income excluding (a) incentive fees and related compensation, (b) interest income and expense, (c) income tax expense, (d) equity in income of investees, (e) other non-operating income and (f) certain other significant items that we believe are not indicative of our core performance. We believe FRE is useful to investors because it provides additional insight into the operating profitability of our business. FRE is presented before income taxes.



The following table shows a reconciliation of net income attributable to Hamilton Lane Incorporated to Fee Related Earnings and Adjusted EBITDA for fiscal 2021, 2020, 2019, 2018 and 2017:

	Year Ended March 31,				
	2021	2020	2019	2018	2017
	(in thousands)				
Net income attributable to Hamilton Lane Incorporated	\$ 98,022	\$ 60,825	\$ 33,573	\$ 17,341	\$ 612
(Loss) income attributable to non-controlling interests in general partnerships	(250)	85	564	2,448	1,192
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	69,720	65,866	64,860	86,508	72,634
Income attributable to non-controlling interests in Hamilton Lane Alliance Holdings I, Inc.	1,293	—	—	—	—
Incentive fees <sup>(1)</sup>	(52,191)	(29,128)	(34,406)	(49,003)	(7,146)
Incentive fee related compensation <sup>(2)</sup>	24,438	13,677	14,983	3,874	3,283
SPAC related compensation	1,686	—	—	—	—
SPAC related general, administrative and other expenses	378	—	—	—	—
Interest income	(1,676)	(709)	(255)	(528)	(320)
Interest expense	2,503	2,816	3,039	5,989	14,565
Income tax expense	24,417	13,968	30,560	33,333	316
Equity in income of investees	(30,266)	(20,250)	(7,202)	(17,102)	(12,801)
Contingent compensation related to acquisition	—	—	5,100	3,399	—
Non-operating (income) loss	(8,035)	(6,172)	(20,915)	(5,036)	(83)
<b>Fee Related Earnings</b>	<b>\$ 130,039</b>	<b>\$ 100,978</b>	<b>\$ 89,901</b>	<b>\$ 81,223</b>	<b>\$ 72,252</b>
Depreciation and amortization	4,134	3,291	2,500	1,891	1,915
Equity-based compensation	7,079	7,183	6,382	5,544	4,681
Incentive fees <sup>(1)</sup>	52,191	29,128	34,406	49,003	7,146
Incentive fees attributable to non-controlling interests <sup>(1)</sup>	(756)	(320)	(725)	(1,729)	—
Incentive fee related compensation <sup>(2)</sup>	(24,438)	(13,677)	(14,983)	(3,874)	(3,283)
SPAC related compensation	(1,686)	—	—	—	—
Interest income	1,676	709	255	528	320
<b>Adjusted EBITDA</b>	<b>\$ 168,239</b>	<b>\$ 127,292</b>	<b>\$ 117,736</b>	<b>\$ 132,586</b>	<b>\$ 83,031</b>

(1) Incentive fees for the year ended March 31, 2021 included \$0.8 million of non-cash carried interest attributable to non-controlling interests. Incentive fees for the year ended March 31, 2020 included \$0.3 million of non-cash carried interest attributable to non-controlling interests. Incentive fees for the year ended March 31, 2019 included \$3.2 million of non-cash carried interest. Of the \$3.2 million, \$2.5 million is included in net income and \$0.7 million is attributable to non-controlling interests. Incentive fees for the year ended March 31, 2018 included \$40.6 million of non-cash carried interest. Of the \$40.6 million, \$38.9 million is included in net income and \$1.7 million is attributable to non-controlling interests.

(2) Incentive fee related compensation includes incentive fee compensation expense, bonus and other revenue sharing related to carried interest that is classified as base compensation. Incentive fee related compensation for the years ended March 31, 2019 and 2018 excludes compensation expense related to the recognition of incentive fees included in net income from one of our co-investment funds of \$2.5 million and \$38.9 million, respectively, as the related incentive fee compensation was recognized in fiscal 2016.

### **Non-GAAP Earnings Per Share**

Non-GAAP earnings per share measures our per-share earnings excluding certain significant items that we believe are not indicative of our core performance and assuming all Class B and Class C units in HLA were exchanged for Class A common stock in HLI. Non-GAAP earnings per share is calculated as adjusted net income divided by adjusted shares outstanding. Adjusted net income is income before taxes fully taxed at our estimated statutory tax rate. We believe adjusted net income and non-GAAP earnings per share are useful to investors because they enable them to better evaluate total and per-share operating performance across reporting periods.

The following table shows a reconciliation of adjusted net income to net income attributable to Hamilton Lane Incorporated and adjusted shares outstanding to weighted-average shares of Class A common stock outstanding for fiscal 2021, 2020 and 2019.

	Year Ended March 31,		
	2021	2020	2019
<b>(in thousands, except share and per-share amounts)</b>			
Net income attributable to Hamilton Lane Incorporated	\$ 98,022	\$ 60,825	\$ 33,573
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	69,720	65,866	64,860
Income tax expense	24,417	13,968	30,560
Contingent compensation related to acquisition	—	—	5,100
Adjusted pre-tax net income	<u>\$ 192,159</u>	<u>\$ 140,659</u>	<u>\$ 134,093</u>
Adjusted income taxes <sup>(1)</sup>	(45,734)	(33,336)	(32,048)
Adjusted net income	<u>\$ 146,425</u>	<u>\$ 107,323</u>	<u>\$ 102,045</u>
Weighted-average shares of Class A common stock outstanding - diluted	33,362,365	28,438,772	24,298,795
Exchange of Class B and Class C units in HLA <sup>(2)</sup>	20,240,035	25,067,540	29,040,205
Adjusted shares outstanding	<u>53,602,400</u>	<u>53,506,312</u>	<u>53,339,000</u>
Non-GAAP earnings per share	<u>\$ 2.73</u>	<u>\$ 2.01</u>	<u>\$ 1.91</u>

(1) For the year ended March 31, 2021, represents corporate income taxes at our estimated statutory tax rate of 23.8% applied to adjusted pre-tax net income. The 23.8% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.8%. For the year ended March 31, 2020, represents corporate income taxes at our estimated statutory tax rate of 23.7% applied to adjusted pre-tax net income. The 23.7% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.7%. For the year ended March 31, 2019, represents corporate income taxes at our estimated statutory tax rate of 23.9% applied to adjusted pre-tax net income. The 23.9% is based on a federal tax statutory rate of 21.0% and a combined state income tax rate net of federal benefits of 2.9%.

(2) Assumes the full exchange of Class B and Class C units in HLA for Class A common stock of HLI pursuant to the exchange agreement.

## Liquidity and Capital Resources

### *Historical Liquidity and Capital Resources*

We have managed our historical liquidity and capital requirements primarily through the receipt of management and advisory fee revenues. Our primary cash flow activities involve: (1) generating cash flow from operations, which largely includes management and advisory fees; (2) realizations generated from our investment activities; (3) funding capital commitments that we have made to certain of our specialized funds and customized separate accounts; (4) making dividend payments to our stockholders and distributions to holders of HLA units; and (5) borrowings, interest payments and repayments under our outstanding debt. As of March 31, 2021 and March 31, 2020, our cash and cash equivalents, including investments in money market funds, were \$87.0 million and \$50.1 million, respectively.

Our material sources of cash from our operations include: (1) management and advisory fees, which are collected monthly or quarterly; (2) incentive fees, which are volatile and largely unpredictable as to amount and timing; and (3) fund distributions related to investments in our specialized funds and certain customized separate accounts that we manage. We use cash flow from operations primarily to pay compensation and related expenses, general, administrative and other expenses, debt service, capital expenditures and distributions to our owners and to fund commitments to certain of our specialized funds and customized separate accounts. If cash flow from operations were insufficient to fund distributions to our owners, we expect that we would suspend paying such distributions.

We have also accessed the capital markets and used proceeds from sales of our Class A common stock to settle in cash exchanges of HLA membership interests by direct and indirect owners of HLA pursuant to our exchange agreement.

### *Loan Agreements*

We maintain the Term Loan Agreement, the Revolving Loan Agreement and the Multi-Draw Term Loan Agreement with First Republic. The Term Loan Agreement has a maturity date of July 1, 2027 and the interest rate is a floating per annum rate equal to the prime rate minus 1.50% subject to a floor of 2.25%. As of March 31, 2021, we had an outstanding balance of \$74 million under the Term Loan Agreement. We are entitled to request additional uncommitted term advances not to exceed \$25 million in the aggregate, as well as additional committed term advances not to exceed \$25 million in the aggregate through March 24, 2023.

The Revolving Loan Agreement provides that the aggregate outstanding balance will not exceed \$25 million and has a maturity date of March 24, 2023. The interest rate is a floating per annum rate equal to the prime rate minus 1.50% subject to a floor of 2.25%. As of March 31, 2021, we had an outstanding balance of \$15 million under the Revolving Loan Agreement.

The Multi-Draw Term Loan Agreement provides for a term loan in the aggregate principal amount of \$100 million with a maturity date of July 1, 2030. Advances may be drawn through March 31, 2022 and the interest rate is a fixed per annum rate of 3.50%. As of March 31, 2021, we had an outstanding balance of \$75 million under the Multi-Draw Term Loan Agreement.

The Loan Agreements contain covenants that, among other things, limit HLA's ability to incur indebtedness, transfer or dispose of assets, merge with other companies, create, incur or allow liens, make investments, make distributions, engage in transactions with affiliates and take certain actions with respect to management fees. The Loan Agreements also require HLA to maintain, among other requirements, (i) a specified amount of management fees, (ii) a specified amount of adjusted EBITDA, as defined in the Loan Agreements, and (iii) a specified minimum tangible net worth, during the term of

each of the Loan Agreements. The obligations under the Loan Agreements are secured by substantially all the assets of HLA. As of March 31, 2021 and 2020, the principal amount of debt outstanding equaled \$163.6 million and \$75.0 million, respectively.

### *Cash Flows*

	Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Net cash provided by operating activities	\$ 188,158	\$ 116,373	\$ 111,622
Net cash used in investing activities	(421,781)	(49,900)	(19,213)
Net cash provided by (used in) financing activities	270,660	(64,709)	(90,210)
Effect of exchange rate changes on cash and cash equivalents	130	(144)	8
Increase in cash, cash equivalents and restricted cash	<u>\$ 37,167</u>	<u>\$ 1,620</u>	<u>\$ 2,207</u>

### *Operating Activities*

Net cash provided by operating activities was \$188.2 million, \$116.4 million and \$111.6 million during fiscal 2021, 2020 and 2019, respectively. These operating cash flows were driven primarily by:

- net income of \$168.8 million, \$126.8 million and \$99.0 million during fiscal 2021, 2020 and 2019, respectively; and
- net change in operating assets and liabilities of \$33.5 million, \$(19.9) million and \$(2.0) million during fiscal 2021, 2020 and 2019, respectively.

### *Investing Activities*

Our net cash flow used in investing activities was \$421.8 million, \$49.9 million and \$19.2 million during fiscal 2021, 2020 and 2019, respectively. These amounts were driven primarily by:

- purchase of money market funds of \$276.0 million during fiscal 2021 related to our consolidated SPAC entity;
- purchase of other investments of \$90.5 million and \$4.0 million during fiscal 2021 and 2020, respectively
- contributions to investments, net of distributions received from investments, of \$38.7 million, \$46.0 million and \$35.4 million during fiscal 2021, 2020 and 2019, respectively;
- proceeds from the sales of other investments of \$6.4 million and \$22.5 million during fiscal 2020 and 2019, respectively; and
- purchase of furniture, fixtures and equipment of \$18.6 million during fiscal 2021, mainly attributable to the build out of our new corporate headquarters location.

### *Financing Activities*

Our net cash flow provided by (used in) financing activities was \$270.7 million, \$(64.7) million and \$(90.2) million during fiscal 2021, 2020 and 2019, respectively. Cash provided by (used in) financing activities was attributable primarily to:

- new debt borrowings of \$90.0 million during fiscal 2021;

- net contributions from non-controlling interest holders to our consolidated SPAC of \$270.0 million during fiscal 2021;
- dividends paid of \$39.7 million, \$29.1 million and \$18.7 million during fiscal 2021, 2020 and 2019, respectively; and
- distributions to equity holders of \$34.4 million, \$47.4 million and \$50.6 million during fiscal 2021, 2020 and 2019, respectively.

### ***Future Sources and Uses of Liquidity***

We generate significant cash flows from operating activities. We believe that we will be able to continue to meet our current and long-term liquidity and capital requirements through our cash flows from operating activities, existing cash and cash equivalents and our ability to obtain future external financing.

We believe we will also continue to evaluate opportunities, based on market conditions, to access the capital markets and use proceeds from sales of our Class A common stock to settle in cash exchanges of HLA membership interests by direct and indirect owners of HLA pursuant to our exchange agreement. The timing or size of any potential transactions will depend on a number of factors, including market opportunities and our views regarding our capital and liquidity positions and potential future needs. There can be no assurance that any such transactions will be completed on favorable terms, or at all.

We currently sponsor a SPAC and intend to sponsor additional SPACs in the future, depending on market and other conditions, which will require an initial investment of capital from us that we may be unable to recover if a suitable target company for the SPAC is not identified within the prescribed timeframe.

In November 2018, we authorized a program to repurchase up to 6% of the outstanding shares of our Class A common stock, not to exceed \$50 million (the “Stock Repurchase Program”). The Stock Repurchase Program does not include specific price targets or timetables and may be suspended or terminated by us at any time. We intend to finance the purchases using available working capital and/or external financing. The Stock Repurchase Program expires 12 months after the date of the first acquisition under the authorization. We have not repurchased any of our Class A common stock under the Stock Repurchase Program, and therefore the full purchase authority remains available.

We expect that our primary current and long-term liquidity needs will comprise cash to (1) provide capital to facilitate the growth of our business, (2) fund commitments to our investments, (3) pay operating expenses, including cash compensation to our employees, (4) make payments under the tax receivable agreement, (5) fund capital expenditures, (6) pay interest and principal due on our outstanding debt, (7) pay income taxes (8) make dividend payments to our stockholders and distributions to holders of HLA units in accordance with our distribution policy, (9) settle exchanges of HLA membership interests by direct and indirect owners of HLA pursuant to our exchange agreement from time to time, (10) fund SPACs sponsored by us and (11) fund purchases of our Class A common stock pursuant to the Stock Repurchase Program.

We are required to maintain minimum net capital balances for regulatory purposes for our Hong Kong, United Kingdom and broker-dealer subsidiaries. These net capital requirements are met by retaining cash. As a result, we may be restricted in our ability to transfer cash between different operating entities and jurisdictions. As of March 31, 2021, we were required to maintain approximately \$3.0 million in liquid net assets within these subsidiaries to meet regulatory net capital and capital adequacy requirements. We are in compliance with these regulatory requirements.

### ***Dividend Policy***

The declaration and payment by us of any future dividends to holders of our Class A common stock is at the sole discretion of our board of directors. We intend to continue to pay a cash dividend on a quarterly basis. Subject to funds being legally available, we will cause HLA to make pro rata distributions to its members, including us, in an amount at least sufficient to allow us to pay all applicable taxes, to make payments under the tax receivable agreement, and to pay our corporate and other overhead expenses.

### ***Tax Receivable Agreement***

We expect that exchanges of membership units of HLA by members of HLA, as well as our initial purchase of membership units of HLA with the net proceeds from our IPO from certain existing direct and indirect HLA members, will result in increases in the tax basis in our share of the assets of HLA that otherwise would not have been available. These increases in tax basis are expected to increase our depreciation and amortization deductions and create other tax benefits and therefore may reduce the amount of tax that we would otherwise be required to pay in the future. The tax receivable agreement will require us to pay 85% of the amount of these and certain other tax benefits, if any, that we realize (or are deemed to realize in the case of an early termination payment, a change in control or a material breach by us of our obligations under the tax receivable agreement) to the existing direct and indirect members of HLA.

### **Off-Balance Sheet Arrangements**

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any activities that expose us to any liability that is not reflected in our consolidated financial statements.

### **Contractual Obligations, Commitments and Contingencies**

The following table represents our contractual obligations as of March 31, 2021, aggregated by type.

(in thousands)	Contractual Obligations, Commitments and Contingencies				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases <sup>(1)</sup>	\$ 101,766	\$ 6,189	\$ 12,999	\$ 10,770	\$ 71,808
Debt obligations payable <sup>(2)</sup>	163,594	16,875	6,563	25,781	114,375
Interest on debt obligations payable <sup>(3)</sup>	28,142	4,314	8,467	7,787	7,574
Capital commitments to our investments <sup>(4)</sup>	201,442	201,442	—	—	—
Total	\$ 494,944	\$ 228,820	\$ 28,029	\$ 44,338	\$ 193,757

(1) Operating leases obligation includes lease payments for our new headquarters that will commence when we occupy the space, which is expected to be June 2021.

(2) Represents scheduled debt obligation payments under our Loan Agreements.

(3) Represents interest to be paid over the maturity of the related debt obligations, which has been calculated assuming no pre-payments will be made and debt will be held until its final maturity date. The future interest payments are calculated using

the variable interest rate of 2.25% on our Term Loan Agreement and the fixed interest rate of 3.50% on our Multi-Draw Term Loan Agreement in effect as of March 31, 2021.

- (4) Represents commitments by us to fund a portion of each investment made by our specialized funds and certain customized separate account entities. These amounts are generally due on demand and are therefore presented in the less than one year category.

We have entered into a tax receivable agreement with our pre-IPO owners pursuant to which we will pay them 85% of the amount of tax benefits, if any, that we realize (or are deemed to realize in the case of an early termination payment by us, a change in control or a material breach by us of our obligations under the tax receivable agreement) as a result of increases in tax basis (and certain other tax benefits) resulting from purchases or exchanges of membership units of HLA. Because the timing of amounts to be paid under the tax receivable agreement cannot be determined, this contractual commitment has not been presented in the table above. The tax savings achieved may be substantial and we may not have sufficient cash available to pay this liability, in which case, we might be required to incur additional debt to satisfy this liability.

### **Critical Accounting Policies**

We prepare our consolidated financial statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our combined and consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates or judgments, however, are both subjective and subject to change, and actual results may differ from our assumptions and estimates. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates or judgments. See Note 2, “Summary of Significant Accounting Policies,” to our consolidated financial statements included in Part II, Item 8 of this Form 10-K for a summary of our significant accounting policies.

#### ***Principles of Consolidation***

We consolidate all entities that we control through a controlling financial interest or as the primary beneficiary of variable interest entities (“VIEs”).

Our policy is to perform an analysis to determine whether consolidation is required by determining if we have a variable interest in each entity and whether that entity is a VIE. We perform the variable interest analysis for all entities in which we have a potential variable interest, which consist primarily of our specialized funds and customized separate accounts where we serve as the general partner or managing member, and general partner entities not wholly owned by us. If we have a variable interest in the entity and the entity is a VIE, we will also analyze whether we are the primary beneficiary of this entity and whether consolidation is required.

In evaluating whether we hold a variable interest, we review the equity ownership to determine whether we absorb risk created and distributed by the entity, as well as whether the fees charged to the entity are customary and commensurate with the effort required to provide the services. We consider all economic interests, including indirect interests, to determine if a fee is considered a variable interest. For our specialized funds and customized separate accounts, our fee arrangements are not considered to be variable interests. For those entities where we hold a variable interest, we determine whether each of these entities qualifies as a VIE and, if so, whether we are the primary beneficiary.

The assessment of whether the entity is a VIE requires an evaluation of qualitative factors and, where applicable, quantitative factors. These judgments include: (a) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the economic performance of the entity, (c) determining whether two or more parties' equity interests should be aggregated, and (d) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity. The entities that are VIEs were determined as such because the respective limited partners do not have the ability to remove the general partner or dissolve the respective fund or entity with a simple majority vote (i.e., the limited partners lack "kick out rights").

For entities that are determined to be VIEs, we are required to consolidate those entities where we have concluded that we are the primary beneficiary. The primary beneficiary is defined as the variable interest holder with (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. In evaluating whether we are the primary beneficiary, we evaluate our economic interests in the entity held either directly or indirectly by us. At each reporting date, we determine whether any reconsideration events have occurred that require us to revisit the primary beneficiary analysis, and we will consolidate or deconsolidate accordingly.

### ***Revenue Recognition of Incentive Fees***

Incentive fees include both carried interest earned from certain specialized funds and performance fees received from certain customized separate accounts.

Contracts with specialized funds and certain customized separate accounts provide incentive fees, which generally range from 5.0% to 12.5% of profits, when investment returns exceed minimum return levels or other performance targets on either an annual or inception to date basis and are generally payable after all contributed capital and the preferred return on that capital has been distributed to investors. Incentive fees are recognized when it is probable that a significant reversal will not occur. Investment returns are highly susceptible to market factors and judgments and actions of third parties that are outside of our control. We estimate the amount and probability of additional future capital contributions to specialized funds and customized separate accounts, which could impact the probability of a significant reversal occurring. The additional future capital contributions relate to unfunded commitments or follow-on investment opportunities in underlying portfolio investments.

Incentive fees received by us before the revenue recognition criteria have been met are deferred and recorded as deferred incentive fee revenue in the Consolidated Balance Sheets.

### ***Incentive Fee Compensation Expense***

Incentive fee compensation expense includes compensation directly related to incentive fees. Certain employees are granted allocations or profit-sharing interests and are thereby, as a group, entitled to a 25% portion of the incentive fees earned from certain of our specialized funds and performance fees from certain customized separate accounts, subject to vesting. Amounts payable pursuant to these arrangements are recorded as a compensation expense when they have become probable and reasonably estimable. Our determination of the point at which it becomes probable and reasonably estimable is based on our assessment of numerous factors, particularly those related to the profitability, realization, distribution status, investment profile and commitments or contingencies of our specialized funds or customized separate accounts that may give rise to incentive fees. Incentive fee compensation may be expensed before the related incentive fee revenue is recognized.



### ***Income Taxes***

We account for income taxes using the asset and liability method. Deferred income taxes are recognized for the expected future tax consequences attributable to temporary differences between the carrying amount of the existing tax assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied in the years in which temporary differences are expected to be recovered or settled. The principal items giving rise to temporary differences are certain basis differences resulting from the acquisitions of HLA units. Realization of the deferred tax assets is primarily dependent upon (1) historic earnings, (2) forecasted taxable income, (3) future tax deductions of tax basis step-ups related to our IPO and subsequent unit exchanges, (4) future tax deductions related to payments under the tax receivable agreement, and (5) our share of HLA's temporary differences that result in future tax deductions. Valuation allowances are established when necessary to reduce deferred tax assets to the amount more likely than not to be realized.

HLI is the sole managing member of HLA, which is organized as a limited liability company and treated as a "flow-through" entity for income taxes purposes. As a "flow-through" entity, HLA is not subject to income taxes apart from certain U.S. state and local taxes and foreign taxes attributable to its operations in foreign jurisdictions. Any taxable income or loss generated by HLA is passed through to and included in the taxable income or loss of its members, including HLI. As a result, we do not record income taxes on pre-tax income or loss attributable to the non-controlling interests in the general partnerships and HLA, except for foreign taxes discussed above. HLI is subject to U.S. federal and applicable state corporate income taxes with respect to its allocable share of any taxable income of HLA.

We analyze our tax filing positions in all of the U.S. federal, state, local and foreign tax jurisdictions where we are required to file income tax returns, as well for all open tax years in these jurisdictions. We evaluate tax positions taken or expected to be taken in the course of preparing an entity's tax returns to determine whether it is "more-likely-than-not" that each tax position will be sustained by the applicable tax authority.

### ***Tax Receivable Agreement***

Our purchase of HLA Class A units concurrent with the IPO, and subsequent exchanges by holders of HLA units for shares of our Class A common stock pursuant to the exchange agreement, result in increases in our share of the tax basis of the tangible and intangible assets of HLA, which increases the tax depreciation and amortization deductions that otherwise would not have been available to us. These increases in tax basis and tax depreciation and amortization deductions are expected to reduce the amount of cash taxes that we would otherwise be required to pay in the future. We entered into the tax receivable agreement with the other members of HLA, which requires us to pay exchanging HLA unitholders (the "TRA Recipients") 85% of the amount of cash savings, if any, in U.S. federal, state, and local income tax that we actually realize (or, under certain circumstances, are deemed to realize) as a result of the increases in tax basis in connection with exchanges by the TRA Recipients described above and certain other tax benefits attributable to payments under the tax receivable agreement. Generally, if we do not generate sufficient cumulative taxable income in the future to utilize the tax benefits, then we will not be required to make the related tax receivable agreement payments - the exception being that our obligation to make such payments may be accelerated if we elect to terminate the tax receivable agreement, in whole or in part, or if a change in control of us, or a breach of the tax receivable agreement by us, occurs. Therefore, we will generally only recognize a liability for payments under the tax receivable agreement for financial reporting purposes to the extent we determine it is probable that we will generate sufficient future taxable income to utilize the related tax benefits. Estimating and projecting future taxable income is inherently uncertain and requires judgment. Actual taxable income may differ from estimates, which could

significantly affect the liability under the tax benefit arrangements and our consolidated results of operations.

Based on current projections, we anticipate having sufficient taxable income to utilize these tax attributes and receive corresponding tax deductions in future periods. Changes in the projected liability resulting from the tax receivable agreement may occur based on changes in anticipated future taxable income, changes in applicable tax rates or other changes in tax attributes that may occur and could affect the expected future tax benefits to be received by us.

### **Recent Accounting Pronouncements**

Information regarding recent accounting developments and their impact on our results can be found in Note 2, “Summary of Significant Accounting Policies” in the notes to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

In the normal course of business, we are exposed to a broad range of risks inherent in the financial markets in which we participate, including price risk, interest-rate risk, access to and cost of financing risk, liquidity risk, counterparty risk and foreign exchange-rate risk. Potentially negative effects of these risks may be mitigated to a certain extent by those aspects of our investment approach, investment strategies, fundraising practices or other business activities that are designed to benefit, either in relative or absolute terms, from periods of economic weakness, tighter credit or financial market dislocations.

Our predominant exposure to market risk is related to our role as general partner or investment manager for our specialized funds and customized separate accounts and the sensitivities to movements in the fair value of their investments, which may adversely affect our equity in income of investees. Since our management fees are generally based on commitments or net invested capital, our management fee and advisory fee revenue is not significantly impacted by changes in investment values.

Fair value of the financial assets and liabilities of our specialized funds and customized separate accounts may fluctuate in response to changes in the value of securities, foreign currency exchange rates, commodity prices and interest rates. The impact of investment risk is as follows:

- Equity in income of investees changes along with the realized and unrealized gains of the underlying investments in our specialized funds and certain customized separate accounts in which we have a general partner commitment. Our general partner investments include over 3,000 unique underlying portfolio investments with no significant concentration in any industry or country outside of the United States.
- Management fees from our specialized funds and customized separate accounts are not significantly affected by changes in fair value as the management fees are not generally based on the value of the specialized funds or customized separate accounts, but rather on the amount of capital committed or invested in the specialized funds or customized separate accounts, as applicable.
- Incentive fees from our specialized funds and customized separate accounts are not materially affected by changes in the fair value of unrealized investments because they are based on realized gains and subject to achievement of performance criteria rather than on the fair value of the specialized fund’s or customized separate account’s assets prior to realization. Minor decreases in

underlying fair value would not affect the amount of deferred incentive fee revenue subject to clawback.

***Exchange Rate Risk***

Several of our specialized funds and customized separate accounts hold investments denominated in non-U.S. dollar currencies that may be affected by movements in the rate of exchange between the U.S. dollar and foreign currency, which could impact investment performance. The currency exposure related to investments in foreign currency assets is limited to our general partner interest, which is typically one percent of total capital commitments. We do not possess significant assets in foreign countries in which we operate or engage in material transactions in currencies other than the U.S. dollar. Therefore, changes in exchange rates are not expected to materially impact our financial statements.

***Interest Rate Risk***

As of March 31, 2021, we had \$163.6 million in borrowings outstanding under our Loan Agreements. The annual interest rate on the Term Loan Agreement, which is at the prime rate minus 1.50%, subject to a floor of 2.25%, was 2.25% as of March 31, 2021. The annual interest rate on the Revolving Loan Agreement, which is at the prime rate minus 1.50%, subject to a floor of 2.25%, was 2.25% as of March 31, 2021.

Based on the floating rate component of our Loan Agreements payable as of March 31, 2021, we estimate that a 100 basis point increase in interest rates would result in increased interest expense of \$0.4 million over the next 12 months.

***Credit Risk***

We are party to agreements providing for various financial services and transactions that contain an element of risk in the event that the counterparties are unable to meet the terms of such agreements. In such agreements, we depend on the respective counterparty to make payment or otherwise perform. We generally endeavor to minimize our risk of exposure by limiting the counterparties with which we enter into financial transactions to reputable financial institutions. In other circumstances, availability of financing from financial institutions may be uncertain due to market events, and we may not be able to access these financing markets.

There have been no material changes in our market risk exposures since March 31, 2020.

## Item 8. Financial Statements and Supplementary Data

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## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Hamilton Lane Incorporated

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hamilton Lane Incorporated (the Company) as of March 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated May 27, 2021 expressed an unqualified opinion thereon.

### Adoption of ASU No. 2016-02

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases in the year ending March 31, 2020 due to the adoption of ASU No. 2016-02, Leases (Topic 842), and the related amendments.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

## Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

<i>Description of the Matter</i>	<b><i>Recognition of Incentive Fee Revenue</i></b>
<i>How We Addressed the Matter in Our Audit</i>	<p>For the year ended March 31, 2021, the Company recognized \$52.2 million of incentive fee revenue. As explained in Note 2 to the consolidated financial statements, the Company considers incentive fees from specialized funds and customized separate accounts to be variable consideration which is constrained and recognized when it is probable that a significant reversal in the cumulative amount of incentive fee revenue will not occur. As incentive fees are generally payable after all contributed capital and the preferred return thereon has been distributed to investors, the Company estimates the amount and probability of additional future capital contributions that it will call from investors in specialized funds and customized separate accounts related to unfunded commitments or follow on investment opportunities in investees. These estimates could impact the probability of a significant reversal in the cumulative amount of incentive fee revenue occurring.</p> <p>Auditing management’s assessment of whether it is probable that a significant reversal in the cumulative amount of incentive fee revenue will not occur is subjective and requires significant judgment, as the estimates described above are affected by future economic, market and investee-specific conditions.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that address the risk of material misstatement relating to the recognition of incentive fee revenue. This included controls over management’s review of the estimates of the amount and probability of additional future capital contributions from investors in specialized funds and customized separate accounts.</p> <p>To test the recognition of incentive fee revenue, our audit procedures included, among others, evaluating the Company’s estimates of the amount and probability of additional future capital contributions described above. For example, we compared management’s assumptions about the probability that the investees will need additional capital to historical trends and financial information available from the investees, evaluated the change in the assumptions from the prior year and assessed the historical accuracy of management’s assumptions. We performed sensitivity analyses of management’s estimate of additional future capital contributions to evaluate the changes in the amount of incentive fee revenue recognized that would result from changes in the assumptions. In addition, we searched for and evaluated information that corroborated or contradicted management’s assumptions.</p>

***Recognition of Net Deferred Tax Asset from Equity Offering and Unit Exchange***

*Description of the Matter*

As further discussed in Note 11 to the consolidated financial statements, in connection with the Company's equity offerings and unit exchanges during the current year (the "Transactions"), the Company recorded a net deferred tax asset of \$121.1 million. As further discussed in Note 2 to the consolidated financial statements, the resulting basis differences arising from the Transactions represent a temporary difference for which the Company records a deferred tax asset if it is more likely than not the deferred tax asset will be realized. Realization of this deferred tax asset is dependent upon, among other things, the future tax deductions of tax basis step-ups related to the Transactions.

*How We Addressed the Matter in Our Audit*

Auditing the Company's recognition of the net deferred tax asset related to the Transactions is especially challenging, as the Company's determination of the tax basis step-ups and related future tax deductions requires the application of complex tax laws and regulations for partnerships and the identification of historical basis differences.

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's net deferred tax asset recognition process, including controls over management's review of the determination of the tax basis step-ups and related future tax deductions and the identified historical basis differences described above.

To test the recognition of the net deferred tax asset resulting from the Transactions, we involved a specialist and performed procedures that included, among others, evaluating the technical merit of the Company's determination of the tax basis step-ups and the related future tax deductions based on relevant tax law and regulations. We also used available tax-related information to evaluate the historical basis differences the Company used in its determination.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2008.  
Philadelphia, Pennsylvania  
May 27, 2021

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Hamilton Lane Incorporated

### Opinion on Internal Control Over Financial Reporting

We have audited Hamilton Lane Incorporated's internal control over financial reporting as of March 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Hamilton Lane Incorporated (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2021, and the related notes and our report dated May 27, 2021 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania  
May 27, 2021



**Hamilton Lane Incorporated**  
**Consolidated Balance Sheets**  
*(In thousands, except share and per share amounts)*

	March 31,	
	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 87,025	\$ 50,124
Restricted cash	3,041	3,086
Fees receivable	29,202	30,384
Prepaid expenses	6,143	6,988
Due from related parties	2,495	2,605
Furniture, fixtures and equipment, net	23,308	7,402
Lease right-of-use assets, net	64,384	9,577
Investments	368,836	197,759
Deferred income taxes	251,949	137,941
Other assets	17,821	17,675
Assets of consolidated variable interest entities:		
Cash and cash equivalents	311	—
Investments held in trust	276,003	—
Investments	4,787	9,988
Other assets	1,214	—
<b>Total assets</b>	<b>\$ 1,136,519</b>	<b>\$ 473,529</b>
<b>Liabilities, redeemable non-controlling interests and equity</b>		
Accounts payable	2,173	1,968
Accrued compensation and benefits	29,415	10,804
Accrued members' distributions	16,877	5,829
Accrued dividend	11,201	8,027
Debt	163,175	74,524
Payable to related parties pursuant to tax receivable agreement	194,764	98,956
Lease liabilities	75,281	10,184
Other liabilities (includes \$17,381 and \$13,394 at fair value)	36,122	22,132
Liabilities of consolidated variable interest entities:		
Deferred incentive fee revenue	—	3,704
Other liabilities	17,310	—
<b>Total liabilities</b>	<b>546,318</b>	<b>236,128</b>
<b>Commitments and Contingencies (Note 15)</b>		
Redeemable non-controlling interests	276,000	—
Preferred stock, \$0.001 par value, 10,000,000 authorized, none issued	—	—
Class A common stock, \$0.001 par value, 300,000,000 authorized; 36,290,183 and 29,842,784 issued and outstanding as of March 31, 2021 and 2020, respectively	36	30
Class B common stock, \$0.001 par value, 50,000,000 authorized; 16,739,846 and 22,049,727 issued and outstanding as of March 31, 2021 and 2020, respectively	17	22
Additional paid-in-capital	150,564	107,727
Accumulated other comprehensive loss	—	(78)
Retained earnings	87,512	47,090
<b>Total Hamilton Lane Incorporated stockholders' equity</b>	<b>238,129</b>	<b>154,791</b>
Non-controlling interests in general partnerships	2,211	4,853
Non-controlling interests in Hamilton Lane Advisors, L.L.C.	73,861	77,757
<b>Total equity</b>	<b>314,201</b>	<b>237,401</b>
<b>Total liabilities, redeemable non-controlling interests and equity</b>	<b>\$ 1,136,519</b>	<b>\$ 473,529</b>

See accompanying notes to the consolidated financial statements.

**Hamilton Lane Incorporated**  
**Consolidated Statements of Income**  
*(In thousands, except per share amounts)*

	Year Ended March 31,		
	2021	2020	2019
<b>Revenues</b>			
Management and advisory fees	\$ 289,444	\$ 244,920	\$ 217,773
Incentive fees	31,134	21,437	17,658
Consolidated variable interest entities related:			
Incentive fees	21,057	7,691	16,748
Total revenues	341,635	274,048	252,179
<b>Expenses</b>			
Compensation and benefits	136,319	100,138	98,995
General, administrative and other	49,210	57,481	48,960
Consolidated variable interest entities related:			
General, administrative and other	378	—	—
Total expenses	185,907	157,619	147,955
<b>Other income (expense)</b>			
Equity in income of investees	32,389	20,731	7,457
Interest expense	(2,044)	(2,816)	(3,039)
Interest income	1,676	709	255
Non-operating income	5,894	6,172	20,915
Consolidated variable interest entities related:			
Equity in loss of investees	(2,123)	(481)	(255)
Unrealized gains	2,141	—	—
Interest expense	(459)	—	—
Total other income (expense)	37,474	24,315	25,333
Income before income taxes	193,202	140,744	129,557
Income tax expense	24,417	13,968	30,560
Net income	168,785	126,776	98,997
Less: (Loss) income attributable to non-controlling interests in general partnerships	(250)	85	564
Less: Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	69,720	65,866	64,860
Less: Income attributable to redeemable non-controlling interests in Hamilton Lane Alliance Holdings I, Inc.	1,293	—	—
Net income attributable to Hamilton Lane Incorporated	\$ 98,022	\$ 60,825	\$ 33,573
Basic earnings per share of Class A common stock	\$ 2.82	\$ 2.17	\$ 1.41
Diluted earnings per share of Class A common stock	\$ 2.81	\$ 2.15	\$ 1.40
Dividends declared per share of Class A common stock	\$ 1.25	\$ 1.10	\$ 0.85

See accompanying notes to the consolidated financial statements.

**Hamilton Lane Incorporated**  
**Consolidated Statements of Comprehensive Income**  
*(In Thousands)*

	Year Ended March 31,		
	2021	2020	2019
Net income	\$ 168,785	\$ 126,776	\$ 98,997
Other comprehensive income (loss), net of tax:			
Foreign currency translation	130	(159)	15
Total other comprehensive income (loss), net of tax	130	(159)	15
Comprehensive income	\$ 168,915	\$ 126,617	\$ 99,012
Less:			
Comprehensive (loss) income attributable to non-controlling interests in general partnerships	(250)	85	564
Comprehensive income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	69,772	65,792	64,868
Comprehensive income attributable to redeemable non-controlling interests in Hamilton Lane Alliance Holdings I, Inc.	1,293	—	—
Total comprehensive income attributable to Hamilton Lane Incorporated	<u>\$ 98,100</u>	<u>\$ 60,740</u>	<u>\$ 33,580</u>

See accompanying notes to the consolidated financial statements.

**Hamilton Lane Incorporated**  
**Consolidated Statements of Stockholders' Equity**  
*(In Thousands)*

	Class A Common Stock	Class B Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests in general partnerships	Non- Controlling Interests in Hamilton Lane Advisors, L.L.C.	Total Equity
Balance at March 31, 2018	\$ 22	\$ 26	\$ 73,829	\$ 4,549	\$ —	\$ 7,266	\$ 50,382	\$ 136,074
Net income	—	—	—	33,573	—	564	64,860	98,997
Cumulative-effect adjustment from adoption of accounting guidance	—	—	411	20	—	—	566	997
Other comprehensive income	—	—	—	—	7	—	8	15
Equity-based compensation	—	—	2,912	—	—	—	3,544	6,456
Issuance of shares for contingent compensation payout	1	—	200	—	—	—	224	425
Purchase and retirement of Class A stock for tax withholding	—	—	(2,425)	—	—	—	(2,962)	(5,387)
Deferred tax adjustment	—	—	10,346	—	—	—	—	10,346
Dividends declared	—	—	—	(20,456)	—	—	—	(20,456)
Capital contributions from (distributions to) non-controlling interests, net	—	—	—	—	—	(2,114)	—	(2,114)
Member distributions	—	—	—	—	—	—	(55,893)	(55,893)
Offerings adjustment	4	(2)	9,589	—	—	—	(9,593)	(2)
Employee Share Purchase Plan share issuance	—	—	127	—	—	—	137	264
Vesting of restricted stock	—	—	324	—	—	—	(324)	0
Equity reallocation between controlling and non-controlling interests	—	—	(2,831)	—	—	—	2,831	0
Balance at March 31, 2019	\$ 27	\$ 24	\$ 92,482	\$ 17,686	\$ 7	\$ 5,716	\$ 53,780	\$ 169,722
Net income	—	—	—	60,825	—	85	65,866	126,776
Other comprehensive loss	—	—	—	—	(85)	—	(74)	(159)
Equity-based compensation	—	—	3,830	—	—	—	3,405	7,235
Issuance of shares for contingent compensation payout	—	—	214	—	—	—	211	425
Purchase and retirement of Class A stock for tax withholding	—	—	(3,227)	—	—	—	(2,654)	(5,881)
Deferred tax adjustment	—	—	6,526	—	—	—	—	6,526
Dividends declared	—	—	—	(31,421)	—	—	—	(31,421)
Capital contributions from (distributions to) non-controlling interests, net	—	—	—	—	—	(948)	—	(948)
Member distributions	—	—	—	—	—	—	(36,116)	(36,116)
Offering adjustment	3	(2)	6,367	—	—	—	(6,370)	(2)
Employee Share Purchase Plan share issuance	—	—	659	—	—	—	585	1,244
Vesting of restricted stock	—	—	333	—	—	—	(333)	—
Equity reallocation between controlling and non-controlling interests	—	—	543	—	—	—	(543)	—
Balance at March 31, 2020	\$ 30	\$ 22	\$ 107,727	\$ 47,090	\$ (78)	\$ 4,853	\$ 77,757	\$ 237,401

**Hamilton Lane Incorporated**  
**Consolidated Statements of Stockholders' Equity**  
*(In Thousands)*

	Class A Common Stock	Class B Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests in general partnerships	Non- Controlling Interests in Hamilton Lane Advisors, L.L.C.	Total Equity
Balance at March 31, 2020	\$ 30	\$ 22	\$ 107,727	\$ 47,090	\$ (78)	\$ 4,853	\$ 77,757	\$ 237,401
Net income	—	—	—	98,022	—	(250)	69,720	167,492
Other comprehensive income	—	—	—	—	78	—	52	130
Equity-based compensation	—	—	4,415	—	—	—	2,695	7,110
Purchase and retirement of Class A stock for tax withholding	—	—	(3,935)	—	—	—	(2,084)	(6,019)
Deferred tax adjustment	—	—	19,252	—	—	—	—	19,252
Dividends declared	—	—	—	(42,850)	—	—	—	(42,850)
Capital contributions from (distributions to) non-controlling interests, net	—	—	—	—	—	(2,392)	—	(2,392)
Member distributions	—	—	—	—	—	—	(45,416)	(45,416)
Offerings adjustment	6	(5)	21,684	—	—	—	(21,690)	(5)
Employee Share Purchase Plan share issuance	—	—	900	—	—	—	547	1,447
Accretion of redeemable non-controlling interest	—	—	—	(14,750)	—	—	(7,199)	(21,949)
Equity reallocation between controlling and non-controlling interests	—	—	521	—	—	—	(521)	—
Balance at March 31, 2021	<u>\$ 36</u>	<u>\$ 17</u>	<u>\$ 150,564</u>	<u>\$ 87,512</u>	<u>\$ —</u>	<u>\$ 2,211</u>	<u>\$ 73,861</u>	<u>\$ 314,201</u>

See accompanying notes to the consolidated financial statements.

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**Hamilton Lane Incorporated**  
**Consolidated Statements of Cash Flows**  
*(In Thousands)*

	Year Ended March 31,		
	2021	2020	2019
<b>Operating activities:</b>			
Net income	\$ 168,785	\$ 126,776	\$ 98,997
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,134	3,291	2,979
Change in deferred income taxes	7,027	7,929	21,665
Change in payable to related parties pursuant to tax receivable agreement	897	(346)	(9,778)
Equity-based compensation	7,079	7,183	6,382
Equity in income of investees	(32,389)	(20,731)	(7,457)
Gain on sale of investments valued under the measurement alternative	—	(4,973)	(11,133)
Fair value adjustment to investment valued under the measurement alternative	(6,229)	(1,507)	—
Proceeds received from investments	784	12,761	14,077
Non-cash lease expense	7,376	4,643	—
Other	1,571	789	190
Changes in operating assets and liabilities:			
Fees receivable	1,182	(10,003)	(5,390)
Prepaid expenses	845	(2,272)	(2,414)
Due from related parties	110	23	608
Other assets	(549)	(1,572)	(1,614)
Accounts payable	205	(654)	919
Accrued compensation and benefits	18,611	(987)	4,549
Lease liability	3,105	(5,014)	—
Other liabilities	10,003	556	1,328
Consolidated variable interest entities related:			
Unrealized gain on warrants measured at fair value	(2,141)	—	—
Equity in income of investees	2,123	481	255
Change in deferred incentive fee revenue	(3,704)	—	(2,541)
Other assets and liabilities	(667)	—	—
Net cash provided by operating activities	<u>\$ 188,158</u>	<u>\$ 116,373</u>	<u>\$ 111,622</u>
<b>Investing activities:</b>			
Purchase of furniture, fixtures and equipment	\$ (18,637)	\$ (1,978)	\$ (5,366)
Purchase of investments valued under the measurement alternative	(90,500)	(3,967)	—
Distributions received from investments valued under the measurement alternative	3,072	—	—
Proceeds from sales of investments valued under the measurement alternative	—	6,419	22,531
Cash paid for purchase of intangible assets	(1,000)	(4,172)	—
Loan to investee	—	(157)	(944)
Distributions received from partnerships	31,195	7,687	10,614
Contributions to investments	(69,911)	(53,732)	(46,048)
Consolidated variable interest entities related:			
Purchase of investments held in trust	(276,000)	—	—
Net cash used in investing activities	<u>\$ (421,781)</u>	<u>\$ (49,900)</u>	<u>\$ (19,213)</u>

	Year Ended March 31,		
	2021	2020	2019
<b>Financing activities:</b>			
Proceeds from offering	\$ 473,339	\$ 147,122	\$ 193,504
Purchase of membership interests	(473,339)	(147,122)	(193,504)
Repayments of long term debt	(1,406)	(71,250)	(2,813)
Borrowings of debt, net of deferred financing costs	75,000	74,765	—
Drawdown of revolver	15,000	15,000	—
Repayment of revolver	—	(15,000)	(10,450)
Secured financing	—	15,750	—
Repurchase of Class B common stock	(5)	(2)	(2)
Repurchase of Class A common stock for employee tax withholding	(6,019)	(5,881)	(5,387)
Proceeds received from issuance of shares under employee stock plans	1,447	1,244	264
Payments to related parties pursuant to the tax receivable agreement	(6,894)	(1,952)	(383)
Dividends paid	(39,676)	(29,067)	(18,676)
Members' distributions paid	(34,368)	(47,368)	(50,649)
Consolidated variable interest entities related:			
Contributions from non-controlling interest in general partnerships	252	45	81
Distributions to non-controlling interest in general partnerships	(2,644)	(993)	(2,195)
Proceeds from issuance of Class A units of Hamilton Lane Alliance Holdings I, Inc.	276,000	—	—
Offering costs paid for issuance of Class A units of Hamilton Lane Alliance Holdings I, Inc.	(6,027)	—	—
Net cash used in financing activities	<u>\$ 270,660</u>	<u>\$ (64,709)</u>	<u>\$ (90,210)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>\$ 130</u>	<u>\$ (144)</u>	<u>\$ 8</u>
Increase in cash, cash equivalents, and restricted cash	37,167	1,620	2,207
Cash, cash equivalents and restricted cash at beginning of year	53,210	51,590	49,383
Cash, cash equivalents and restricted cash at end of year	<u>\$ 90,377</u>	<u>\$ 53,210</u>	<u>\$ 51,590</u>

**Reconciliation of Cash and Cash Equivalents, Restricted Cash and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities to the Consolidated Statements of Financial Condition:**

Cash and cash equivalents	\$ 87,025	\$ 50,124	\$ 49,357
Restricted cash	3,041	3,086	2,233
Cash and cash equivalents held at consolidated variable interest entities	311	—	—
Total cash and cash equivalents, restricted cash, and cash and cash equivalents held at consolidated variable interest entities	<u>\$ 90,377</u>	<u>\$ 53,210</u>	<u>\$ 51,590</u>

See accompanying notes to the consolidated financial statements.

**Hamilton Lane Incorporated**  
**Notes to Consolidated Financial Statements**  
*(In thousands, except share and per share amounts)*

## **1. Organization**

Hamilton Lane Incorporated (“HLI”) was incorporated in the State of Delaware on December 31, 2007 and, following its 2017 initial public offering, is a holding company whose principal asset is a controlling equity interest in Hamilton Lane Advisors, L.L.C. (“HLA”). As the sole managing member of HLA, HLI operates and controls all of the business and affairs of HLA, and through HLA, conducts its business. As a result, HLI consolidates HLA’s financial results and reports a non-controlling interest related to the portion of HLA units not owned by HLI. The assets and liabilities of HLA represent substantially all of HLI’s consolidated assets and liabilities with the exception of certain cash, certain deferred tax assets and liabilities, payable to related parties pursuant to a tax receivable agreement, and dividends payable. Unless otherwise specified, “the Company” refers to the consolidated entity of HLI, HLA and subsidiaries throughout the remainder of these notes. As of March 31, 2021 and 2020, HLI held approximately 67.2% and 55.1%, respectively, of the economic interest in HLA. As future exchanges of HLA units occur pursuant to the exchange agreement in place with HLA’s members, the economic interest in HLA held by HLI will increase.

HLA is a registered investment advisor with the United States Securities and Exchange Commission (“SEC”), providing asset management and advisory services, primarily to institutional investors, to design, build and manage private markets portfolios. HLA generates revenues primarily from management fees, by managing assets on behalf of customized separate accounts, specialized fund products and distribution management accounts, and advisory fees, by providing asset supervisory and reporting services. HLA sponsors the formation, and serves as the general partner or managing member, of various limited liability partnerships consisting of specialized funds and certain single client separate account entities (“Partnerships”) that acquire interests in third-party managed investment funds that make private equity and equity-related investments. The Partnerships may also make direct co-investments, including investments in debt, equity, and other equity-based instruments. The Company, which includes certain subsidiaries that serve as the general partner or managing member of the Partnerships, may invest its own capital in the Partnerships and generally makes all investment and operating decisions for the Partnerships. HLA operates several wholly owned entities through which it conducts its foreign operations.

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The accompanying financial statements include the accounts of the Company, and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

### **COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) a global pandemic, which has resulted in significant disruption and uncertainty in the global economic markets. Given the amount of uncertainty currently regarding the scope and duration of the COVID-19 pandemic, it is currently not possible to predict the precise impact it will have on the Company’s financial statements. In addition, certain impacts may not be reported in the current quarter



**Hamilton Lane Incorporated**  
**Notes to Consolidated Financial Statements**  
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due to the Company's investments in partnerships and unrealized carried interest amounts, which are reported on a three month lag, as discussed below in "Accounting for Differing Fiscal Periods".

### **Use of Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Consolidation**

The Company performs an analysis to determine whether it is required to consolidate entities, by determining if the Company has a variable interest in each entity and whether that entity is a variable interest entity ("VIE"). The Company performs the variable interest analysis for all entities in which it has a potential variable interest, which primarily consist of all entities where the Company serves as the sponsor, general partner or managing member, and general partner entities not wholly owned by the Company. If the Company has a variable interest in the entity and the entity is a VIE, it will also analyze whether the Company is the primary beneficiary of this entity and whether consolidation is required.

In evaluating whether it has a variable interest in the entity, the Company reviews the equity ownership and whether the Company absorbs risk created and distributed by the entity, as well as whether the fees charged to the entity are customary and commensurate with the level of effort required to provide services. Fees received by the Company are not variable interests if (i) the fees are compensation for services provided and are commensurate with the level of effort required to provide those services, (ii) the service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length and (iii) the Company's other economic interests in the VIE held directly and indirectly through its related parties, as well as economic interests held by related parties under common control, where applicable, would not absorb more than an insignificant amount of the entity's losses or receive more than an insignificant amount of the entity's benefits. Evaluation of these criteria requires judgment.

For entities determined to be VIEs, an evaluation is required to determine whether the Company is the primary beneficiary. The Company evaluates its economic interests in the entity specifically determining if the Company has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance ("the power") and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE ("the benefits"). When making the determination on whether the benefits received from an entity are significant, the Company considers the total economics of the entity, and analyzes whether the Company's share of the economics is significant. The Company utilizes qualitative factors, and, where applicable, quantitative factors, while performing the analysis.

VIEs for which the Company is the primary beneficiary have been included in the Company's consolidated financial statements. The portion of the consolidated subsidiaries owned by third parties and any related activity is eliminated through non-controlling interests in the Consolidated Balance Sheets and income (loss) attributable to non-controlling interests in the Consolidated Statements of Income.

For entities that are not determined to be VIEs, the Company analyzes whether it has control through a majority voting interest to determine if consolidation is required.

**Hamilton Lane Incorporated**  
**Notes to Consolidated Financial Statements**  
*(In thousands, except share and per share amounts)*

At each reporting date, the Company determines whether any reconsideration events have occurred that require it to revisit the primary beneficiary analysis and will consolidate or deconsolidate accordingly.

See Note 5 for additional disclosure on VIEs.

**Accounting for Differing Fiscal Periods**

The Partnerships primarily have a fiscal year end as of December 31, and the Company accounts for its investments in the Partnerships using a three-month lag due to the timing of financial information received from the investments held by the Partnerships. The Partnerships primarily invest in private equity funds, which generally require at least 90 days following the calendar year end to present audited financial statements. The Company records its share of capital contributions to and distributions from the Partnerships in investments in the Consolidated Balance Sheets during the three month lag period.

The Company's revenue earned from Partnerships, including both management and advisory fee revenue and incentive fee revenue, is not accounted for on a lag.

To the extent that management is aware of material events that affect the Partnerships during the intervening period, the impact of the events would be disclosed in the Notes to Consolidated Financial Statements.

**Foreign Currency**

The Company and substantially all of its foreign subsidiaries utilize the U.S. dollar as their functional currency. The assets and liabilities of the Company's foreign subsidiaries with non-U.S. dollar functional currencies are translated at exchange rates prevailing at the end of each reporting period. The results of foreign operations are translated at the weighted average exchange rate for each reporting period. Translation adjustments are included in other comprehensive income (loss) within the consolidated financial statements until realized. Foreign currency transaction gains(losses) are included in general, administrative and other expenses in the Consolidated Statements of Income and were \$78, \$(103), and \$368 for the years ended March 31, 2021, 2020 and 2019, respectively.

**Cash, Cash Equivalents and Restricted Cash**

Cash deposits in interest-bearing money market accounts and highly liquid investments, with an original maturity of three months or less, are classified as cash equivalents. Interest earned on cash and cash equivalents is recorded as interest income in the Consolidated Statements of Income.

Restricted cash at March 31, 2021 and 2020 was primarily cash held by the Company's foreign subsidiaries to meet applicable government regulatory capital requirements.

**Hamilton Lane Incorporated**  
**Notes to Consolidated Financial Statements**  
*(In thousands, except share and per share amounts)*

**Investments Held in Trust by Consolidated Variable Interest Entities**

Investments held in trust represent an actively-traded money market fund of Hamilton Lane Alliance Holdings I, Inc. (“HLAH”), a consolidated special purpose acquisition company (“SPAC”), that is invested in U.S. Treasury securities purchased with funds raised through the initial public offering of the consolidated entity. Investments held in trust are classified as trading securities and are presented on the balance sheet at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities are included in unrealized gains of consolidated variable interest entities on the Consolidated Statements of Income. The estimated fair values of investments held in the trust account are determined using quoted prices in an active market and therefore are classified in Level 1 of the fair value hierarchy, as described in “Fair Value of Financial Instruments” below.

**Fees Receivable**

Fees receivable are equal to contractual amounts reduced for allowances, if applicable. The Company considers fees receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established as of March 31, 2021 or 2020.

**Due from Related Parties**

Due from related parties in the Consolidated Balance Sheets consist primarily of advances made on behalf of the Partnerships for the payment of certain operating costs and expenses for which the Company is subsequently reimbursed and refundable tax distributions made to members of HLA.

**Furniture, Fixtures and Equipment**

Furniture, fixtures and equipment consist primarily of leasehold improvements, office equipment, furniture and fixtures, and computer hardware and software and are recorded at cost, less accumulated depreciation. Depreciation is recognized in accordance with the straight-line method over the estimated useful lives as follows:

Computer hardware and software	3-7 years
Furniture and fixtures	5 years
Office equipment	3 years

Leasehold improvements are capitalized and depreciated over the shorter of their useful life or the life of the lease. Expenditures for improvements that extend the useful life of an asset are capitalized. Expenditures for ordinary repairs and maintenance are expensed as incurred.

**Leases**

On April 1, 2019, the Company adopted ASU 2016-02, “Leases” (ASC 842) on a prospective basis and as a result, prior period amounts were not adjusted to reflect the impacts of the new standard. In addition, as permitted under the transition guidance within the new standard, prior scoping, classification, and accounting for initial direct costs were carried forward for leases existing as of the adoption date. The new standard establishes a right of use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the Consolidated Balance Sheets for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense

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recognition in the Consolidated Statements of Income. The adoption did not have an impact on the Consolidated Statements of Income as all of the Company's leases are operating leases, and will continue to be recognized as expense on a straight-line basis. The adoption, however, resulted in a gross-up in total assets and total liabilities on the Consolidated Balance Sheets.

The Company determines whether an arrangement contains a lease at inception. A lease is a contract that provides the right to control an identified asset for a period of time in exchange for consideration. For identified leases, the Company determines whether it should be classified as an operating or finance lease. The Company accounts for lease components and non-lease components as a single lease component. Lease ROU assets and lease liabilities are recognized at the commencement date of the lease and measured based on the present value of lease payments over the lease term. Lease ROU assets include initial direct costs incurred by the Company and are presented net of deferred rent and lease incentives. Generally, the Company's leases do not provide an implicit rate and as a result, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Some leases have the option to extend for an additional term or terminate early. Where it is reasonably certain that the Company will exercise the option, the option has been included in the lease term and reflected in the ROU asset and liability. The Company does not recognize a lease ROU asset or lease liability for short-term leases, which have lease terms of 12 months or less. Lease expense for lease payments on operating leases is recognized on a straight-line basis over the lease term.

### **Intangibles and Goodwill**

The Company's intangible assets consist of customer relationship assets identified as part of previous acquisitions and purchased software. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from 7 to 10 years. The Company does not hold any indefinite-lived intangible assets. Intangible assets are reviewed for impairment quarterly, or when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company has not recognized any impairment charges in any of the periods presented.

The carrying value of the intangible assets was \$7,925 and \$8,328, and is included in other assets in the Consolidated Balance Sheets as of March 31, 2021 and 2020, respectively. The accumulated amortization of intangibles was \$3,165 and \$1,762 as of March 31, 2021 and 2020, respectively. Amortization of intangible assets was \$1,403, \$607, and \$459 for each of the years in the three-year period ended March 31, 2021, respectively, and is included in general, administrative and other expenses in the Consolidated Statements of Income. The estimated amortization expense for each of the next five fiscal years is \$1,482, \$1,478, \$1,437, \$1,437, and \$1,201, respectively.

Goodwill of \$3,943 as March 31, 2021 and 2020 is included in other assets in the Consolidated Balance Sheets and was recorded in conjunction with previous acquisitions. Goodwill is reviewed for impairment at least annually utilizing a qualitative or quantitative approach, and more frequently if circumstances indicate impairment may have occurred. The impairment testing for goodwill under the qualitative approach is based first on a qualitative assessment to determine if it is more likely than not that the fair value of the Company's reporting unit is less than the respective carrying value. The reporting unit is the reporting level for testing the impairment of goodwill. If it is determined that it is more likely than not that a reporting unit's fair value is less than its carrying value or when the quantitative approach is used, a two-step quantitative assessment is performed to (a) calculate the fair value of the reporting unit and compare it to its carrying value, and (b) if the carrying value exceeds its fair value, to measure an

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impairment loss. The Company performed the annual impairment assessment as of December 31, 2020 noting that no goodwill impairment existed.

### **Equity Method Investments**

Investments over which the Company is deemed to exert significant influence but not control are accounted for using the equity method of accounting. For investments accounted for under the equity method of accounting, the Company's share of income (losses) is included in equity in income of investees in the Consolidated Statements of Income. The Company's equity in income of investees is generally comprised of realized and unrealized gains from the underlying funds and portfolio companies held by the Partnerships. The carrying amounts of equity method investments are reflected in investments in the Consolidated Balance Sheets.

### **Fair Value of Financial Instruments**

The Company utilizes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach, and cost approach). The levels of the hierarchy are described below:

- Level 1: Values are determined using quoted market prices for identical financial instruments in an active market.
- Level 2: Values are determined using quoted prices for similar financial instruments and valuation models whose inputs are observable.
- Level 3: Values are determined using pricing models that use significant inputs that are primarily unobservable, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The Company uses these levels of hierarchy to measure the fair value of certain financial instruments on a recurring basis, such as for investments; on a non-recurring basis, such as for acquisitions and impairment testing; for disclosure purposes, such as for long-term debt; and for other applications, as discussed in their respective notes.

The carrying amount of cash and cash equivalents, fees receivable, and accounts payable approximate fair value due to the immediate or short-term maturity of these financial instruments.

### **Redeemable Non-Controlling Interest**

Redeemable non-controlling interests represent the Class A shares issued by HLAH that are redeemable for cash by the public shareholders in the event of HLAH's failure to complete a business combination or tender offer. The redeemable non-controlling interests are initially recorded at their original issue price, net of issuance costs and the initial fair value of separately traded warrants. The carrying amount was accreted to its full redemption value at March 31, 2021.

### **Derivative Warrant Liabilities Held by Consolidated Variable Interest Entities**

The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives pursuant to ASC 480 and ASC 815-15. The classification of derivative instruments, including whether

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such instrument should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Both the public warrants and private placement warrants issued in connection with the initial public offering of HLAH are recognized as derivative liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value within other liabilities of consolidated variable interest entities in the Consolidated Balance Sheet. At each reporting period, the Company adjusts the instruments to fair value with any change in fair value recognized in unrealized gains of consolidated variable interest entities in Consolidated Statement of Income. The fair value of the public warrants have been measured based on the listed market price of such warrants, a Level 1 measurement, at March 31, 2021. The fair value of the private placement warrants have been estimated based on the observed price for the public warrants, a Level 2 measurement, at March 31, 2021.

## Revenues

On April 1, 2018, the Company adopted the new Accounting Standards Codification 606, “*Revenue from Contracts with Customers*,” (“ASC 606”) using the modified retrospective method and applied the guidance only to contracts that were not completed as of that date. The Company recorded a cumulative-effect adjustment that increased beginning additional paid-in-capital, retained earnings and non-controlling interest in Hamilton Lane Advisors, L.L.C. by \$411, \$20 and \$566, respectively. The adjustment was related to commission payments that are considered a cost of obtaining a contract under ASC 606 and are capitalized and amortized over the expected life of the contractual relationship. These amounts were previously expensed when incurred.

### *Management and advisory fees*

The Company earns management fees from services provided to its specialized funds, customized separate accounts, and distribution management clients, and advisory fees from services provided to advisory clients where the Company does not have discretion over investment decisions. Revenue is recognized when control of the promised services is transferred to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. Specialized funds are structured as partnerships having multiple investors with a subsidiary of the Company serving as general partner or managing member. Customized separate accounts are generally contractual arrangements involving an investment management agreement between the Company and a single client. In some cases, a customized separate account will be structured as a partnership with a subsidiary of the Company serving as general partner or managing member. The Company determined that the partnership is generally considered to be the customer with respect to specialized funds, while the individual investor or single limited partner is the customer with respect to customized separate accounts and advisory clients.

Management fees generally exclude the reimbursement of any partnership expenses paid by the Company on behalf of its customers pursuant to its contracts, including amounts related to professional fees and other fund administrative expenses. For the professional and administrative services performed by third parties that the Company arranges for the partnerships, the Company concluded that the nature of its promise is to arrange for the services to be provided and it does not control the services provided by third parties before they are transferred to the customer. Therefore, the Company is acting as an agent. Accordingly, the reimbursement for these professional fees paid on behalf of the partnerships is generally presented on a net basis.

The Company also incurs certain costs, primarily employee travel, organization and syndication costs, for which it receives reimbursement from its customers in connection with satisfying these performance obligations. For reimbursable travel, organization and syndication costs, the Company concluded it controls the services provided by its employees and other parties and therefore is a principal. Accordingly, the Company records the reimbursement for these costs incurred on a gross basis as revenue

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in management and advisory fees and as expense in general, administrative and other expenses in the Consolidated Statements of Operations.

The Company considers its performance obligations in its customer contracts to be one of the following based upon the services promised: asset management services, arrangement of administrative services, distribution management services, or reporting services.

For asset management and arrangement of administrative services, the Company satisfies these performance obligations over time as the services are rendered and the customer simultaneously receives and consumes the benefits of the services as they are performed. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer. Management fees from these performance obligations for contracts where the Company has discretion over investment decisions are generally calculated by applying a percentage to unaffiliated committed capital or net invested capital under management and are usually billed quarterly. For many partnerships, fees are based on committed capital during the investment period and then net invested capital through the remainder of the partnership term. The management fee base is subject to factors outside the Company's control and therefore estimates of future period management fees are not included in the transaction price, as those estimates would be considered constrained. Advisory fees from these performance obligations for contracts where the Company does not have discretion over investment decisions are generally based upon fixed amounts and are usually billed quarterly.

For distribution management services, the Company satisfies these performance obligations at a point in time when shares are sold/liquidated and the proceeds are delivered and the customer receives and consumes the benefits of the services. Distribution management fees are generally calculated by applying a percentage to the amounts sold/liquidated and are billed at the completion of each transaction.

For reporting services, the Company satisfies these performance obligations over time as the services are rendered and the customer simultaneously receives and consumes the benefits of the services as they are performed. Reporting fees are generally calculated by applying a fixed rate multiplied by the number of funds monitored and are billed quarterly.

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*Incentive Fees*

Contracts with certain customized separate accounts and specialized funds provide incentive fees, which generally range from 5% to 12.5% of profits, when investment returns exceed minimum return levels or other performance targets on either an annual or inception to date basis. Investment returns are highly susceptible to market factors and judgments and actions of third parties that are outside of the Company's control. Accordingly, incentive fees are considered variable consideration in asset management services and are therefore constrained and not recognized until it is probable that a significant reversal will not occur. Incentive fees from specialized funds and customized separate accounts are generally payable after all contributed capital and the preferred return on that capital has been distributed to investors. The Company estimates the amount and probability of additional future capital contributions to specialized funds and customized separate accounts, which could impact the probability of a significant reversal occurring. The additional future capital contributions relate to unfunded commitments or follow-on investment opportunities in underlying portfolio investments. Incentive fees received before the revenue recognition criteria have been met are deferred and recorded within deferred incentive fee revenue in the Consolidated Balance Sheets.

*Fund reimbursement revenue*

The Company incurs certain costs related to the organization and syndication of new Partnerships. These costs generally include professional fees, legal fees, and other related items. The Company expenses these costs as they are incurred. Once the Partnership is successfully formed and has held its first closing, the Company recognizes those costs as revenue in the Consolidated Statements of Income as the Partnership is then able to reimburse the Company for these costs.

**Compensation and Benefits**

Compensation and Benefits consists of (a) base compensation comprising salary, bonuses and benefits paid and payable to employees, (b) equity-based compensation associated with the grants of restricted stock awards to employees and (c) incentive fee compensation, which consists of carried interest and performance fee allocations as detailed below.

Equity-based awards issued are measured at fair value at the date of grant. The fair value of the restricted stock grant is based on the closing stock price on the trading day before the date of grant less the present value of expected future dividends. Expenses related to employee equity-based compensation are recorded evenly over the vesting period using the straight-line method. See Note 10 for more information regarding accounting for equity-based awards.

Incentive fee compensation expense includes compensation directly related to incentive fees. Certain employees of the Company are granted allocations or profit-sharing interests and are thereby, as a group, entitled to a 25% portion of the incentive fees earned by the Company from certain Partnerships and certain managed accounts subject to vesting. Amounts payable pursuant to these arrangements are recorded as compensation expense when they have become probable and reasonably estimable. The Company's determination of the point at which it becomes probable and reasonably estimable that incentive fee compensation expense should be recorded is based on its assessment of numerous factors, particularly those related to the profitability, realizations, distribution status, investment profile and commitments or contingencies of the individual funds that may give rise to incentive fees. Incentive fee compensation may be expensed before the related incentive fee revenue is recognized.



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**Non-Operating Income**

Non-operating income consists primarily of gains recorded on sales of other investments, fair value adjustments on investments valued under the measurement alternative and adjustments to the payable to related parties pursuant to the tax receivable agreement.

**Income Taxes**

The Company accounts for income taxes using the asset and liability method. Deferred income taxes are recognized for the expected future tax consequences attributable to temporary differences between the carrying amount of the existing tax assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied in the years in which temporary differences are expected to be recovered or settled. The principal items giving rise to temporary differences are certain basis differences resulting from the acquisitions of HLA units. Realization of the deferred tax assets is primarily dependent upon (1) historic earnings, (2) forecasted taxable income, (3) future tax deductions of tax basis step-ups related to the IPO and subsequent unit exchanges, (4) future tax deductions related to payments under the tax receivable agreement, and (5) the Company's share of HLA's temporary differences that result in future tax deductions. Valuation allowances are established when necessary to reduce deferred tax assets to the amount more likely than not to be realized.

HLA is organized as a limited liability company and treated as a "flow-through" entity for income taxes purposes. As a "flow-through" entity, HLA is not subject to income taxes apart from certain U.S. state and local taxes and foreign taxes attributable to its operations in foreign jurisdictions. Any taxable income or loss generated by HLA is passed through to and included in the taxable income or loss of its members, including HLI. As a result, the Company does not record income taxes on pre-tax income or loss attributable to the non-controlling interests in the general partnerships and HLA, except for foreign taxes discussed above. HLI is subject to U.S. federal and applicable state corporate income taxes with respect to its allocable share of any taxable income of HLA.

The Company analyzes its tax filing positions in all of the U.S. federal, state, local and foreign tax jurisdictions where it is required to file income tax returns, as well for all open tax years in these jurisdictions. The Company evaluates tax positions taken or expected to be taken in the course of preparing an entity's tax returns to determine whether it is "more-likely-than-not" that each tax position will be sustained by the applicable tax authority.

**Tax Receivable Agreement**

The Company's purchase of HLA Class A units concurrent with its initial public offering and periodic exchanges by holders of HLA units for shares of the Company's Class A common stock, or cash, pursuant to the Exchange Agreement, result in increases in its share of the tax basis of the tangible and intangible assets of HLA, which will increase the tax depreciation and amortization deductions that otherwise would not have been available to HLI. These increases in tax basis and tax depreciation and amortization deductions reduce the amount of cash taxes that HLI would otherwise be required to pay in the future. HLI has entered into a tax receivable agreement ("TRA") with the other members of HLA (the "TRA Recipients") that requires it to pay them 85% of the amount of cash savings, if any, in U.S. federal, state, and local income tax that HLI actually realizes (or, under certain circumstances, is deemed to realize) as a result of the increases in tax basis in connection with exchanges by the TRA Recipients described above and certain other tax benefits attributable to payments under the TRA.

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## Segments

The Company operates its business in a single segment, which is how the chief operating decision maker (who is the chief executive officer) reviews financial performance and allocates resources. Accordingly, the Company considers itself to be in a single operating and reportable segment structure.

## Concentrations of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, restricted cash and fees receivable. The majority of the Company's cash, cash equivalents, and restricted cash are held with one major financial institution and expose the Company to a certain degree of credit risk. Substantially all cash amounts on deposit with major financial institutions exceed insured limits. The concentration of credit risk with respect to fees receivable is generally limited due to the short payment terms extended to clients by the Company.

The Company derives revenues from clients located in the United States and other foreign countries.

The below table presents revenues by geographic location:

	<b>Year Ended March 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
United States	\$ 164,676	\$ 134,347	\$ 132,326
Other foreign countries	176,959	139,701	119,853
Total revenues <sup>(1)</sup>	\$ 341,635	\$ 274,048	\$ 252,179

<sup>(1)</sup> Revenues are attributed to countries based on location of the client or investor.

## Dividends and Distributions

Dividends and distributions are reflected in the consolidated financial statements when declared.

## Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, "Accounting for Financial Instruments - Credit Losses". ASU 2016-13 replaces the incurred loss methodology in current GAAP with a methodology that reflects expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The Company adopted ASU 2016-13 using the modified retrospective transition method on April 1, 2020. The adoption did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement" (ASU 2018-13). ASU 2018-13 changes the fair value measurement disclosure requirements. The amendments remove or modify certain disclosures, while others were added. Early adoption of any removed or modified disclosure requirements is permitted upon issuance of ASU 2018-13 and adoption of the additional disclosure requirements may be delayed until the effective date. The Company elected to early adopt the removed or modified disclosure requirements of the standard on October 1, 2018. The Company adopted the remaining requirements on April 1, 2020. The adoption did not have a material impact on the Company's consolidated financial statements.

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**Reclassifications**

Certain prior period amounts have been reclassified to conform with current period presentation.

**3. Revenue**

The following presents revenues disaggregated by product offering, which aligns with the identified performance obligations and the basis for calculating each amount:

	Year Ended March 31,		
	2021	2020	2019
<b>Management and advisory fees</b>			
Specialized funds	\$ 148,023	\$ 111,803	\$ 93,056
Customized separate accounts	93,963	90,750	85,245
Advisory	26,439	24,160	24,130
Reporting and other	11,134	9,102	8,805
Distribution management	6,701	4,920	4,525
Fund reimbursement revenue	3,184	4,185	2,012
<b>Total management and advisory fees</b>	<b>\$ 289,444</b>	<b>\$ 244,920</b>	<b>\$ 217,773</b>

	Year Ended March 31,		
	2021	2020	2019
<b>Incentive fees</b>			
Specialized funds	\$ 13,241	\$ 6,680	\$ 8,939
Customized separate accounts	17,893	14,757	8,719
Consolidated variable interest related:			
Specialized funds	21,057	7,691	16,748
<b>Total incentive fees</b>	<b>\$ 52,191</b>	<b>\$ 29,128</b>	<b>\$ 34,406</b>

The Company recognized incentive fee revenues of \$3,704 and \$2,541 during the years ended March 31, 2021, and 2019, respectively, that were previously received and deferred.

**Cost to obtain contracts**

The Company incurs incremental costs related to sales commissions paid to certain employees directly related to customized separate account contracts. These incremental costs are capitalized and amortized over the expected contract length proportionately to the management fee revenue expected to be recognized in each year as a percentage of the total expected revenue for the contract. The contract asset related to the cost to obtain contracts was \$964 and \$994 as of March 31, 2021 and March 31, 2020, respectively, and is included in other assets in the Consolidated Balance Sheets. Amortization expense related to this contract asset was \$526, \$504 and \$480 for the years ended March 31, 2021, 2020 and 2019, respectively, and is included in general, administrative and other in the Consolidated Statements of Income.

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**4. Investments**

Investments consist of the following:

	March 31,	
	2021	2020
Equity method investments in Partnerships	\$ 240,337	\$ 166,106
Equity method investments in Partnerships held by consolidated VIEs (See Note 5)	4,787	9,988
Other equity method investments	1,297	1,168
Other investments	17,381	13,394
Investments valued under the measurement alternative	109,821	17,091
Investment held in trust	276,003	—
<b>Total Investments</b>	<b>\$ 649,626</b>	<b>\$ 207,747</b>

**Equity method investments**

The Company's equity method investments in Partnerships represent its ownership in certain specialized funds and customized separate accounts. The strategies and geographic location of investments within the Partnerships vary by fund. The Company has a 1% interest in substantially all of the Partnerships. The Company's other equity method investments represent its ownership in a technology company that provides benchmarking and analytics of private equity data and its ownership in a joint venture that automates the collection of fund and underlying portfolio company data from general partners. The Company recognized equity method income related to its investments in Partnerships and other equity method investments of \$32,389, \$20,731, and \$7,457 for the years ended March 31, 2021, 2020, and 2019, respectively.

The Company's equity method investments in Partnerships consist of the following types:

	March 31,	
	2021	2020
Primary funds	\$ 74,064	\$ 37,317
Secondary funds	31,054	19,872
Direct/co-investment funds	63,061	50,288
Customized separate accounts	72,158	58,629
<b>Total equity method investments in Partnerships</b>	<b>\$ 240,337</b>	<b>\$ 166,106</b>

The Company's equity method investments in Partnerships held by consolidated VIEs consist of direct/co-investment funds and customized separate accounts.

The Company evaluates each of its equity method investments to determine if any were significant pursuant to the requirements of Regulation S-X. As of and for the years ended March 31, 2021 and 2020, no individual equity method investment held by the Company met the significance criteria, and, as a result, the Company is not required to present separate financial statements for any of its equity method investments.

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The summarized financial information of the Company's equity method investments in Partnerships is as follows:

	<b>March 31,</b>		
	<b>2021</b>	<b>2020</b>	
<b>Assets</b>			
Investments	\$ 22,445,159	\$ 17,577,766	
Other assets	610,672	415,221	
Total assets	<u>\$ 23,055,831</u>	<u>\$ 17,992,987</u>	
<b>Liabilities and Partners' Capital</b>			
Debt	\$ 11,838	\$ 61,114	
Other liabilities	116,593	107,600	
Total liabilities	128,431	168,714	
Partners' capital	22,927,400	17,824,273	
Total liabilities and partners' capital	<u>\$ 23,055,831</u>	<u>\$ 17,992,987</u>	
<b>Year Ended March 31,</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Investment income	\$ 389,571	\$ 300,121	\$ 211,797
Expenses	201,791	185,769	149,598
Net investment income	187,780	114,352	62,199
Net realized and unrealized gain	3,232,126	1,830,599	618,047
Net income	<u>\$ 3,419,906</u>	<u>\$ 1,944,951</u>	<u>\$ 680,246</u>

**Other investments**

The Company's other investments represent investments in private equity funds and direct credit and equity co-investments. The private equity fund investments can only be redeemed through distributions received from the liquidation of underlying investments of the fund, and the timing of distributions is currently indeterminable. The direct credit co-investments are debt securities classified as trading securities. The direct equity co-investments and private equity funds are measured at fair value with unrealized holding gains and losses included in earnings. During the year ended March 31, 2021, one of the Company's direct equity co-investments held through a special purpose vehicle was transferred out of Level 3 and into Level 2 as the lockup restrictions from its initial public offering expired. The special purpose vehicle now predominately attributes its fair value to a publicly traded share price and is therefore classified as Level 2 in the hierarchy. As of March 31, 2021, the fair value of the Company's investment in the special purpose vehicle was \$4,083. The Company's remaining other investments are recorded at estimated fair value utilizing significant unobservable inputs and are therefore classified in Level 3 of the fair value hierarchy.

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The following is a reconciliation of other investments for which significant unobservable inputs (Level 3) were used in determining value:

	Private equity funds	Direct credit co- investments	Direct equity co- investments	Total other investments
Balance as of March 31, 2019	\$ 3,734	\$ 3,940	\$ 4,814	\$ 12,488
Contributions	2,526	—	1,875	4,401
Distributions	(777)	(1,970)	—	(2,747)
Net gain	303	(214)	(837)	(748)
Balance as of March 31, 2020	\$ 5,786	\$ 1,756	\$ 5,852	\$ 13,394
Contributions	246	—	—	246
Distributions	(1,566)	(1,025)	(949)	(3,540)
Net gain (loss)	1,788	254	5,427	7,469
Transfer out of Level 3	—	—	(4,271)	(4,271)
Balance as of March 31, 2021	<u>\$ 6,254</u>	<u>\$ 985</u>	<u>\$ 6,059</u>	<u>\$ 13,298</u>

The valuation methodologies, significant unobservable inputs, range of inputs and the weighted average input determined based upon relative fair value of the investments used in recurring Level 3 fair value measurements of assets were as follows:

<b>March 31, 2021</b>							
	Fair Value	Valuation Methodology	Significant Unobservable Inputs	Range			Weighted Average
Private equity funds	\$ 6,254	Adjusted net asset value	Selected market return	2%	-	12.4%	4.2%
Direct credit co-investments	\$ 985	Discounted cash flow	Market yield	9.3%	-	9.3%	9.3%
Direct equity co-investments	\$ 6,059	Market approach	EBITDA multiple	7.75x	-	14.75x	10.42x
		Market approach	Equity multiple			1.52x	1.52x
<b>March 31, 2020</b>							
	Fair Value	Valuation Methodology	Significant Unobservable Inputs	Range			Weighted Average
Private equity funds	\$ 5,786	Adjusted net asset value	Selected market return	(7.4)%	-	(3)%	(6.2)%
Direct credit co-investments	\$ 1,756	Discounted cash flow	Market yield	11.5%	-	12.6%	12.5%
Direct equity co-investments	\$ 5,852	Market approach	EBITDA multiple	7.25x	-	12x	9.93x
		Market approach	Equity multiple			1.05x	1.05x

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For the significant unobservable inputs listed in the table above, (1) a significant increase or decrease in the selected market return would result in a significantly higher or lower fair value measurement, respectively; (2) a significant increase or decrease in the market yield would result in a significantly lower or higher fair value measurement, respectively; and (3) a significant increase or decrease in the selected multiple would result in a significantly higher or lower fair value measurement, respectively.

In May 2019, the Company transferred these investments for an agreed amount of cash of \$15,750 to a Partnership that is a VIE of which the Company is the general partner but does not consolidate as the Company is not the primary beneficiary. Due to continuing involvement with these assets at the Partnership, the Company accounted for this transfer as a secured financing as it has not met the criteria in ASC 860, “Transfers and Servicing”, to qualify as a sale and, therefore, has recorded a financial liability for the secured financing which is included in other liabilities in the Consolidated Balance Sheets. The cash received was recorded as secured financing in financing activities in the Consolidated Statements of Cash Flows. As of March 31, 2021, all other investments were pledged as collateral on the Company’s secured financing.

The Company accounts for this financial liability at fair value under the fair value option. The primary reason for electing the fair value option is to mitigate volatility in earnings from using different measurement attributes. The significant input to the fair value of the secured financing is the fair value of the other investments delivered as collateral. As of March 31, 2021, the secured financing had a fair value of \$17,381 and an amortized cost of \$9,902. The fair value of the secured financing is estimated using Level 3 inputs with the significant input being the fair value of the other investments utilized as collateral as shown above.

The Company recognized a gain (loss) of \$7,281, \$(748), and \$705 on other investments during the years ended March 31, 2021, 2020, and 2019 respectively and recognized a (loss) gain of \$(7,281) and \$43 on the secured financing liability during the years ended March 31, 2021 and 2020, respectively. Gains and losses related to other investments and the secured financing liability are recorded in non-operating income in the Consolidated Statements of Income.

**Investments valued under the measurement alternative**

The Company’s investments valued under the measurement alternative include equity securities in other proprietary investments for which the Company does not have significant influence and fair value is not readily determinable. ASU 2016-01 requires equity securities to be recorded at cost and adjusted to fair value at each reporting period. However, the guidance allows for a measurement alternative, which is to record the investments at cost, less impairment, if any, and subsequently adjust for observable price changes of identical or similar investments of the same issuer.

*Fiscal 2021 Transactions*

In March 2021, the Company invested approximately \$90,000 in Russell Investments Group, Ltd., a leading outsourced CIO (OCIO) provider and global investment solutions firm. Due to the lack of readily determinable fair values for the investment and the Company’s lack of significant influence, the Company will value the investment under the measurement alternative. Additionally, in March 2021, the Company received a distribution of \$3,072 from Russell Investments Group, Ltd., which was recorded as a return of capital and decreased the carrying value of the investment.

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In December 2020, there was an observable price change for an investment held by the Company and valued under the measurement alternative. As a result of the transaction, the Company marked that investment to fair value based upon the transaction price, which resulted in an unrealized gain of \$6,229 that was recorded in non-operating income in the Consolidated Statements of Income for the year ended March 31, 2021.

*Fiscal 2020 Transactions*

During the year ended March 31, 2020, the Company made equity investments in two private companies. The Company invested approximately \$2,000 in a technology company that has developed software to automate manual data entry tasks associated with alternative investment reporting. The Company invested approximately \$10,000 in a technology company which has developed a platform for investing in alternative assets. Due to the lack of readily determinable fair values for these investments, for which the Company does not have significant influence, the Company will value the investments under the measurement alternative.

On January 31, 2020, an observable price transaction occurred for one of the Company's investments valued under the measurement alternative. The Company recorded a fair value adjustment of \$1,507, which is recorded in non-operating income in the Consolidated Statements of Income for the year ended March 31, 2020.

On July 1, 2019, an acquisition of an entity in which the Company held an investment with a carrying value of \$1,446 was completed. The Company received cash proceeds of \$6,419 and recorded a gain of approximately \$4,973 in connection with the transaction, which was recorded in non-operating income in the Consolidated Statements of Income for the year ended March 31, 2020.

*Fiscal 2019 Transactions*

The Company performs qualitative impairment assessments on its investments recorded under the measurement alternative. As of March 31, 2019, the Company determined that a quantitative assessment was required to be performed for one of its technology investments. The assessment indicated that the fair value was less than the carrying value at March 31, 2019. Prior to the impairment recorded, the carrying value of the investment was \$2,990. The impairment amount was \$701 and is included in non-operating income for the year ended March 31, 2019. The fair value was determined using both a discounted cash flow approach and a market approach based on guideline public companies, and is a Level 3 fair value measurement as financial projections were utilized.

On August 2, 2018, an acquisition of an entity in which the Company held an investment with a carrying amount of \$10,798 was completed. The Company received cash proceeds of \$17,724 and recorded a gain of \$6,926 in connection with the transaction, which was recorded in non-operating income for the year ended March 31, 2019.

On August 11, 2018, an acquisition of an entity in which the Company held an investment with a carrying amount of \$600 was completed. The Company received cash proceeds of \$4,807 and recorded a gain of \$4,207 in connection with the transaction, which was recorded in non-operating income for the year ended March 31, 2019.



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## **5. Variable Interest Entities**

The Company consolidates certain VIEs for which it is determined that the Company is the primary beneficiary as described in Note 2.

### **Consolidated Variable Interest Entities**

The Company consolidates general partner entities of certain Partnerships, which are not wholly owned by the Company. The total assets of the consolidated general partner entities are \$4,787 and \$9,988 as of March 31, 2021 and 2020. The general partner entities had no liabilities other than deferred incentive fee revenue of \$3,704 as of March 31, 2020. The assets of the general partner entities may only be used to settle obligations of the general partners, if any. In addition, there is no recourse to the Company for the general partners' liabilities, except for certain entities in which there could be a claw back of previously distributed carried interest.

The Company sponsored and consolidates HLAH through HL Alliance Holdings Sponsor LLC, a wholly owned subsidiary of the Company. On January 15, 2021, HLAH completed an initial public offering raising total gross proceeds of \$276,000 which were placed in a trust and can only be utilized for funding a business combination or the redemption of Class A shares of HLAH. In a private placement concurrent with the initial public offering, HLAH sold warrants to HL Alliance Holdings Sponsor LLC for gross proceeds of \$7,520 which were used by HLAH to pay the offering costs and also provide working capital. The total assets of HLAH are \$277,528 and liabilities are \$17,310 as of March 31, 2021. The assets of HLAH held outside of the trust can only be used to settle obligations of HLAH and there is no recourse to the Company for HLAH's liabilities. All warrants and Class B common stock of HLAH held by the Company are eliminated in consolidation.

### **Nonconsolidated Variable Interest Entities**

The Company holds variable interests in certain Partnerships that are VIEs, which are not consolidated, as it is determined that the Company is not the primary beneficiary. Such Partnerships are considered VIEs because limited partners lack the ability to remove the general partner or dissolve the entity without cause, by simple majority vote (i.e. have substantive "kick out" or "liquidation" rights). The Company's involvement with such entities is in the form of direct equity interests in, and fee arrangements with, the Partnerships in which it also serves as the general partner or managing member. In the Company's role as general partner or managing member, it generally considers itself the sponsor of the applicable Partnership and makes all investment and operating decisions. As of March 31, 2021, the total commitments and remaining unfunded commitments from the limited partners and general partners to the unconsolidated VIEs are \$23,522,838 and \$9,986,996, respectively. These commitments are the primary source of financing for the unconsolidated VIEs.

The maximum exposure to loss represents the potential loss of assets recognized by the Company relating to these unconsolidated entities. The Company believes that its maximum exposure to loss is limited because it establishes separate limited liability or limited partnership entities to serve as the general partner or managing member of the Partnerships.

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The carrying amount of assets and liabilities recognized in the Consolidated Balance Sheets related to the Company's interests in these non-consolidated VIEs and the Company's maximum exposure to loss relating to non-consolidated VIEs were as follows:

	March 31,	
	2021	2020
Investments	\$ 138,092	\$ 118,696
Fees receivable	4,133	8,703
Due from related parties	837	1,194
Total VIE assets	143,062	128,593
Deferred incentive fee revenue	—	3,704
Non-controlling interests	(2,211)	(4,853)
Maximum exposure to loss	<u>\$ 140,851</u>	<u>\$ 127,444</u>

**6. Furniture, Fixtures, and Equipment**

Furniture, fixtures, and equipment consist of the following:

	March 31,	
	2021	2020
Computer hardware and software	\$ 6,859	\$ 6,156
Furniture and fixtures	2,003	2,698
Leasehold improvements	22,687	6,755
Office equipment	1,822	2,230
	33,371	17,839
Less: accumulated depreciation	10,063	10,437
Furniture, fixtures, and equipment, net	<u>\$ 23,308</u>	<u>\$ 7,402</u>

Depreciation expense was \$2,731, \$2,684 and \$2,040 for the years ended March 31, 2021, 2020 and 2019, respectively, and is included in general, administrative and other expenses in the Consolidated Statements of Income.

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**7. Debt**

The Company's debt consisted of the following:

	As of March 31,					
	2021			2020		
	Principal Outstanding	Carrying Value	Interest Rate	Principal Outstanding	Carrying Value	Interest Rate
Term Loan	\$ 73,594	\$ 73,378	2.25 %	\$ 75,000	\$ 74,749	2.25 %
Multi-Draw Facility	75,000	74,797	3.50 %	—	—	4.00 %
Revolver	15,000	15,000	2.25 %	—	—	2.25 %
Total Debt	\$ 163,594	\$ 163,175		\$ 75,000	\$ 74,749	

The Company has a Term Loan Agreement, a Revolving Loan Agreement (together the "Loan Agreements") and a Multi-Draw Term Loan Agreement with First Republic Bank. The Term Loan Agreement has a maturity date of July 1, 2027, provides for additional uncommitted term advances not to exceed \$25,000 in the aggregate until March 24, 2023, and the interest rate is a floating per annum rate equal to the prime rate minus 1.5% subject to a floor of 2.25%. The Revolving Loan Agreement has a \$25,000 borrowing capacity, a maturity date of March 24, 2023, and the interest rate is a floating per annum rate equal to the prime rate minus 1.5% subject to a floor of 2.25%. The Multi-Draw Term Loan Agreement (the "Multi-Draw Facility") provides for a term loan in the aggregate principal amount of \$75,000 that may be drawn any time during a period of one year following the closing date. Borrowings accrue interest at a fixed per annum rate of 3.5% and matures on July 1, 2030. The Company fully drew the Multi-Draw Facility in March 2021.

The Loan Agreements and Multi-Draw Facility contain covenants that, among other things, limit HLA's ability to incur indebtedness, transfer or dispose of assets, merge with other companies, create, incur or allow liens, make investments, make distributions, engage in transactions with affiliates and take certain actions with respect to management fees. They also require HLA to maintain, among other requirements, (i) a specified amount of management fees, (ii) a specified amount of adjusted EBITDA, as defined therein, and (iii) a specified minimum tangible net worth, during the term of each of the Loan Agreements and Multi-Draw Facility. The obligations under the Loan Agreements and Multi-Draw Facility are secured by substantially all of the assets of HLA.

The aggregate minimum principal payments on the Company's outstanding debt are due as follows:

Fiscal year ending March 31,	
2022	\$ 16,875
2023	1,875
2024	4,688
2025	7,031
2026	18,750
Thereafter	114,375
Total	\$ 163,594

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The fair value of the outstanding balance of the Company's debt instruments at March 31, 2021 and 2020 approximated par value based on current market rates for similar debt instruments and are classified as Level 2 within the fair value hierarchy.

**8. Equity**

The Company has two classes of common stock outstanding, Class A common stock and Class B common stock.

**Class A common stock**

Holders of Class A common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Additionally, holders of shares of Class A common stock are entitled to receive dividends when and if declared by the Board of Directors, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

**Class B common stock**

Holders of Class B common stock are entitled to ten votes for each share held of record on all matters submitted to a vote of stockholders, but have *de minimis* economic rights. Shares of Class B common stock were issued in the Reorganization to the holders of Class B units of HLA at a one-to-one ratio. Shares of Class B common stock (together with the corresponding Class B units) may be exchanged for shares of Class A common stock on a one-to-one basis, or, at the Company's election, for cash in an amount equal to the net proceeds from the sale of shares of Class A common stock equal to the number of shares of Class B common stock being exchanged, subject to certain restrictions.

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**Shares of Common Stock Outstanding**

The following table shows a rollforward of our common stock outstanding:

	Class A	Class B
March 31, 2018	23,139,476	25,700,068
Shares issued (repurchased) in connection with offerings	4,141,921	(2,084,617)
Shares issued in connection with contingent compensation payment	11,380	—
Shares issued in connection with ESPP	7,137	—
Shares converted from units	41,435	—
Shares repurchased for employee tax withholdings	(123,928)	—
Forfeitures	(27,529)	(99,012)
Restricted stock granted	177,585	—
March 31, 2019	27,367,477	23,516,439
Shares issued (repurchased) in connection with offering	2,451,633	(1,466,712)
Shares issued in connection with contingent compensation payment	7,692	—
Shares issued in connection with ESPP	25,640	—
Shares repurchased for employee tax withholdings	(100,683)	—
Forfeitures	(27,834)	—
Restricted stock granted	118,859	—
March 31, 2020	29,842,784	22,049,727
Shares issued (repurchased) in connection with offering	6,415,760	(5,309,881)
Shares issued in connection with ESPP	23,130	—
Shares repurchased for employee tax withholdings	(69,962)	—
Forfeitures	(1,917)	—
Restricted stock granted	80,388	—
March 31, 2021	36,290,183	16,739,846

Income and equity allocations to non-controlling interests are based upon the relative ownership percentage of the consolidated variable interest entity held by non-controlling owners.

The reallocation adjustment between HLI stockholders' equity and non-controlling interests in Hamilton Lane Advisors, L.L.C. relates to the impact of changes in economic ownership percentages during the period and adjusting previously recorded equity transactions to the economic ownership percentage as of the end of each reporting period.

**HLA Operating Agreement**

In accordance with the limited liability company agreement of HLA (the "HLA Operating Agreement"), profits and losses from HLA are allocated on a pro rata basis based upon each member's economic interests. The HLA Operating Agreement provides that distributions are made on a pro rata basis to pay income taxes owed by the members on their share of HLA's taxable income. In addition to these tax distributions, HLA made distributions in excess of required tax distributions to members in an aggregate amount of \$34,167, \$34,014, and \$30,698 for the years ended March 31, 2021, 2020, and 2019, respectively.

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**March 2021 Offering**

In March 2021, the Company and certain selling stockholders completed a registered offering of an aggregate of 1,453,110 shares of Class A common stock at a price of \$87.36 per share (the “March 2021 Offering”). The shares sold consisted of (i) 94,245 shares held by the selling stockholders and (ii) 1,358,865 shares newly issued by the Company. The Company received approximately \$118,710 in net proceeds from the sale of its shares and used all of the proceeds to settle exchanges by certain members of HLA of a total of 1,101,365 Class B units and 257,500 Class C units. In connection with the exchange of the Class B units, the Company also repurchased for par value and canceled a corresponding number of shares of Class B common stock. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

**September 2020 Offering**

In September 2020, the Company and a certain selling stockholder completed a registered offering of an aggregate of 2,207,380 shares of Class A common stock at a price of \$70.18 per share (the “September 2020 Offering”). The shares sold consisted of (i) 75,000 shares held by the selling stockholder and (ii) 2,132,380 shares newly issued by the Company. The Company received approximately \$149,650 in net proceeds from the sale of its shares and used all of the proceeds to settle exchanges by certain members of HLA of a total of 1,936,880 Class B units and 195,500 Class C units. In connection with the exchange of the Class B units, the Company also repurchased for par value and canceled a corresponding number of shares of Class B common stock. The Company did not receive any proceeds from the sale of shares by the selling stockholder.

**June 2020 Offering**

In June 2020, the Company and certain selling stockholders completed a registered offering of an aggregate of 2,995,757 shares of Class A common stock at a price of \$70.09 per share (the “June 2020 Offering”). The shares sold consisted of (i) 71,242 shares held by the selling stockholders and (ii) 2,924,515 shares newly issued by the Company. The Company received approximately \$204,979 in proceeds from the sale of its shares, net of underwriting discounts and commissions, and used all of the proceeds to settle in cash exchanges by certain members of HLA of a total of 2,271,636 Class B units and 652,879 Class C units. In connection with the exchange of the Class B units, the Company also repurchased for par value and canceled a corresponding number of shares of Class B common stock. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

**September 2019 Offering**

In September 2019, the Company and certain selling stockholders completed a registered offering of an aggregate of 2,680,089 shares of Class A common stock at a price of \$60.01 per share (the “September 2019 Offering”). The shares sold consisted of (i) 228,456 shares held by the selling stockholders and (ii) 2,451,633 shares newly issued by the Company. The Company received approximately \$147,122 in proceeds from the sale of its shares, net of underwriting discounts and commissions, and used all of the proceeds to settle in cash exchanges by certain members of HLA of a total of 1,466,712 Class B units and 984,921 Class C units. In connection with the exchange of the Class B units, the Company also repurchased for par value and canceled a corresponding number of shares of Class B common stock. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

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**March 2019 Offering**

In March 2019, the Company and a certain selling stockholder completed a registered offering of an aggregate of 1,449,303 shares of Class A common stock at a price of \$45.65 per share (the “March 2019 Offering”). The shares sold consisted of (i) 50,000 shares held by the selling stockholder and (ii) 1,399,303 shares newly issued by the Company. The Company received approximately \$63,878 in proceeds from the sale of its shares, net of underwriting discounts and commissions, and used all of the net proceeds to settle in cash exchanges by certain members of HLA of a total of 711,943 Class B units and 687,360 Class C units. In connection with the exchange of the Class B units, the Company also repurchased for par value and canceled a corresponding number of shares of Class B common stock. The Company did not receive any proceeds from the sale of shares by the selling stockholder.

**9. Equity-Based Compensation**

**2017 Equity Incentive Plan**

The Company has adopted its 2017 Equity Incentive Plan, as amended (the “Plan”), which permits the issuance of up to 5,000,000 shares of Class A common stock, which may be granted as incentive stock options, nonqualified stock options, SARs, restricted stock, restricted stock units, or PSUs. Awards under the Plan generally vest over four years, with options expiring not more than ten years from the date of grant, three months after termination of employment or one year after the date of death or termination due to disability of the grantee. As of March 31, 2021, there were 3,252,890 shares of Class A common stock available to grant under the Plan. Pursuant to the terms of the Plan, awards may not be granted after February 28, 2027.

**Restricted Stock**

The Company has granted restricted Class A common stock under the Plan to certain employees as part of the annual bonus program and in connection with its IPO. Holders of restricted stock have all of the rights of a stockholder with respect to such shares, including the right to vote the shares but not the right to receive dividends or other distributions. Substantially all of the awards vest over four years in equal annual installments. On each vesting date, the related employee tax liabilities are either paid in cash by the employee or stock is sold back to the Company at the then-current fair value to offset the required minimum tax withholding obligations. Forfeitures are recognized as they occur. Compensation expense related to the awards is recognized ratably each month over the vesting period.

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The change in unvested restricted stock for the year ended March 31, 2021 is as follows:

	Total Unvested	Weighted- Average Grant-Date Fair Value of Award
March 31, 2020	441,515	\$ 36.87
Granted	80,388	82.97
Vested	(231,129)	29.65
Forfeited	(1,917)	20.38
March 31, 2021	288,857	\$ 55.58

The weighted-average fair value per share of restricted stock awarded during the years ended March 31, 2021, 2020 and 2019 was \$82.97, \$54.71, and \$40.77, respectively. The total fair value of restricted stock that vested during the years ended March 31, 2021, 2020 and 2019 was \$19,961, \$18,141, and \$16,601, respectively. As of March 31, 2021, total unrecognized compensation expense related to restricted stock was \$15,653 with a weighted-average amortization period of 3.0 years.

The total tax benefit recognized from share-based compensation for the years ended March 31, 2021, 2020 and 2019 was \$1,528, \$1,229 and \$2,537, respectively.

#### Employee Share Purchase Plan

On September 6, 2018, the Company's stockholders approved the Hamilton Lane Incorporated Employee Share Purchase Plan (as amended, the "ESPP"). The ESPP provides for a purchase price equal to 85% of the closing price of the Company's Class A common stock on the last trading day of each offering period, which begins the first day of each fiscal quarter and ends on the last day of that fiscal quarter. Our initial offering period started January 1, 2019. At inception, there were 1,000,000 shares available for purchase through the ESPP and 944,093 shares were available as of March 31, 2021. The benefit received by the employees, which is equal to a 15% discount on the shares of the Company's Class A common stock purchased, is recognized as equity-based compensation expense on the date of each purchase. During the year ended March 31, 2021, 2020 and 2019, the Company recorded expense of \$256, \$220 and \$47 respectively, related to the ESPP.

#### 10. Compensation and Benefits

The Company has recorded the following amounts related to compensation and benefits:

	Year Ended March 31,		
	2021	2020	2019
Base compensation and benefits	\$ 116,371	\$ 85,763	\$ 79,728
Incentive fee compensation	12,869	7,192	7,785
Equity-based compensation	7,079	7,183	6,382
Contingent compensation related to acquisition	—	—	5,100
Total compensation and benefits	\$ 136,319	\$ 100,138	\$ 98,995



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The Company provides defined contribution plans covering U.S., United Kingdom and Hong Kong employees subject to minimum age and service guidelines. Eligible employees may contribute a percentage of their annual compensation subject to statutory guidelines.

The Company makes discretionary and/or matching contributions to the plans, which amounted to \$1,906, \$1,561, and \$1,507 for the years ended March 31, 2021, 2020 and 2019, respectively, and is included in compensation and benefits expense in the Consolidated Statements of Income.

**11. Income Taxes**

The Company's income before income taxes consisted of the following:

	Year Ended March 31,		
	2021	2020	2019
Domestic income before income taxes	\$ 190,459	\$ 138,537	\$ 128,035
Foreign income before income taxes	2,743	2,207	1,522
Total income before income taxes	<u>\$ 193,202</u>	<u>\$ 140,744</u>	<u>\$ 129,557</u>

Components of income tax expense consist of the following:

	Year Ended March 31,		
	2021	2020	2019
<b>Current:</b>			
Federal	\$ 14,121	\$ 4,885	\$ 7,163
State and local	2,513	754	1,269
Foreign	756	400	463
Total current income tax expense	<u>\$ 17,390</u>	<u>\$ 6,039</u>	<u>\$ 8,895</u>
<b>Deferred:</b>			
Federal	\$ 7,245	\$ 6,589	\$ 3,654
State and local	(211)	1,315	17,917
Foreign	(7)	25	94
Total deferred income tax expense	<u>7,027</u>	<u>7,929</u>	<u>21,665</u>
Total income tax expense	<u>\$ 24,417</u>	<u>\$ 13,968</u>	<u>\$ 30,560</u>

A reconciliation of the U.S. statutory income tax rate to the Company's effective tax rate is as follows:

	Year Ended March 31,		
	2021	2020	2019
Federal tax at statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	0.6 %	1.7 %	1.4 %
Non-controlling interest	(7.6)%	(9.8)%	(10.8)%
Valuation allowance	(1.0)%	(0.9)%	1.9 %
Deferred tax asset state apportionment changes	— %	— %	10.3 %
Other	(0.4)%	(2.1)%	(0.2)%
Effective tax rate	<u>12.6 %</u>	<u>9.9 %</u>	<u>23.6 %</u>

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The significant components of deferred tax assets and liabilities are as follows:

	<b>Year Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Deferred tax assets:</b>		
Basis difference in HLA	\$ 248,586	\$ 150,309
Tax Receivable Agreement	48,480	24,020
Fixed assets	42	42
Net operating loss carryforwards	983	1,569
Valuation allowance	(46,728)	(37,969)
State taxes	586	(30)
Total deferred tax assets	<u>\$ 251,949</u>	<u>\$ 137,941</u>

As of March 31, 2021 and 2020, the Company had net operating loss carryforwards of \$5,045 and \$6,902. These net operating losses can be carried forward indefinitely. As of March 31, 2021 and 2020, it is more likely than not that the tax benefits from certain of these net operating loss carryforwards will not be realized, therefore, a valuation allowance of \$176 and \$768 has been established, respectively.

In connection with the offering activity in fiscal 2021 and related unit exchanges, the Company recorded a deferred tax asset in the amount of \$121,065, which is net of a valuation allowance of \$9,591 related to the portion of tax benefits that it is more likely than not will not be realized. Additionally, in connection with recording the deferred tax asset for the fiscal 2021 offerings and related unit exchanges, the Company recorded a payable to related parties pursuant to the tax receivable agreement of \$102,052.

The Company believes it is more likely than not that the deferred tax assets (except those identified above) will be realized based on the Company's historic earnings, forecasted income, and the reversal of temporary differences. The net change in the valuation allowance was an increase of \$8,759, which was recorded through additional paid-in-capital and income tax expense.

As of March 31, 2021, 2020, and 2019, the Company had no unrecognized tax positions. The Company does not expect any material increase or decrease in its gross unrecognized tax positions during the next twelve months. If and when the Company does record unrecognized tax positions in the future, any interest and penalties related to unrecognized tax positions will be recorded in the income tax expense line in the Consolidated Statements of Income.

The Company files income tax returns as required by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company may be subject to examination by federal and certain state and local tax authorities. As of March 31, 2021, the Company's income tax returns from 2017 remain open and are subject to examination.

#### **Tax Receivable Agreement**

The Company has recorded a liability related to the TRA of \$194,764 and \$98,956 as of March 31, 2021 and 2020. A payment of \$6,894 and \$1,952 was made during the year ended March 31, 2021 and 2020. In the event that the valuation allowance related to tax benefits associated with the tax receivable agreement is released in a future period, an additional estimated payable will be due to the TRA Recipients of \$13,679.

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**12. Earnings per Share**

Basic earnings per share of Class A common stock is computed by dividing net income attributable to HLI by the weighted-average number of shares of Class A common stock outstanding. Diluted earnings per share of Class A common stock is computed by dividing net income attributable to HLI by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

Shares of the Company's Class B common stock do not share in the earnings or losses attributable to HLI and therefore are not participating securities. As a result, a separate presentation of basic and diluted earnings per share of Class B common stock under the two-class method has not been included. Shares of the Company's Class B common stock are, however, considered potentially dilutive to the Class A common stock because each share of Class B common stock, together with a corresponding Class B unit, is exchangeable for a share of Class A common stock on a one-for-one basis.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock:

	Year Ended March 31,		
	2021	2020	2019
Basic net income per share:			
Numerator			
Net income attributable to HLI	\$ 98,022	\$ 60,825	\$ 33,573
Less: Deemed dividend for the accretion of redeemable non-controlling interest	(4,637)	—	—
Net income attributable to Class A common stockholders - basic	\$ 93,385	\$ 60,825	\$ 33,573
Denominator			
Weighted-average shares of Class A common stock outstanding - basic	33,152,318	28,088,578	23,836,401
Basic earnings per share	\$ 2.82	\$ 2.17	\$ 1.41
Diluted earnings per share:			
Numerator			
Net income attributable to Class A common stockholders - basic	\$ 93,385	\$ 60,825	\$ 33,573
Adjustment to net income:			
Assumed vesting of employee awards	229	352	355
Net income attributable to Class A common stockholders - diluted	\$ 93,614	\$ 61,177	\$ 33,928
Denominator			
Weighted-average shares of Class A common stock outstanding - basic	33,152,318	28,088,578	23,836,401
Weighted-average effect of dilutive securities:			
Assumed vesting of employee awards	210,047	350,194	462,394
Weighted-average shares of Class A common stock outstanding - diluted	33,362,365	28,438,772	24,298,795
Diluted earnings per share	\$ 2.81	\$ 2.15	\$ 1.40

The calculations of diluted earnings per share exclude 17,553,234, 23,968,994, and 26,420,627 outstanding Class B and C units of HLA for the years ended March 31, 2021, 2020 and 2019, respectively, which are exchangeable into Class A common stock under the "if-converted" method, because the inclusion of such shares would be antidilutive.

**Hamilton Lane Incorporated**  
**Notes to Consolidated Financial Statements**  
*(In thousands, except share and per share amounts)*

### **13. Related-Party Transactions**

The Company considers its employees, directors, and equity method investments to be related parties.

#### **Revenue and Receivables**

The Company has investment management agreements with various specialized funds and customized separate accounts that it manages. The Company earned management and advisory fees from Partnerships of \$199,422, \$161,323, and \$134,343 for the years ended March 31, 2021, 2020 and 2019, respectively. The Company earned incentive fees from Partnerships of \$47,962, \$24,077, and \$31,876 for the years ended March 31, 2021, 2020 and 2019, respectively.

Fees receivable from the Partnerships were \$14,814 and \$16,970 as of March 31, 2021 and 2020, respectively, and are included in fees receivable in the Consolidated Balance Sheets.

#### **Expenses and Payables**

The Company entered into a service agreement on June 1, 2017 with a joint venture pursuant to which it incurred expenses of \$3,978, \$5,289 and \$5,058 for the years ended March 31, 2021, 2020, and 2019 respectively, which amounts are included in general, administrative and other expenses in the Consolidated Statements of Income. The Company also has a payable to the joint venture of \$325 and \$428 as of March 31, 2021 and 2020, respectively, which is included in other liabilities in the Consolidated Balance Sheets.

#### **Other Transactions**

On January 31, 2020, the convertible promissory note (the “Note”) held by the Company issued by one of its equity method investments was settled by converting the outstanding principal and accrued interest into shares of the investee per the terms of the Note. The Company received 2,278,524 shares of the investee which were recorded at the carrying value of the Note of \$902 at the date of conversion. These shares are included with similar shares of that investee as investments held under the measurement alternative.

On January 31, 2020, the Company entered into an asset purchase agreement with one of its equity method investments for the code and an exclusive license to distribute the Cobalt LP software. The cost of the asset acquisition was \$6,373, which consisted of an upfront cash payment of \$4,000, a previously deferred cash payment of \$1,000 made during the fiscal year ended March 31, 2021, contribution of equity shares of the investee valued at \$2,201 and direct transaction fees of \$172. The assets purchased were recorded as intangible assets in other assets in the Consolidated Balance Sheets and will be amortized over 7 years.

**Hamilton Lane Incorporated**  
**Notes to Consolidated Financial Statements**  
*(In thousands, except share and per share amounts)*

**14. Supplemental Cash Flow Information**

	Year Ended March 31,		
	2021	2020	2019
Cash paid during the year for interest	\$ 1,986	\$ 2,854	\$ 2,966
Cash paid during the year for income taxes	\$ 6,331	\$ 7,804	\$ 10,176
Cumulative-effect adjustment from adoption of accounting guidance	\$ —	\$ —	\$ 997
Shares issued for contingent compensation payment	\$ —	\$ 425	\$ 425
Establishment of lease liability in exchange for ROU asset	\$ 61,725	\$ 14,776	\$ —
Non-cash investing activities:			
Conversion of note receivable	\$ —	\$ 902	\$ —
Contribution of investment for purchase of intangible assets	\$ —	\$ 2,201	\$ —
Non-cash financing activities:			
Establishment of net deferred tax assets related to tax receivable agreement	\$ 121,065	\$ 37,394	\$ 56,010
Deferred underwriter fees related to consolidated entity	\$ 9,660	\$ —	\$ —
Dividends declared but not paid	\$ 11,201	\$ 8,027	\$ 5,673
Members' distributions declared but not paid	\$ 16,877	\$ 5,829	\$ 17,081

**15. Commitments and Contingencies**

**Litigation**

In the ordinary course of business, the Company may be subject to various legal, regulatory, and/or administrative proceedings from time to time. Although there can be no assurance of the outcome of such proceedings, in the opinion of management, the Company does not believe it is probable that any pending or, to its knowledge, threatened legal proceeding or claim would individually or in the aggregate materially affect its consolidated financial statements.

**Incentive Fees**

The Partnerships have allocated carried interest, which has not yet been received or recognized, in the amounts of \$648,772 and \$441,150 at March 31, 2021 and 2020, respectively, of which \$3,704 at March 31, 2020 was received and deferred by the Company.

If the Company ultimately receives the unrecognized carried interest, a total of \$162,193 and \$110,288 as of March 31, 2021 and 2020, respectively, would be potentially payable to certain employees and third parties pursuant to compensation arrangements related to the carried interest profit-sharing plans. Such amounts have not been recorded in the Consolidated Balance Sheets or Consolidated Statements of Income as this liability is not yet probable.

**Hamilton Lane Incorporated**  
**Notes to Consolidated Financial Statements**  
*(In thousands, except share and per share amounts)*

**Leases**

The Company's leases consist primarily of operating leases for office space and office equipment in various locations around the world, which have remaining lease terms of one year to 17 years. Some leases have the option to extend for an additional term or terminate early. Short-term lease costs are not material.

The Company entered into a 17 year lease agreement for its new headquarters in a newly constructed building. The Company was granted access to the space in October 2020 to begin building various leasehold improvements and expects to move into the property in June 2021.

The following table shows lease costs and other supplemental information related to the Company's operating leases:

	Year Ended March 31,	
	2021	2020
Operating lease costs	\$ 5,216	\$ 4,838
Variable lease costs	\$ 863	\$ 557
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 7,352	\$ 5,108
Weighted average remaining lease term (in years)	15.4	2.9
Weighted average discount rate	3.4%	5.2%

Total lease expense was \$5,851 for the year ended March 31, 2019 and was recorded on the straight-line basis and included in general, administrative and other expenses in the Consolidated Statements of Income.

As of March 31, 2021, the maturities of operating lease liabilities were as follows:

FY2022	\$ 6,189
FY2023	6,806
FY2024	6,193
FY2025	5,691
FY2026	5,078
Thereafter	71,808
Total lease payments	\$ 101,765
Less: imputed interest	(26,484)
Total operating lease liabilities	\$ 75,281

**Commitments**

The Company serves as the investment manager of the Partnerships. The general partner or managing member of each Partnership is generally a separate subsidiary of the Company and has agreed to invest funds on the same basis as the limited partners in most instances. The aggregate unfunded commitment of the general partners to the Partnerships was \$201,442 and \$143,489 as of March 31, 2021 and 2020, respectively.

**Hamilton Lane Incorporated**  
**Notes to Consolidated Financial Statements**  
*(In thousands, except share and per share amounts)*

**16. Quarterly Financial Information (Unaudited)**

	<b>For the quarter ended</b>			
	<b>June 30, 2020</b>	<b>September 30, 2020</b>	<b>December 31, 2020</b>	<b>March 31, 2021</b>
Total revenues	\$ 69,744	\$ 84,431	\$ 84,583	\$ 102,877
Total expenses	40,911	46,117	41,864	57,015
Net income	4,968	44,599	54,632	64,586
Net income attributable to HLI	3,246	21,813	33,203	39,760
<b>Earnings per share of Class A common stock:</b>				
Class A - Basic	\$ .11	\$ .66	\$ .96	\$ 1.01
Class A - Diluted	\$ .11	\$ .66	\$ .96	\$ 1.00

	<b>For the quarter ended</b>			
	<b>June 30, 2019</b>	<b>September 30, 2019</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
Total revenues	\$ 64,686	\$ 64,292	\$ 68,138	\$ 76,932
Total expenses	37,693	37,367	39,246	43,313
Net income	27,453	32,273	28,437	38,613
Net income attributable to HLI	11,381	15,299	13,497	20,648
<b>Earnings per share of Class A common stock:</b>				
Class A - Basic	\$ .43	\$ .56	\$ .46	\$ .71
Class A - Diluted	\$ .42	\$ .56	\$ .46	\$ .70

**17. Subsequent Events**

On April 1, 2021, the Company acquired substantially all the assets of 361 Capital, LLC for a total aggregate cash amount of \$13,000, of which \$10,000 was paid on the closing date of the acquisition. The remaining \$3,000 will be paid in two equal installments on the first and second anniversaries of the closing. The preliminary purchase price based upon the fair value of consideration transferred at the date of acquisition is \$12,850. The Company expects to record approximately \$7,145 of intangible assets related primarily to the acquired investment management contracts, which will be amortized over seven years, and \$5,623 of goodwill. The remaining assets acquired and liabilities assumed are not expected to be material to the consolidated financial statements. The purchase price and allocation are still preliminary and subject to change as the valuation is finalized.

On April 22, 2021, the Company amended its Term Loan Agreement to provide an additional \$25,000 of committed borrowing capacity and amended its Multi-Draw Facility to increase the maximum commitment amount from \$75,000 to \$100,000 as well as extend the period to request an advance under the facility until March 31, 2022.

On May 27, 2021, the Company declared a quarterly dividend of \$0.35 per share of Class A common stock to record holders at the close of business on June 15, 2021. The payment date will be July 7, 2021.

## **Item 9: Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### **Disclosure Controls and Procedures**

Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Exchange Act Rule 13a-15(e)) as of March 31, 2021. Our disclosure controls and procedures are intended to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at March 31, 2021.

#### **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with U.S. GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of March 31, 2021, based on the criteria described in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of March 31, 2021.

#### *Attestation Report of the Registered Public Accounting Firm*

Ernst & Young LLP, an independent registered public accounting firm, has issued an unqualified attestation report on the effectiveness of our internal control over financial reporting as of March 31, 2021, which is included in Item 8 of this Form 10-K.

#### **Changes in Internal Control over Financial Reporting**

There were no changes to our internal control over financial reporting that occurred during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



**Item 9B. Other Information**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item is incorporated by reference to, and will be contained in, our definitive proxy statement, under the headings “Election of Directors”, “Executive Officers” and “Corporate Governance”. Accordingly, we have omitted the information from this Item pursuant to General Instruction G(3) of Form 10-K.

### **Item 11. Executive Compensation**

The information required by this Item is incorporated by reference to, and will be contained in, our definitive proxy statement, under the headings “Executive Compensation” and “Director Compensation”. Accordingly, we have omitted the information from this Item pursuant to General Instruction G(3) of Form 10-K.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this Item is incorporated by reference to, and will be contained in, our definitive proxy statement, under the headings “Ownership of Common Stock” and “Equity Compensation Plan Information”. Accordingly, we have omitted the information from this Item pursuant to General Instruction G(3) of Form 10-K.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this Item is incorporated by reference to, and will be contained in, our definitive proxy statement, under the headings “Certain Relationships and Related-Party and Other Transactions” and “Corporate Governance”. Accordingly, we have omitted the information from this Item pursuant to General Instruction G(3) of Form 10-K.

### **Item 14. Principal Accountant Fees and Services**

The information required by this Item is incorporated by reference to, and will be contained in, our definitive proxy statement, under the heading “Ratification of Appointment of Independent Registered Public Accounting Firm”. Accordingly, we have omitted the information from this Item pursuant to General Instruction G(3) of Form 10-K.

## PART IV

### **Item 15. Exhibit and Financial Statement Schedules**

The following documents are filed as part of this Form 10-K:

1. All financial statements. See Index to Consolidated Financial Statements in Item 8 of this Form 10-K.
2. Financial Statement Schedules. Financial statement schedules are omitted as they are either not required or the information is otherwise included in the consolidated financial statements.
3. Exhibits. See Exhibit Index.

### **Item 16. Form 10-K Summary**

Omitted at the Company's option.

## Exhibit Index

Exhibit No.	Description of Exhibit	Incorporated By Reference				Filed Herewith
		Form	Exhibit	Filing Date	File No.	
<a href="#">3.1</a>	<a href="#">Amended and Restated Certificate of Incorporation of Hamilton Lane Incorporated</a>	8-K	3.1	3/10/17	001-38021	
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws of Hamilton Lane Incorporated</a>	10-K	3.2	6/27/17	001-38021	
<a href="#">4.1</a>	<a href="#">Description of Common Stock of Hamilton Lane Incorporated</a>	10-K	4.1	5/30/19	001-38021	
<a href="#">10.1</a>	<a href="#">Fourth Amended and Restated Limited Liability Company Agreement of Hamilton Lane Advisors, L.L.C., dated as of March 6, 2017, by and among Hamilton Lane Advisors, L.L.C. and its members</a>	8-K	10.1	3/10/17	001-38021	
<a href="#">10.2</a>	<a href="#">Amendment No. 1 to the Fourth Amended and Restated Limited Liability Company Agreement of Hamilton Lane Advisors, L.L.C., dated as of February 26, 2018, by and among Hamilton Lane Advisors, L.L.C. and its members</a>	S-1	10.2	2/26/18	333-223235	
<a href="#">10.3</a>	<a href="#">Amendment No. 2 to the Fourth Amended and Restated Limited Liability Company Agreement of Hamilton Lane Advisors, L.L.C., dated as of June 13, 2018, by and among Hamilton Lane Advisors, L.L.C. and its members</a>	10-K	10.3	6/14/18	001-38021	
<a href="#">10.4</a>	<a href="#">Tax Receivable Agreement, dated as of March 6, 2017, by and among Hamilton Lane Incorporated, Hamilton Lane Advisors, L.L.C., and each of the other persons and entities party thereto</a>	8-K	10.2	3/10/17	001-38021	
<a href="#">10.5</a>	<a href="#">Amendment No. 1 to Tax Receivable Agreement, dated December 31, 2020, by and among Hamilton Lane Incorporated, Hamilton Lane Advisors, L.L.C. and each of the other persons and entities party thereto</a>	10-Q	10.1	2/2/21	001-38021	
<a href="#">10.6</a>	<a href="#">Exchange Agreement, dated as of March 6, 2017, by and among Hamilton Lane Incorporated, Hamilton Lane Advisors, L.L.C., and each of the other persons and entities party thereto</a>	8-K	10.3	3/10/17	001-38021	
<a href="#">10.7</a>	<a href="#">Amendment No. 1 to the Exchange Agreement, dated as of February 6, 2018, by and among Hamilton Lane Incorporated, Hamilton Lane Advisors, L.L.C., and each of the other persons and entities party thereto</a>	10-Q	10.3	2/9/18	001-38021	
<a href="#">10.8</a>	<a href="#">Registration Rights Agreement, dated as of March 6, 2017, by and among Hamilton Lane Incorporated and the other persons party thereto</a>	8-K	10.4	3/10/17	001-38021	

Exhibit No.	Description of Exhibit	Incorporated By Reference				Filed Herewith
		Form	Exhibit	Filing Date	File No.	
<a href="#">10.9</a>	<a href="#">Stockholders Agreement, dated as of March 6, 2017, by and among Hamilton Lane Incorporated, Hamilton Lane Advisors, L.L.C. and the other persons and entities party thereto</a>	8-K	10.5	3/10/17	001-38021	
<a href="#">10.10</a> †	<a href="#">Hamilton Lane Incorporated 2017 Equity Incentive Plan</a>	S-1/A	10.6	2/16/17	333-215846	
<a href="#">10.11</a> †	<a href="#">Amendment No. 1 to the Hamilton Lane Incorporated 2017 Equity Incentive Plan</a>	10-Q	10.2	2/9/18	001-38021	
<a href="#">10.12</a> †	<a href="#">Form of Restricted Stock Award Agreement under the 2017 Equity Incentive Plan</a>	S-1/A	10.7	2/16/17	333-215846	
<a href="#">10.13</a> †	<a href="#">Form of Director Restricted Stock Award Agreement under the 2017 Equity Incentive Plan</a>	10-Q	10.1	2/9/18	001-38021	
<a href="#">10.14</a> †	<a href="#">Form of Non-Qualified Stock Option Agreement under the 2017 Equity Incentive Plan</a>	S-1/A	10.8	2/16/17	333-215846	
<a href="#">10.15</a> †	<a href="#">Hamilton Lane Advisors, L.L.C. 2016 Carried Interest Plan (amended and restated, effective as of January 1, 2018)</a>	10-Q	10.2	8/9/18	001-38021	
<a href="#">10.16</a> †	<a href="#">Hamilton Lane Incorporated Employee Share Purchase Plan</a>	DEF14A	Appendix A	7/27/18	001-38021	
<a href="#">10.17</a> †	<a href="#">Amendment No. 1 to the Hamilton Lane Incorporated Employee Share Purchase Plan</a>	10-Q	10.1	8/4/20	001-38021	
<a href="#">10.18</a> †	<a href="#">Form of Indemnification Agreement between Hamilton Lane Incorporated and certain of its directors and officers</a>	S-1/A	10.9	2/16/17	333-215846	
<a href="#">10.19</a> ○	<a href="#">Term Loan and Security Agreement, dated August 23, 2017, by and between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	8-K	10.1	8/25/17	001-38021	
<a href="#">10.20</a>	<a href="#">First Amendment to Term Loan and Security Agreement, dated March 24, 2020, by and between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	8-K	10.2	3/25/20	001-38021	
<a href="#">10.21</a>	<a href="#">Second Amendment to Term Loan and Security Agreement, dated September 30, 2020, by and between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	10-Q	10.1	11/4/20	001-38021	
<a href="#">10.22</a>	<a href="#">Third Amendment to Term Loan and Security Agreement, dated April 22, 2021, by and between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	8-K	10.1	4/27/21	001-38021	
<a href="#">10.23</a> ○	<a href="#">Revolving Loan and Security Agreement, dated August 23, 2017, by and between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	8-K	10.2	8/25/17	001-38021	

Exhibit No.	Description of Exhibit	Incorporated By Reference				Filed Herewith
		Form	Exhibit	Filing Date	File No.	
<a href="#">10.24</a>	<a href="#">First Amendment to Revolving Loan and Security Agreement, dated March 24, 2020, by and between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	8-K	10.3	3/25/20	001-38021	
<a href="#">10.25</a>	<a href="#">Second Amendment to Revolving Loan and Security Agreement, dated September 30, 2020, by and between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	10-Q	10.2	11/4/20	001-38021	
<a href="#">10.26</a> ◦	<a href="#">Multi-Draw Term Loan and Security Agreement, dated March 24, 2020, by the between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	8-K	10.1	3/25/20	001-38021	
<a href="#">10.27</a>	<a href="#">First Amendment to Multi-Draw Term Loan and Security Agreement, dated September 30, 2020, by and between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	10-Q	10.3	11/4/20	001-38021	
<a href="#">10.28</a>	<a href="#">Second Amendment to Multi-Draw Term Loan and Security Agreement, dated April 22, 2021, by and between First Republic Bank and Hamilton Lane Advisors, L.L.C.</a>	8-K	10.2	4/27/21	001-38021	
<a href="#">10.29</a> †	<a href="#">Employment Agreement, effective as of May 23, 2016, by and between Hamilton Lane (Hong Kong) Limited and Juan Delgado-Moreira</a>	10-K	10.12	6/27/17	001-38021	
<a href="#">10.30</a> †	<a href="#">Offer Letter of Atul Varma, dated November 25, 2019</a>	8-K	10.1	1/2/20	001-38021	
<a href="#">10.31</a> ◦	<a href="#">Investment Agreement, dated March 29, 2021, by and between Russell Investments Group, Ltd. and Hamilton Lane Advisors, L.L.C.</a>					X
<a href="#">21.1</a>	<a href="#">List of Subsidiaries</a>					X
<a href="#">23.1</a>	<a href="#">Consent of Independent Registered Public Accounting Firm</a>					X
<a href="#">31.1</a>	<a href="#">Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
<a href="#">31.2</a>	<a href="#">Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
<a href="#">32</a> ‡	<a href="#">Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					

Exhibit No.	Description of Exhibit	Incorporated By Reference				Filed Herewith
		Form	Exhibit	Filing Date	File No.	
101	The following financial information from our Annual Report on Form 10-K for the year ended March 31, 2021 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) Notes to the Consolidated Financial Statements.					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					X

† Indicates a management contract or compensatory plan or arrangement.

○ Confidential information in this exhibit has been omitted.

‡ Furnished herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 27th day of May, 2021.

### HAMILTON LANE INCORPORATED

By: /s/ Mario L. Giannini  
Name: Mario L. Giannini  
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on this 27th day of May, 2021.

<u>Signature</u>	<u>Title</u>
<u>/s/ Hartley R. Rogers</u> Hartley R. Rogers	Chairman of the Board of Directors
<u>/s/ Mario L. Giannini</u> Mario L. Giannini	Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Atul Varma</u> Atul Varma	Chief Financial Officer and Treasurer (Principal Financial Officer)
<u>/s/ Michael T. Donohue</u> Michael T. Donohue	Controller (Principal Accounting Officer)
<u>/s/ Erik R. Hirsch</u> Erik R. Hirsch	Vice Chairman and Director
<u>/s/ David J. Berkman</u> David J. Berkman	Director
<u>/s/ R. Vann Graves</u> R. Vann Graves	Director
<u>/s/ O. Griffith Sexton</u> O. Griffith Sexton	Director
<u>/s/ Leslie F. Varon</u> Leslie F. Varon	Director



**CERTAIN CONFIDENTIAL INFORMATION, IDENTIFIED BY BRACKETED ASTERISKS [\*\*\*], HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICALLY DISCLOSED.**

**INVESTMENT AGREEMENT**

**by and between**

**RUSSELL INVESTMENTS GROUP, LTD.**

**and**

**HAMILTON LANE ADVISORS, LLC**

Dated as of March 29, 2021

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## **INVESTMENT AGREEMENT**

This INVESTMENT AGREEMENT (this “Agreement”), dated as of March 29, 2021, is by and between Hamilton Lane Advisors, LLC, a Pennsylvania limited liability company (“Investor”), and Russell Investments Group, Ltd., a Cayman Islands exempted limited company (the “Company”). Investor and the Company are each referred to herein as a “Party” and collectively, the “Parties”. Capitalized terms used herein shall have the meanings given to such terms in Annex A of this Agreement.

### **WITNESSETH:**

WHEREAS, Investor desires to purchase from the Company, and the Company desires to issue and sell to Investor, [\*\*\*] ordinary shares, par value of \$0.001 each, of the Company (the “Acquired Shares”) on the terms and subject to the conditions contained in this Agreement (the “Share Purchase”); and

WHEREAS, concurrently with the execution and delivery of this Agreement and the consummation of the Share Purchase hereunder, (a) Investor and the Company are executing and delivering (a) a joinder agreement to the Shareholders Agreement, dated as of June 1, 2016, of the Company (the “Shareholders Agreement”), a copy of which is attached hereto as Exhibit A, pursuant to which joinder agreement Investor is becoming party to the Shareholders Agreement as an Other Holder (as defined therein) thereunder (the “SHA Joinder Agreement”), and (b) Investor and an Affiliate of the Company are entering into the Strategic Agreement, dated as of the date hereof (the “Strategic Agreement”).

NOW THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be bound hereby, the Parties hereby agree as follows:

### **ARTICLE I**

#### **PURCHASE AND SALE**

Section 1.1 Issuance of Acquired Shares. Upon the terms and subject to the conditions set forth in this Agreement, concurrently with the execution and delivery of this Agreement, at the Closing, the Company hereby issues, sells, assigns, conveys, transfers and delivers to Investor, and Investor hereby purchases and acquires from the Company, all right, title and interest in and to the Acquired Shares, free and clear of all Liens (other than Liens pursuant to any applicable Securities Laws restrictions, this Agreement and the applicable Governing Documents of the Company, including the Shareholders Agreement), for a purchase price of \$90,000,000 (the “Purchase Price”).

Section 1.2 Closing. The closing of the Share Purchase hereunder (the “Closing”) shall take place on the date hereof (the “Closing Date”), concurrently with the

execution and delivery of this Agreement and via the remote exchange of documents on the date hereof.

Section 1.3 Deliveries at Closing. At the Closing:

- (a) Investor shall deliver, or cause to be delivered, to the Company:
  - (i) by Wire Transfer to the account of the Company, the Purchase Price;
  - (ii) the SHA Joinder Agreement, duly executed by Investor; and
  - (iii) the Strategic Agreement, duly executed by Investor;and

- (b) The Company shall deliver, or cause to be delivered, to Investor:

- (i) evidence reasonably satisfactory to Investor that the Acquired Shares have been validly issued to Investor;
- (ii) the SHA Joinder Agreement, duly executed by the Company; and
- (iii) the Strategic Agreement, duly executed by the applicable Affiliate of the Company.

## ARTICLE II

### **REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY GROUP**

The Company hereby represents and warrants to Investor as of the date hereof as follows:

Section 2.1 Organization. Each member of the Company Group is duly organized or formed, validly existing and in good standing (if applicable) under the Applicable Laws of the jurisdiction of its incorporation or formation. Each member of the Company Group has the requisite corporate or other legal power and authority to carry on its business and to own, lease and operate all of its properties and assets, as currently conducted, owned, leased or operated. Each member of the Company Group is duly qualified to do business in each jurisdiction in which the nature of its businesses or the character or location of the properties and assets owned, leased or operated by it makes such qualifications necessary other than any failure to be so qualified that, individually and in the aggregate, has not, and is not reasonably expected to have a Company Material Adverse Effect. Each Governing Document of the Company Group

is in full force and effect and there are no material violations thereof. A copy of the Shareholders Agreement as in effect as of the date hereof is attached hereto as Exhibit A.

Section 2.2 The Acquired Shares. The Acquired Shares have been duly authorized and, when issued in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and of the same class of Company Shares as the other Company Shares that are issued and outstanding as of the date of this Agreement. Upon payment of the Purchase Price for the Acquired Shares at the Closing, Investor will acquire good and valid title to the Acquired Shares, free and clear of any Liens (other than Liens pursuant to any applicable Securities Law restrictions, this Agreement and the applicable Governing Documents of the Company, including the Shareholders Agreement). Once issued, the Acquired Shares will have been issued in compliance with all Securities Laws and will not have been issued in violation of any preemptive rights or rights of first offer or refusal under the Shareholders Agreement or otherwise under the Governing Documents of the Company.

Section 2.3 Capital Structure; Subsidiaries.

(a) As of the date of this Agreement, the Company's share capital is \$50,000 divided into 50,000,000 ordinary shares of a par value of \$0.001 each ("Company Shares"), of which (i) as of immediately prior to the Closing, without giving effect to the transactions contemplated by this Agreement (including the issuance of the Acquired Shares in the Share Purchase), [\*\*\*] Company Shares are issued and outstanding, and (ii) as of immediately following the Closing, after giving effect to the issuance of the Acquired Shares in the Share Purchase, 28,143,115 Company Shares will be issued and outstanding. As of the date of this Agreement, 2,103,678 Company Shares are issuable under options. As of the date of this Agreement, 972,015 Company Shares are reserved for issuance, either upon the exercise of options that have not yet been granted, or as restricted shares that have not yet been issued. There are no other equity securities (including securities convertible to or exercisable or exchangeable for Capital Stock) of the Company that are outstanding as of the date of this Agreement. All issued and outstanding shares of the Company are duly authorized, validly issued, fully paid and nonassessable, and have been issued in compliance with all applicable Securities Laws and not in violation of any preemptive rights or rights of first offer or refusal under the Shareholders Agreement or otherwise under the Governing Documents of the Company.

(b) Except as provided in the Governing Documents of the Company Group and in the equity plans of the Company, there are no outstanding securities, options, warrants, calls, rights, conversion rights, preemptive rights, rights of first refusal, redemption rights, repurchase rights, plans, "tag-along" or "drag-along" rights or other commitments, agreements, arrangements or undertakings ("Equity Rights") (i) obligating any member of the Company Group or any equity owner thereof to issue, deliver, redeem, purchase or sell, or cause to be issued, delivered, redeemed, purchased or sold, any equity interest in any member of the Company Group or any securities or obligations convertible or exchangeable into or exercisable for an equity interest in any member of the Company Group, (ii) giving any Person a right to subscribe for or acquire an equity interest in any member of the Company Group or (iii) obligating any member of the Company Group to issue, grant, adopt or enter into any such

Equity Right. No Person (other than the owners of the Capital Stock of the members of the Company Group) has an ownership interest or other equity interest representing a right to participate in the revenues or profits of any of the members of the Company Group.

Section 2.4 Authority; Validity of Agreements. The Company has full power and authority to execute and deliver this Agreement and the SHA Joinder Agreement, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of each of this Agreement and the SHA Joinder Agreement have been duly and validly authorized and approved by all necessary corporate or other legal action of the Company, including any necessary approval or consent of its board of directors. This Agreement and the SHA Joinder Agreement have been duly and validly executed and delivered by the Company, and (assuming due authorization, execution and delivery of this Agreement and the SHA Joinder Agreement by the other parties thereto) this Agreement and the Shareholders Agreement constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except insofar as (a) the enforceability hereof or thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Applicable Laws affecting the enforcement of creditors' rights generally and (b) the availability of equitable remedies may be limited by equitable principles of general applicability.

Section 2.5 Consents and Approvals. No member of the Company Group is required to obtain any Consent in connection with the execution and delivery by the Company of this Agreement or the SHA Joinder Agreement or the performance of this Agreement or the Shareholders Agreement or the consummation of the transactions contemplated hereby, except, in each case, for such Consents (i) as may be required under applicable Securities Laws in connection with the Share Purchase by Investor or (ii) the absence of which would not, individually or in the aggregate, have or reasonably be expected to have a Company Material Adverse Effect.

Section 2.6 No Conflicts. Neither the execution, delivery and performance of this Agreement or the execution and delivery of the SHA Joinder Agreement by the Company, nor the consummation by the Company of the transactions contemplated hereby and thereby, will, with or without the giving of notice, the termination of any grace period or both: (a) violate, conflict with, or result in a breach or default under any provision of the Governing Documents of any member of the Company Group; (b) violate any Applicable Law in any material respect; (c) result in a violation or breach by any member of the Company Group of, conflict with, or constitute (with or without consent, due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, redemption, payment or acceleration) under any Contract to which any member of the Company Group is a party or by which any member of the Company Group or any of their respective properties or assets are bound; or (d) result in the creation of any Lien (other than any Permitted Lien) upon any of the properties or assets of any member of the Company Group, except, in the case of clauses (c) and (d) of this Section 2.6, for any violation, breach, conflict, default or right of termination, cancellation, redemption, payment,



Lien or acceleration that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

Section 2.7 Financial Statements. The Company has delivered to Investor prior to the date hereof true, correct and complete copies of : (a) the audited consolidated balance sheets of the Company and its subsidiaries at each of December 31, 2019 and December 31, 2018, and audited consolidated statements of operations and comprehensive income and cash flows of the Company and its subsidiaries for each of the fiscal years then ended (including any notes thereto), and (b) an unaudited consolidated balance sheet of the Company and its subsidiaries at December 31, 2020 (the “Company Balance Sheet”), and unaudited consolidated statements of operations and comprehensive income and cash flows of the Company and its subsidiaries for the fiscal year then ended (including any notes thereto). Such financial statements have been prepared in accordance with GAAP, applied consistently during the periods covered thereby, and present fairly in all material respects the financial condition of the Company and its subsidiaries as at the dates of said statements and the results of their operations and cash flows for the periods covered thereby. Such financial statements are based on the books and records of the Company Group. The facilities for indebtedness for borrowed money that are outstanding or available to be drawn upon by any member of the Company Group are described in note 6 to the consolidated financial statements of the Company Group for fiscal year 2020.

Section 2.8 Absence of Undisclosed Liabilities. No member of the Company Group has or is subject to any claims, liabilities or obligations of any nature (whether known, unknown, absolute, accrued, contingent or otherwise) of the type required by GAAP to be reserved in the Company Balance Sheet, except (i) liabilities contemplated by or in connection with this Agreement or the transactions contemplated hereby, (ii) as and to the extent disclosed or reserved against in the Company Balance Sheet, (iii) liabilities incurred since December 31, 2020 in the ordinary course of business consistent with past practice (none of which is a liability for breach of Contract) and (iv) liabilities that are not, individually or in the aggregate, material.

Section 2.9 Absence of Certain Changes. Since December 31, 2020, (a) each member of the Company Group has conducted its business in the ordinary course consistent with past practice (other than with respect to actions taken in response to any Contagion Event, (including any Contagion Measure)) and (b) there have not occurred any event or events that, individually or in the aggregate, have had or would reasonably be expected to have a Company Material Adverse Effect.

Section 2.10 Proceedings. Except as would not reasonably be expected to have a Company Material Adverse Effect, since December 31, 2018, there have been no Proceedings or, to the Knowledge of the Company, any threatened Proceedings including any member of the Company Group or, to the extent related to the business of the Company Group, any current or former owner, director, manager, officer or employee of the Company Group. There is no pending or, to the Knowledge of the Company, threatened Proceeding including any member of the Company Group that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect. No member of the Company Group is subject to any outstanding or unsatisfied Orders (excluding customary confidentiality and other administrative

obligations) that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect.

Section 2.11 Compliance with Law; Permits.

(a) Except as would not reasonably be expected to have a Company Material Adverse Effect, since December 31, 2018, (i) each member of the Company Group and, to the extent related to the business of the Company Group, each officer and employee of the Company Group, has been in compliance with all Applicable Laws and (ii) no member of the Company Group nor, to the extent related to the business of the Company Group, officer or employee of the Company Group has received any written (or, to the Knowledge of the Company, oral) notice asserting any violation by any member of the Company Group or by any such Person of any Applicable Law.

(b) Except as would not reasonably be expected to have a Company Material Adverse Effect, (i) since December 31, 2018, each member of the Company Group and, to the extent related to the business of the Company Group, each employee of the Company Group has held all licenses, registrations, franchises, permits, orders, approvals and authorizations (collectively, "Permits") that are required by it in order to permit it to own or lease its properties and assets and to conduct its business under and pursuant to all Applicable Laws and (ii) all such Permits are in full force and effect and are not subject to any suspension, cancellation, modification or revocation or any Proceedings related thereto, and, to the Knowledge of the Company, no such suspension, cancellation, modification or revocation or Proceeding is threatened.

(c) Except as would not reasonably be expected to have a Company Material Adverse Effect, since December 31, 2018, each member of the Company Group has filed all registrations, reports, notices and other material filings required to be filed by such member (including Form ADV) with any Governmental Authority, including all amendments or supplements to any of the above (the "Filings").

Section 2.12 No Disqualifications. No member of the Company Group or any "affiliated person" (as defined in Section 2(a)(3) of the Investment Company Act) of any member of the Company Group is ineligible or disqualified pursuant to Section 9(a) or 9(b) of the Investment Company Act to serve as an investment adviser (or in any similar capacity) to an investment company registered or required to be registered under the Investment Company Act, nor is there any Proceeding pending or, to the Knowledge of the Company, threatened by any Governmental Authority, which could result in the ineligibility or disqualification of any member of the Company Group or any "affiliated person" (as defined in Section 2(a)(3) of the Investment Company Act) of a member of the Company Group to serve in any such capacities. No member of the Company Group or, to the Knowledge of the Company, any "person associated with" (as defined in Section 202(a)(17) of the Investment Advisers Act) a member of the Company Group is ineligible or disqualified pursuant to Section 203(e) or 203(f) of the Investment Advisers Act to serve as an investment adviser or a "person associated with an investment adviser" (as defined in Section 202(a)(17) of the Investment Advisers Act), nor is there any Proceeding pending or, to

the Knowledge of the Company, threatened by any Governmental Authority, which could result in the ineligibility or disqualification of any member of the Company Group or, to the Knowledge of the Company, any “person associated with” (as defined in Section 202(a)(17) of the Investment Advisers Act) a member of the Company Group to serve in any such capacities.

Section 2.13 Taxes.

(a) Except as would not reasonably be expected to have a Company Material Adverse Effect, each member of the Company Group has (i) duly and timely filed with the appropriate Governmental Authority all Tax Returns required to be filed by it, and all such Tax Returns are true, correct and complete in all material respects and (ii) timely paid in full all Taxes required to be paid by it or claimed to be due by any Governmental Authority.

(b) Except as would not reasonably be expected to have a Company Material Adverse Effect, (i) no federal, state, local or foreign audits, actions, suits, proceedings, investigations, claims, inquiries or administrative or other proceedings have formally commenced or are presently pending with regard to any Taxes or Tax Returns of, or including any member of, the Company Group, and none of the members of the Company Group has received notification that such an audit action, suit, proceeding, investigation, claim, inquiry or administrative or other proceeding is pending or threatened with respect to any Taxes owed by any member of the Company Group or any Tax Return filed by or with respect to any member of the Company Group and (ii) none of the members of the Company Group has received notice of a deficiency or material adjustment for any Tax owed by any member of the Company Group that has not been paid in full.

(c) The Company is, and, for all taxable periods following the purchase of the Acquired Shares hereunder, will continue to be, treated as a corporation for U.S. federal income tax purposes and shall make no election nor take any position contrary to such treatment on any Tax Return or in any audit action, suit, proceeding, investigation, claim, inquiry or administrative or other proceeding in respect of Taxes. The Company is not, and during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code has not been, a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code.

(d) Neither the Company nor any member of the Company Group is or has been a party to any “reportable transaction,” as defined in Section 6707A(c)(1) of the Code and Treasury Regulation §1.6011-4(b).

Section 2.14 Brokers and Finders. No member of the Company Group has incurred, become liable for or otherwise entered into any contract or agreement with respect to any broker’s commission, finder’s fee or similar payment relating to or in connection with this Agreement or the transactions contemplated hereby.

Section 2.15 No Other Representations and Warranties. Except for the representations and warranties contained in this Agreement or the Shareholders Agreement, no member of the Company Group nor any representative thereof has made or makes any other

express or implied representation or warranty, either written or oral, on behalf of any member of the Company Group, including any representation or warranty as to the accuracy or completeness of any information regarding the business of the members of the Company Group furnished or made available to Investor and its representatives (including any information, documents or material made available to Investor in any data room, management presentations or in any other form in expectation of the transactions contemplated hereby) or as to the future revenue, profitability or success of the members of the Company Group, or any representation or warranty arising from statute or otherwise in Applicable Law. Except for the representations and warranties contained in this Agreement or the Shareholders Agreement, the Company disclaims, on behalf of itself, the members of the Company Group and their Affiliates and representatives and any other Person any other express or implied representation or warranty, either written or oral, on behalf of any member of the Company Group, including any representation or warranty as to the accuracy or completeness of any information regarding the business of the Company Group furnished or made available to Investor and its representatives (including any information, documents or material made available to Investor in any data room, management presentations or in any other form in expectation of the transactions contemplated hereby) or as to the future revenue, profitability or success of the members of the Company Group, or any representation or warranty arising from statute or otherwise in Applicable Law. Nothing in this Section 2.15 is intended to preclude any claim for Fraud.

### **ARTICLE III**

#### **REPRESENTATIONS AND WARRANTIES OF INVESTOR**

Investor hereby represents and warrants to the Company as of the date hereof as follows:

Section 3.1 Organization. Investor is a limited liability company duly formed, validly existing and in good standing under the Applicable Laws of the Commonwealth of Pennsylvania.

Section 3.2 Authority; Validity of Agreements. Investor has full power and authority to execute and deliver this Agreement and the SHA Joinder Agreement, to perform its obligations hereunder and under the Shareholders Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Investor of each of this Agreement and the SHA Joinder Agreement have been, and the consummation by Investor of the transactions contemplated hereby has been, duly and validly authorized and approved by all necessary action of Investor, including any necessary approval or consent of its governing bodies. This Agreement and the SHA Joinder Agreement have been duly and validly executed and delivered by Investor and (assuming due authorization, execution and delivery by the Company and the other parties thereto of this Agreement and the SHA Joinder Agreement) this Agreement and the Shareholders Agreement constitute the valid and binding obligation of Investor, enforceable against Investor in accordance with its terms, except insofar as (a) the enforceability hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Applicable Laws affecting the enforcement of creditors' rights generally and (b) the availability of equitable remedies may be limited by equitable principles of general applicability.

Section 3.3 Consents and Approvals. Except for Consents the failure of which to obtain would not reasonably be expected to prevent, impair or delay the consummation of the transactions contemplated hereby, neither Investor nor any of its Affiliates is required to obtain the Consent of any Governmental Authority in connection with the execution and delivery by Investor of this Agreement and the SHA Joinder Agreement or the performance of this Agreement and the Shareholders Agreement or the consummation of the transactions contemplated hereby.

Section 3.4 No Conflicts. Neither the execution, delivery and performance of this Agreement or the execution and delivery of the SHA Joinder Agreement, nor the consummation by Investor of the transactions contemplated hereby, will, with or without the giving of notice, the termination of any grace period or both: (a) violate, conflict with, or result in a breach or default under any material provision of the Governing Documents of Investor; (b) violate any Applicable Law in any material respect; (c) result in a violation or breach by Investor of, or conflict with or constitute (with or without consent, due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, redemption, payment or acceleration) under, any Contract to which Investor is a party, or by which Investor or any of its properties or assets are bound; or (d) result in the creation of any Lien (other than any Permitted Lien) (or have such result upon notice or lapse of time, or both) upon any of the properties or assets of Investor under any of the terms, conditions or provisions of any Contract, except for, in the case of clauses (c) and (d) of this Section 3.4, any violation, breach, conflict, default or right of termination, cancellation, redemption, payment, Lien or acceleration that would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of Investor to perform its obligations hereunder or thereunder.

Section 3.5 Legal Proceedings. There is no Proceeding pending or, to the Knowledge of Investor, threatened, against Investor that, individually or in the aggregate, would reasonably be expected to prevent or materially impair or delay Investor's ability to promptly perform its obligations hereunder or under the Shareholders Agreement.

Section 3.6 Brokers and Finders. No broker, finder or similar intermediary has acted for or on behalf of, or is entitled to any broker's, finder's or similar fee or other commission from Investor or any of its Affiliates in connection with this Agreement or the transactions contemplated hereby.

Section 3.7 Purchase for Investment. Investor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its purchase of the Acquired Shares. Investor represents and warrants that it is an "accredited investor" within the meaning of Rule 501 under the Securities Act. Investor confirms that the Company has provided Investor with the opportunity to ask questions of the Company and its officers and employees, and to acquire additional information about the business and financial condition of the Company Group. Investor is acquiring the Acquired Shares for investment and not with a view toward or for sale in connection with any distribution thereof in violation of any applicable Securities Law, or with any present intention of distributing or selling such shares in violation of any applicable Securities Law. Investor understands and agrees that the Acquired

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Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available under the Securities Act, and without compliance with Securities Laws and the Shareholders Agreement, in each case, to the extent applicable.

Section 3.8 Independent Investigation. Investor has conducted its own independent investigation, review, and analysis of the business of the members of the Company Group, results of operations, prospects, and condition (financial or otherwise) of the members of the Company Group, and acknowledges that it has been provided access to the personnel, properties, assets, premises, books and records, and other documents and data of the members of the Company Group for such purpose as it has requested. Investor acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Investor has relied solely upon its own investigation and the representations and warranties regarding the Company Group set forth in this Agreement and the Shareholders Agreement, and has not relied on any other express or implied representation or warranty, either written or oral, on behalf of any member of the Company Group, including any representation or warranty as to the accuracy or completeness of any information regarding the Company Group's business furnished or made available to Investor and its representatives (including any information, documents or material made available to Investor in any data room, management presentations or in any other form in expectation of the transactions contemplated hereby) or as to the future revenue, profitability or success of the Company Group, or any representation or warranty arising from statute or otherwise in Applicable Law and (b) neither the Company Group nor any representative thereof has made any representation or warranty as to the Company Group, the Company Group's business or this Agreement, except as expressly set forth in this Agreement and the Shareholders Agreement. Nothing in this Section 3.8 is intended to preclude any claim for Fraud.

Section 3.9 No Other Representations and Warranties. Except for the representations and warranties contained in this Agreement or the Shareholders Agreement, neither Investor nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Investor, including any representation or warranty as to the accuracy or completeness of any information regarding the business of Investor furnished or made available to the Company Group and its representatives (including any information, documents or material made available to the Company Group in any data room, management presentations or in any other form in expectation of the transactions contemplated hereby) or as to the future revenue, profitability or success of Investor or any representation or warranty arising from statute or otherwise in Applicable Law. Except for the representations and warranties contained in this Agreement or the Shareholders Agreement, Investor disclaims, on behalf of itself and its Affiliates and representatives and any other Person any other express or implied representation or warranty, either written or oral, on behalf of Investor, including any representation or warranty as to the accuracy or completeness of any information regarding the business of Investor furnished or made available to the Company Group and its representatives (including any information, documents or material made available to the Company Group in any data room, management presentations or in any other form in expectation of the transactions contemplated hereby) or as to the future revenue, profitability or

success of Investor, or any representation or warranty arising from statute or otherwise in Applicable Law. Nothing in this Section 3.9 is intended to preclude any claim for Fraud.

## ARTICLE IV

### SURVIVAL; POST-CLOSING OBLIGATIONS

Section 4.1 Survival of Representations and Warranties and Covenants. All of the representations and warranties of the Parties contained in this Agreement shall survive the Closing hereunder for a period of 18 months following the Closing Date, other than (a) the Company Fundamental Representations (other than Section 2.13) and Investor Fundamental Representations, which shall survive for five years following the Closing Date, and (b) the representations in Section 2.13, which shall survive for thirty (30) days following the expiration of the applicable statute of limitations. Each covenant or other agreement herein that by its terms is to be performed at or prior to the Closing shall survive the Closing hereunder until the date that is one year following the Closing Date, and each covenant or other agreement herein that by its terms is to be performed after the Closing shall survive the Closing hereunder until performed or until such covenant or other agreement expires in accordance with its terms. If written notice of a claim has been given in the manner required by this Article IV prior to the expiration of the applicable representations and warranties by the Party seeking indemnification for such claim, then the relevant representations and warranties of the other Party shall survive as to such claim until such claim has been finally resolved pursuant to this Article IV.

#### Section 4.2 Indemnification.

(a) Subject to the other provisions of this Article IV, from and after the date hereof, the Company shall, without duplication, indemnify, defend and hold harmless Investor and its respective Affiliates, their respective predecessors, successors and permitted assigns, and their respective stockholders, employees, officers, partners, members, trustees, directors and agents (the “Investor Indemnitees”) from and against any Losses that any of them may suffer or incur arising out of or resulting from: (i) any inaccuracy in or breach of any representation or warranty in Article II (disregarding any qualifications as to materiality or Company Material Adverse Effect therein) or (ii) any breach or nonperformance of any of the covenants or other agreements made and to be performed by the Company in this Agreement.

(b) Subject to the other provisions of this Article IV, from and after the date hereof, Investor shall, without duplication, indemnify, defend and hold harmless the Company Group and their respective shareholders, employees, officers, partners, members, trustees, directors and agents (the “Company Indemnitees”) from and against any Losses that any of them may suffer or incur arising out of or resulting from: (i) any inaccuracy in or breach of any representation or warranty in Article III (disregarding any qualifications as to materiality therein) or (ii) any breach or nonperformance of any of the covenants or other agreements made and to be performed by Investor in this Agreement.

(c) Notwithstanding Sections 4.2(a), and (b) above:

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(i) (A) the Company shall not be liable for any Losses pursuant to Section 4.2(a)(i) (other than in respect of any failure of the Company Fundamental Representations to be true and correct) unless and until the aggregate amount of indemnifiable Losses which may be recovered pursuant to Section 4.2(a)(i) (in each case other than in respect of any failure of the Company Fundamental Representations to be true and correct) equals or exceeds \$900,000 (the “Deductible”), whereupon the Company shall be liable for and shall pay all Losses in excess of the Deductible, and (B) the maximum amount of indemnifiable Losses that may be recovered from the Company arising out of or resulting from the causes set forth in Section 4.2(a)(i) (in each case other than in respect of any failure of the Company Fundamental Representations to be true and correct), shall be an amount equal to \$9,000,000 (the “Cap”).

(ii) (A) Investor shall not be liable for any Losses pursuant to Section 4.2(b)(i) (other than in respect of any failure of the Investor Fundamental Representations to be true and correct), unless and until the aggregate amount of indemnifiable Losses which may be recovered pursuant to Section 4.2(b)(i) (other than in respect of any failure of the Investor Fundamental Representations to be true and correct) equals or exceeds the Deductible, whereupon Investor shall be liable for and shall pay all Losses in excess of the Deductible, and (B) the maximum amount of indemnifiable Losses which may be recovered from Investor arising out of or resulting from the causes set forth in Section 4.2(b)(i) (other than in respect of any failure of the Investor Fundamental Representations to be true and correct), shall be an amount equal to the Cap.

(iii) The amount of any Losses subject to indemnification under this Section 4.2 shall be net of any insurance proceeds actually recovered by the applicable Indemnified Party for such Losses net of all reasonable costs of collection and any resulting increase in insurance premiums incurred as a result of seeking recovery for such amounts. In the event that an insurance recovery is made by an Indemnified Party with respect to any Losses for which such Indemnified Party has been indemnified hereunder and such insurance recovery would result in duplicative recovery by such indemnitee, then a refund equal to the aggregate amount of the insurance recovery shall be made promptly by such Indemnified Party to the applicable indemnitor, net of all reasonable and documented costs of collection and any resulting increase in insurance premiums incurred as a result of seeking recovery for such amounts.

(iv) Notwithstanding anything to the contrary set forth herein, no Indemnifying Party shall be liable for special, incidental, exemplary, consequential or punitive damages (except to the extent that any such damages were reasonably foreseeable or have been paid to a third party other than an Indemnified Party).

(v) Any Losses for which an Indemnified Party is entitled to indemnification pursuant to this Section 4.2 shall be determined without (A) duplication of recovery by reason of the state of the facts giving rise to such Losses constituting any inaccuracy in or breach of any of more than one representation, warranty, covenant, agreement or obligation under this Agreement and (B) regard for any qualifications as to materiality or Company Material Adverse Effect.

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### Section 4.3 Claims Notice

(a) Promptly after the Person seeking indemnification pursuant to Section 4.2 (the “Indemnified Party”) has knowledge of any event or circumstance, including any written claim by a third party, that would reasonably be expected to give rise to indemnification under this Article IV (a “Third-Party Claim”), the Indemnified Party shall deliver to the Person from which indemnification is sought (the “Indemnifying Party”) a notice (a “Claim Notice”) setting forth in reasonable detail a description of the matter giving rise to indemnification hereunder, including, if known, the anticipated Losses (it being understood that any estimate of such Losses if provided shall not be conclusive of the final amount with respect to any such Losses); provided, however, that any failure or delay by the Indemnified Party in delivering a Claim Notice to the Indemnifying Party shall not affect the Indemnified Party’s right to indemnification under this Article IV, except to the extent the Indemnifying Party has been prejudiced by such failure or delay.

(b) The following provisions shall apply to any Third-Party Claim:

(i) The Company shall have the right to control the defense, prosecution and resolution of, at the expense of the Indemnifying Party, any Third-Party Claim brought against any member of the Company Group (the Company is referred to herein as the “Controlling Party” and the other Party is referred to herein as the “Non-Controlling Party”). The Non-Controlling Party shall cooperate with and make available to the Controlling Party such assistance and materials as may be reasonably requested by the Controlling Party (at the expense of the Indemnifying Party) in any Third-Party Claim. The Indemnified Party and Indemnifying Party shall each have the right to employ separate counsel in any Third-Party Claim and to participate in (but not control) the defense thereof either (I) at its own expense or (II) at the Indemnifying Party’s cost and expense (so long as such fees are reasonable and such counsel is approved by the Indemnifying Party not to be unreasonably withheld or delayed) if (1) in the reasonable opinion of counsel to the Indemnified Party, a conflict of interest or potential conflict exists between the Indemnified Party and the Indemnifying Party under applicable standards of professional conduct or (2) one or more defenses are available to the Indemnified Party that are not available to the Indemnifying Party (provided that, in the case of clauses (1) or (2), the Indemnifying Party shall not be liable for the fees and expenses of more than one firm of counsel for all Indemnified Parties, other than local counsel, in any action or claim or group of related actions or claims). The Controlling Party shall not admit any liability with respect to, or settle, compromise or discharge, a Third-Party Claim without the prior written consent of the Indemnified Party, unless such admission, settlement, compromise or discharge (A) obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third-Party Claim, (B) releases the Indemnified Party completely in connection with such Third-Party Claim, (C) does not contain any admission of wrongdoing or misconduct by the Indemnified Party and (D) does not involve any injunction or other equitable relief or relief for other than money damages against the Indemnified Party.

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(ii) In the event the Company does not agree or assume the defense of the Third-Party Claim via a written notice delivered to the Indemnifying Party and the Indemnified Party within fifteen (15) days of the receipt of the Claim Notice, the Indemnified Party shall have the right to conduct a defense against such Third-Party Claim at the expense of the Indemnifying Party and shall have the right to settle and compromise such Third-Party Claim if it acts reasonably and in good faith upon ten (10) days' notice to, and with the consent of, the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(iii) After any such claim has been filed or initiated, each Party shall make available to the other Parties and their attorneys and accountants all pertinent information under its control relating to such claim which is made available under the terms of a confidentiality agreement or similar protective measures, and the Parties agree to render to each other such assistance as they may reasonably require of each other in order to facilitate the proper and adequate defense of any such claim.

Section 4.4 Exclusive Remedy. Following the Closing, this Article IV shall provide the sole and exclusive monetary remedy of the Parties with respect to any and all claims in any way relating to or arising out of or in connection with this Agreement, whether hereunder, at Applicable Law or otherwise, including a breach of any representation, warranty, covenant or agreement made by any Party, except (a) in the case of Fraud and (b) for the avoidance of doubt, the remedies of specific performance, injunctive relief and other non-monetary equitable remedies. None of the limitations set forth in Section 4.2(c) shall apply in the case of Fraud.

Section 4.5 Purchase Price Adjustment. Any payment required to be made pursuant to this Article IV shall be treated for Tax purposes as an adjustment to the Purchase Price, unless otherwise required by a final determination of an applicable Governmental Authority.

Section 4.6 Tax Matters.

(a) Transfer Taxes. The Company will bear and pay when due any Transfer Taxes that may become payable in connection with the sale of the Acquired Shares to Investor and shall prepare and file any Tax Returns required in respect of such Transfer Taxes. Each Party shall use reasonable efforts to avail itself of any available exemptions from any such Taxes, and to cooperate with the other Parties in providing any information and documentation that may be necessary to obtain such exemptions.

(b) Information Reporting.

(i) The Company shall monitor, and shall advise the Investor if it becomes aware that it is a "passive foreign investment company" within the meaning of the Code, and shall provide to the Investor any information that the Investor reasonably requests (to the extent such information is reasonably available to the Company and as soon as commercially practicable after the end of the relevant taxable year) in order for such Investor to: (A) comply with its federal, state, or local tax return filing and

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information reporting obligations with respect to the Company; and (B) make and maintain a QEF election (as defined in the Code) with respect to the Company (such information to be provided at the Company's expense).

(ii) If the Company is aware that it or any member of the Company Group has participated in a "reportable transaction" within the meaning of Section 6011 of the Code, and the Investor requests in writing information about any such transactions in which the Company is an investor, the Company shall provide, or cause its accountants to provide, such information it has reasonably available that is required to be obtained by such Investor under the Code as soon as practicable after such request.

## ARTICLE V

### MISCELLANEOUS

Section 5.1 Amendments; Extension; Waiver. This Agreement may not be amended, altered or modified except by written instrument executed by Investor and the Company. The failure by any Party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision nor in any way to affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of or non-compliance with this Agreement shall be held to be a waiver of any other or subsequent breach or non-compliance. Any waiver made by any Party in connection with this Agreement shall not be valid unless agreed to in writing by the Company and Investor.

Section 5.2 Entire Agreement. This Agreement, the Exhibits and Schedules hereto and any documents executed by the Parties simultaneously herewith or pursuant hereto, including the SHA Joinder Agreement, constitute the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, written and oral, among the Parties with respect to the subject matter hereof.

Section 5.3 Construction and Interpretation. When a reference is made in this Agreement to Sections, Annexes, Exhibits or Schedules, such reference shall be to a Section of or Annex, Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents headings and footers contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Unless the defined term "Business Days" is used, references to "days" in this Agreement refer to calendar days. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

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Section 5.4 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

Section 5.5 Notices. All notices and other communications hereunder shall be in writing and shall be addressed as follows (or at such other address for a Party as shall be specified by like notice):

If to Investor:

Hamilton Lane Advisors, LLC  
c/o Hamilton Lane Incorporated  
Attention: Lydia Gavalis, General Counsel  
Email: lgavalis@hamiltonlane.com  
Telephone: (610) 617-2032

From the date hereof until May 14, 2021:  
1 Presidential Boulevard, Suite 400  
Bala Cynwyd, PA 19004

Following May 14, 2021:  
110 Washington Street  
Conshohocken, PA 19428

With copies (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, PA 19103-2921  
Attention: Michael L. Pillion  
Email: michael.pillion@morganlewis.com

and

Morgan, Lewis & Bockius LLP  
101 Park Avenue  
New York, New York 10178  
Attn: Robert Goldbaum  
Allison Gargano  
E-mail: robert.goldbaum@morganlewis.com allison.gargano@morganlewis.com

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If to the Company:

Russell Investments Cayman Midco, Ltd.  
c/o Russell Investments  
1301 Second Ave., 18<sup>th</sup> Floor  
Seattle, Washington 98101  
Attention: Robert Hostetter, Global Head of Solutions  
Email: rhostett@russellinvestments.com  
Telephone: (212) 702-7895

With copies to:

Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036  
Telephone: (212) 735-2000  
Attention: David Hepp  
Email: david.hepp@skadden.com

All such notices or communications shall be deemed to have been delivered and received: (a) if delivered in person, on the day of such delivery, (b) if by facsimile or email, on the day on which such facsimile or email was sent, provided that receipt is confirmed by telephone or return email, (c) if by certified or registered mail (return receipt requested), on the fifth Business Day after the mailing thereof or (d) if by reputable overnight delivery service, on the second Business Day after the sending thereof.

Section 5.6 Binding Effect; Persons Benefiting; No Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Nothing in this Agreement is intended or shall be construed to confer upon any Person other than the Parties and their respective successors and permitted assigns any right, remedy or claim under or by reason of their Agreement or any part hereof. This Agreement may not be assigned by any Party (other than Investor as described below) without the prior written consent of the other Parties and any purported assignment or other transfer without such consent shall be void and unenforceable.

Section 5.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement, it being understood that all of the Parties need not sign the same counterpart.

Section 5.8 Dispute Resolution. All disputes, claims or controversies arising out of, relating to, or in connection with this Agreement, including disputes relating to the validity or interpretation hereof or the actions of the Parties hereto in the negotiation, administration, performance and enforcement hereof (each a "Dispute") shall be resolved by

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final and binding arbitration administered by the American Arbitration Association (“AAA”) in accordance with the Commercial Arbitration Rules then in effect, except as modified herein. The place of the arbitration (physically or virtually to the extent physical presence is not reasonably practical) shall be Wilmington, Delaware. Any Party that wishes to raise a Dispute must do so by sending written notice to the other Party identifying in reasonable detail the basis for such Dispute. If, within ten Business Days of receipt of written notice of a Dispute, the Dispute remains unresolved, the Parties shall work with AAA to select a single, impartial arbitrator, without conflicts, in accordance with Section 12 of the American Arbitration Association Commercial Arbitration Rules who shall have substantial business experience in the investment advisory industry. The Parties hereto covenant that they will participate in the arbitration in good faith and that they will share equally its costs except as otherwise provided herein. The arbitrator shall have the power to grant temporary, preliminary and permanent relief, including injunctive relief and specific performance, or any other remedy available from a court of competent jurisdiction, including to direct the Parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any Party to respect the arbitral tribunal’s orders to that effect. The provisions of this Section 5.8 shall be enforceable in any court of competent jurisdiction, and the Parties shall bear their own costs in the event of any proceeding to enforce this Agreement except as otherwise provided herein. The arbitrator shall assess costs and expenses (including the reasonable legal fees and expenses of the prevailing party or parties and any expenses incurred in connection with compelling arbitration) in favor of the prevailing party or parties against the other party or parties to such proceeding. Any party unsuccessfully refusing to comply with an order or award of the arbitrator shall be liable for costs and expenses, including attorneys’ fees, incurred by the other party in enforcing the order or award. The Parties shall instruct the arbitration to render a decision within thirty (30) days after the close of the arbitration hearing, however, failure to do so shall not affect the validity of the award. The decision of the arbitrator shall be final and binding and not be subject to appeal. Judgment thereon may be entered in any court of competent jurisdiction. Nothing in this Agreement shall prevent any Party from seeking interim equitable relief in support of the arbitration, and any such request shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.

Section 5.9 Specific Performance. The Parties each acknowledge that, in view of the uniqueness of the Company and the transactions contemplated hereby, each Party would not have an adequate remedy at law for money damages in the event that the covenants to be performed after the Closing have not been performed in accordance with their terms, and therefore agree that the other Parties shall be entitled to seek specific enforcement of the terms hereof and any other equitable remedy to which such Parties may be entitled.

Section 5.10 Expenses. Investor and the Company shall each bear their own expenses incurred in connection with this Agreement and the Shareholders Agreement.

Section 5.11 Announcements. Investor and the Company shall consult with each other as to the form, substance and timing of any press release or other public disclosure related to this Agreement or the transactions contemplated hereby, and no such press release or other

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public disclosure shall be made by any Party without the consent of the Company and Investor, except as may be required by Applicable Law or regulation or by obligations pursuant to any listing agreement with any national securities exchange (in which case such Party shall use its commercially reasonable efforts to consult, to the extent reasonably practicable, the other Parties prior to issuing such press release or making such public disclosure).

Section 5.12 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware without regard to its conflict of law principles.

Section 5.13 Waiver of Jury Trial. Each Party hereby waives, and agrees to cause each of its Affiliates to waive, to the fullest extent permitted by Applicable Law, any right it may have to a trial by jury in respect of any claim directly or indirectly arising out of, under or in connection with this Agreement or the transactions contemplated hereby.

Section 5.14 Consent to Jurisdiction. The Parties irrevocably submit to the exclusive jurisdiction of the state and federal courts in the State of Delaware, and no claim arising out of, or concerning this Agreement or the transactions contemplated hereby shall be brought by any Party except in such courts. The Parties irrevocably and unconditionally waive (and agree not to plead or claim) any objection to the laying of venue of any claim arising out of this Agreement or the transactions contemplated hereby in the state or federal courts in the State of Delaware, or that any such claim brought in any such court has been brought in an inconvenient forum. Each of the Parties also agrees that any final and unappealable judgment against a Party in connection with any claim shall be conclusive and binding on such Party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

Section 5.15 No Third-Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to confer on any person, other than the Parties or their respective successors and permitted assigns, any rights, remedies, obligations or liabilities.

*[Remainder of page intentionally left blank.]*

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

**INVESTOR:**

**HAMILTON LANE  
ADVISORS, LLC**

By:           /s/ Mario Giannini            
Name: Mario Giannini  
          Chief Executive  
Title: Officer

**COMPANY:**

**RUSSELL INVESTMENTS  
GROUP, LTD.**

By:           /s/ Michelle Seitz            
Name: Michelle Seitz  
Title: Director

*[Investment Agreement]*

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## Annex A

### Defined Terms

For all purposes of this Agreement (other than as otherwise defined or specified in any Exhibit or Schedule), the following terms shall have the respective meanings set forth below in this Annex A (such definitions to apply to both the singular and plural forms of the terms herein defined):

“AAA” has the meaning set forth in Section 5.8.

“Acquired Shares” has the meaning set forth in the recitals.

“Affiliate” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, the first Person, provided that (i) an Affiliate of any Person includes any other Person in which the first Person owns a 25% or greater interest, and (ii) no investment company (or any series thereof) registered under the Investment Company Act or any other pooled investment vehicle or, in each case, Controlled Affiliate thereof and none of Investor or any of its Affiliates shall be deemed to be Affiliates of any member of the Company Group.

“Agreement” means this Investment Agreement, as may be amended from time to time, and any Annexes, Exhibits and Schedules hereto.

“Applicable Law” means, with respect to any Person, any domestic or foreign federal, state or local statute, law (whether statutory or common), ordinance, rule, administrative code, administrative interpretation, regulation, order, consent, writ, injunction, directive, judgment, decree, policy, ordinance, decision, guideline or other requirement of, or agreement with, a Governmental Authority applicable to such Person or any of its respective Affiliates, equityholders, directors, officers, employees, agents, properties or assets, including laws relating to the privacy and data security of Clients, the Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act, or any other laws relating to corruption or bribery, the Investment Advisers Act, the Investment Company Act, and applicable foreign economic sanctions laws and regulations, including economic sanctions administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by Applicable Law to close.

“Cap” has the meaning set forth in Section 4.2(c)(i).

“Capital Stock” means (i) in the case of a corporation, capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership or limited liability company, the partnership or membership interests (whether general or limited)

and, (iv) any other interest or participation that confers on the holder the right to receive a share of the profits and losses of, or distributions of assets of, the issuing entity.

“Claim Notice” has the meaning set forth in Section 4.3(a).

“Client” means any Person to which any member of the Company Group provides investment management or investment advisory services, including any sub-advisory services.

“Closing” has the meaning set forth in Section 1.2.

“Closing Date” has the meaning set forth in Section 1.2.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Company” has the meaning set forth in the preamble to this Agreement.

“Company Balance Sheet” has the meaning set forth in Section 2.7.

“Company Fundamental Representations” means Section 2.1, Section 2.2, Section 2.3, Section 2.4, Section 2.12, Section 2.13 and Section 2.14.

“Company Group” means the Company and its Controlled Affiliates, collectively, and any reference to a “member” or “members” of the Company Group means one or more of the Company and its Controlled Affiliates, as the context may require.

“Company Indemnitees” has the meaning set forth in Section 4.2(b).

“Company Material Adverse Effect” means any changes, effects, events, matters, occurrences or states of facts that have had or would reasonably be expected to have, a material adverse effect on the business, condition (financial or otherwise), properties, assets, liabilities or operations of the Company Group, taken as a whole, except that none of the following changes, effects, events, matters, occurrences, states of facts or developments shall be taken into account in determining whether there has been or will reasonably be expected to be a Company Material Adverse Effect: any change, effect, event, circumstance, condition, matter, occurrence, state of facts or development to the extent resulting from (a) general economic, political, regulatory or social conditions in, or directly affecting, any of the geographical areas in which the Company Group operates; (b) any change in the financial, banking, securities, capital or credit markets in general (whether in the United States or any other country or in any international market), including changes in interest rates and credit ratings; (c) any change or condition generally affecting the investment management industry; (d) acts of God, natural disasters, national or international political conditions, weather conditions, the engagement in, or escalation or worsening of, hostilities, whether commenced before or after the date hereof and whether or not pursuant to the declaration of a national emergency, the occurrence of any cyber, military or terrorist attack, whether inside or outside the United States; (e) the failure to achieve any projections, forecasts, estimates, plans, predictions, performance metrics or operating statistics, or the inputs into such items (but not any underlying change, effect, event, circumstance, occurrence, state of facts or developments which causes such failure); (f) the announcement or

consummation of the transactions contemplated hereby; (g) any changes in applicable accounting regulations or accounting principles (or interpretations thereof that are generally accepted) or any change in Applicable Laws or the interpretation thereof, in each case, after the date hereof; (h) any Contagion Event or Contagion Measure and any changes, effects and circumstances arising therefrom or attributable thereto; (i) the taking of any action expressly required by this Agreement or the Shareholders Agreement; or (j) the taking of any action, or the failure to take any action, in each case, to which Investor has specifically consented in writing; provided that, notwithstanding anything to the contrary in the foregoing, in the case of each of clauses (a), (b), (c), (d), (g) and (h) above, if such change, effect, event, circumstance, occurrence, state of facts or development disproportionately affects the Company Group as compared to other similarly-situated Persons or businesses that operate in the same industries in which the Company Group operates, then the disproportionate aspect of such change, effect, event, circumstance, occurrence, state of facts or development shall be taken into account in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur.

“Company Shares” has the meaning set forth in Section 2.3(a).

“Consent” means any consent, approval, authorization, waiver, permit, license, grant, agreement, exemption or order of, or registration, declaration or filing with, any Person, including any Governmental Authority, that is required to be made or obtained in connection with the execution and delivery by any member of the Company Group or Investor of this Agreement or the SHA Joinder Agreement or the consummation of the transactions contemplated hereby.

“Contagion Event” means (i) the outbreak or ongoing effects of any contagious disease, epidemic or pandemic (including the COVID-19 virus) or any global or regional health conditions or (ii) any worsening of any of the foregoing.

“Contagion Measure” means any (i) quarantine, “shelter in place,” “stay at home,” social distancing, shut-down, closure, sequester or declaration of martial law or similar Applicable Law or directive, by any Governmental Authority or (ii) action taken in connection with or in response to any Applicable Law, in each case of clauses (i) and (ii), in respect of any Contagion Event.

“Contract” means, whether written or oral, any contract, agreement, loan agreement, indenture, letter of credit, mortgage, security agreement, pledge agreement, bond, note, guarantee, license, power of attorney, purchase or sales order, lease or other instrument, obligation, undertaking, commitment, arrangement or understanding, in each case as amended, supplemented, waived or otherwise modified, in each case, to which the applicable Person is a party or by which the applicable Person or any of its properties or assets is bound.

“Control” or “Controlled” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, as trustee or executor, or otherwise. For purposes of this definition, a general partner or managing member of a Person shall always be considered to Control such Person.

“Controlled Affiliate” means with respect to a Person, any Affiliate of such Person under its Control.

“Controlling Party” has the meaning set forth in Section 4.3(b)(i).

“Deductible” has the meaning set forth in Section 4.2(c)(i).

“Dispute” has the meaning set forth in Section 5.8.

“Equity Rights” has the meaning set forth in Section 2.3(b).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the SEC thereunder.

“Filings” has the meaning set forth in Section 2.11(c).

“Fraud” means common law fraud as defined under Applicable Law in the State of Delaware.

“GAAP” means the generally accepted accounting principles, consistently applied, of the applicable jurisdiction that govern the preparation of the financial statements in question as in effect at the time such financial statements were or are prepared.

“Governing Documents” means, with respect to any Person, (i) such Person’s articles or certificate of incorporation, memorandum and articles of association, bylaws, certificate of limited partnership, limited partnership agreement, certificate of formation, limited liability company operating agreement, declaration or agreement of trust or other governing documents and (ii) any stockholders agreement or similar agreement related to any of the foregoing.

“Governmental Authority” means any nation, state, territory, province, county, city or other unit or subdivision thereof or any entity, authority, agency, department, board, commission, instrumentality, court or other judicial body authorized on behalf of any of the foregoing to exercise legislative, judicial, regulatory or administrative functions of or pertaining to government, and any Self-Regulatory Organization.

“Indemnified Party” has the meaning set forth in Section 4.3(a).

“Indemnifying Party” has the meaning set forth in Section 4.3(a).

“Investment Advisers Act” means the Investment Advisers Act of 1940, as amended, and the rules and regulations of the SEC thereunder.

“Investment Company Act” means the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder by the SEC.

“Investor” has the meaning set forth in the preamble to this Agreement and includes any successor or permitted assign.

“Investor Fundamental Representations” means Sections 3.1 and 3.2.

“Investor Indemnitees” has the meaning set forth in Section 4.2(a).

“Knowledge” means the actual knowledge of the Company or Investor, as applicable, after reasonable inquiry of its employees, officers, partners, members, trustees, directors or agents with responsibility for the applicable subject matter.

“Lien” means, whether arising under any Contract or otherwise, any debts, claims, security interests, liens, encumbrances, pledges, mortgages, retention agreements, hypothecations, rights of others, assessments, restrictions, voting trust agreements, options, rights of first offer, proxies, title defects, and charges or other restrictions or limitations of any nature whatsoever.

“Losses” shall mean any and all losses, penalties, damages, costs, fines, expenses, demands, judgments and settlements (including interest and penalties with respect thereto and all reasonable out-of-pocket expenses incurred in the investigation or defense of any of the same), in all cases whether or not resulting from a Third-Party Claim.

“Non-Controlling Party” has the meaning set forth in Section 4.3(b)(i).

“Order” means any judgment, outstanding order, injunction, stipulation, award or decree of any Governmental Authority and any award in any arbitration Proceeding or settlement agreement.

“Party” or “Parties” have the meaning set forth in the preamble to this Agreement.

“Permits” has the meaning set forth in Section 2.11(b).

“Permitted Liens” means all Liens that are:

(a) for property Taxes which have been incurred in the ordinary course of business and are not yet due and payable and for which adequate reserves have been included on the financial statements of the Company Group;

(b) Liens or pledges to secure payments of workmen’s compensation and other payments, unemployment and other insurance, old-age pensions or other social security obligations, or the performance of bids, tenders, leases, contracts, public or statutory obligations, surety, stay or appeal bonds, or other similar obligations arising in the ordinary course of business;

(c) workmen’s, repairmen’s, warehousemen’s, vendors’ or carriers’ Liens or other similar Liens arising in the ordinary course of business and securing sums that are not past due and for which adequate reserves have been included on the financial

statements of the Company Group, or deposits or pledges to obtain the release of any such Liens;

(d) statutory landlords' Liens and landlord's Liens under Leases to which any member of the Company Group is a party, that do not materially impair the use of such property in the normal operation of the business or the value of such property for the purpose of such business; and

(e) zoning restrictions, easements, rights of way, licenses and restrictions on the use of real property or minor irregularities in title thereto, that do not materially impair the use of such property in the normal operation of the business or the value of such property for the purpose of such business.

“Person” means any natural person or any firm, partnership, limited liability partnership, association, corporation, limited liability company, joint venture, trust, business trust, sole proprietorship, Governmental Authority or other entity or any division thereof.

“Proceeding” means any judicial, administrative or arbitral action, suit, action, investigation, examination, audit, review, inquiry or other proceeding.

“Purchase Price” has the meaning set forth in Section 1.1.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder by the SEC.

“Securities Laws” means the Securities Act, the Exchange Act, the Investment Company Act, the Investment Advisers Act, state “blue sky” securities and investment advisory laws, all similar foreign securities laws, and the rules and regulations promulgated thereunder.

“Self-Regulatory Organization” means, each national securities exchange in the United States and each other commission, board, agency or body, whether United States or foreign, that is charged with the supervision or regulation of brokers, dealers, commodity pool operators, commodity trading advisors, futures commission merchants, securities underwriting or trading, stock exchanges, commodities exchanges, insurance companies or agents, investment companies or investment advisers, or to the jurisdiction of which any member of the Company Group is subject.

“SHA Joinder Agreement” has the meaning set forth in the recitals to this Agreement.

“Share Purchase” has the meaning set forth in the recitals.

“Shareholders Agreement” has the meaning set forth in the recitals to this Agreement.

“Strategic Agreement” has the meaning set forth in the recitals to this Agreement.

“Tax” means (i) any federal, state, local, foreign and other taxes, levies, fees, imports, duties and charges of whatever kind imposed by any taxing or similar authority (including any interest, penalties, or additions to the tax attributable to, imposed in connection therewith, or with respect thereto), including taxes imposed on, or measured by net or gross income, alternative minimum, accumulated earnings, personal holding company, franchise, doing business, unincorporated business, capital stock, net worth, capital, profits, windfall profits, gross receipts, business, securities transaction, value added, sales, use, excise, custom, transfer, registration, stamp, premium, real property, personal property, ad valorem, intangibles, rent, occupancy, license, occupational, escheat, employment, unemployment, social security, disability, workers’ compensation, payroll, withholding, estimated and recording, whether computed on a separate, consolidated, unitary, combined or other basis; (ii) any liability for the payment of any amounts described in this definition as a result of being a member of an affiliated, consolidated, combined, unitary or similar group, as a result of transferor or successor liability, or as a result of the operation of law; and (iii) any liability for the payments of any amounts as a result of being a party to any tax sharing agreement or as a result of any express or implied obligation to indemnify any other Person with respect to the payment of any amounts of the type described in clauses (i) or (ii).

“Tax Return” means any return, report, declaration, form, claim for refund or information statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Third-Party Claim” has the meaning set forth in Section 4.3(a).

“Transfer Tax” means any transfer, documentary, recording, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the consummation of the transactions contemplated by this Agreement.

“USD” or “\$” means U.S. dollars.

“Wire Transfer” means a payment in immediately available funds by wire transfer in lawful money in USD to such account or to a number of accounts as shall have been designated by written notice from the receiving party no later than two Business Days prior to the payment date.

**SUBSIDIARIES OF HAMILTON LANE INCORPORATED** (as of May 27, 2021)

<u>Name of Subsidiary</u>	<u>Jurisdiction/State of Incorporation</u>
2020 Tactical Market Fund LP	Delaware
2020 Tactical Market GP LLC	Delaware
Alpha Z GP LLC	Delaware
Alpha Z II GP LLC	Delaware
Alpha Z III GP LLC	Delaware
Alpha Z IV GP LLC	Delaware
Alpha Z Private Equity Fund III L.P.	Cayman Islands
Alpha Z Private Equity Fund II, LP	Cayman Islands
Alpha Z Private Equity Fund IV L.P.	Cayman Islands
Alpha Z Private Equity Fund, LP	Cayman Islands
AUSPE Fund GP LLC	Delaware
AUSPE Fund L.P.	Cayman Islands
Capital Yuan Tao Associates, L.P.	Cayman Islands
Capital Yuan Tao GP, LLC	Delaware
COPTL, LP	Delaware
CT Offshore Private Equity Fund LP	Cayman Islands
CT Private Investments GP LLC	Delaware
CT Private Investments LP	Delaware
DPE Investments GP LLC	Delaware
DPE Investments LP	Cayman Islands
DPE Investments Holdings LP	Delaware
Edgewood Partners II LP	Delaware
Edgewood Partners LP	Delaware
Epsilon Investment GP LLC	Delaware
Epsilon Pension Investment Canada LP	Cayman islands
Fifth Stockholm Global Private Equity LP	Delaware
Fifth Stockholm CI SPV Cayman LP	Cayman Islands
Fifth Stockholm CI SPV LP	Delaware
Finance Street AIV Splitter L.P.	Delaware
Finance Street GP LLC	Delaware
Finance Street, LP	Cayman Islands
First Stockholm Global Private Equity L.P.	Delaware
Florida Growth Fund II LLC	Delaware
Florida Growth Fund LLC	Delaware
Fourth Stockholm Co-Investment Blocker LP	Cayman Islands
Fourth Stockholm Co-Investment SPV L.P.	Delaware
Fourth Stockholm Global Private Equity L.P.	Delaware
Fourth Stockholm Pyramid Blocker Corp.	Delaware
Golden State Investment Fund LLC	Delaware
Green Core Fund L.P.	Cayman Islands
Green Core GP LLC	Delaware
Hamilton Lane (Australia) Pty Limited	Australia
Hamilton Lane (Hong Kong) Limited	Hong Kong
Hamilton Lane (Canada) LLC	Delaware
Hamilton Lane (Israel) Limited	Israel
Hamilton Lane (Germany) GmBH	Germany
Hamilton Lane (Japan) GK	Japan





Hamilton Lane (Switzerland) AG	Switzerland
Hamilton Lane (UK) Limited	United Kingdom
Hamilton Lane (UK) Limited – German Branch	Germany
Hamilton Lane Aalto Fund	Luxembourg
Hamilton Lane Advisors, L.L.C.	Pennsylvania
Hamilton Lane Advisors, L.L.C. – Korea branch	Korea
Hamilton Lane AIFM LTD	United Kingdom
Hamilton Lane Alliance Holdings I, Inc.	Delaware
Hamilton Lane AP7 Private Equity Investments LP	Delaware
Hamilton Lane Brasil Fundo de Fundos II – Fundo de Investimento em Participações Multiestratégia.	Brazil
Hamilton Lane Brasil Fundo de Investimento em Quotas de Fundo de Investimento Multimercaado	Brazil
Hamilton Lane Capital Opportunities Fund LP	Delaware
Hamilton Lane CI2 AIV-B LP	Delaware
Hamilton Lane CI2 Offshore SIV-A L.P.	Cayman Islands
Hamilton Lane Co-Investment Feeder Fund III LP	Delaware
Hamilton Lane Co-Investment Feeder Fund IV LP	Cayman Islands
Hamilton Lane Co-Investment Fund II CH DE Blocker L.P.	Delaware
Hamilton Lane Co-Investment Fund II Holdings LP	Delaware
Hamilton Lane Co-Investment Fund II L.P.	Delaware
Hamilton Lane Co-Investment Fund III (U.S.) Blocker LP	Delaware
Hamilton Lane Co-Investment Fund III (U.S.) Blocker-3 LP	Delaware
Hamilton Lane Co-Investment Fund III (U.S.) Blocker-4 LP	Delaware
Hamilton Lane Co-Investment Fund III (U.S.) Blocker-5 LP	Delaware
Hamilton Lane Co-Investment Fund III (U.S.) Blocker-6 JJ LP	Delaware
Hamilton Lane Co-Investment Fund III (U.S.) Blocker-7 WWEX LP	Delaware
Hamilton Lane Co-Investment Fund III (U.S.) Blocker-9 Smile Doc LP	Delaware
Hamilton Lane Co-Investment Fund III Cayman Blocker-2 LP	Cayman Islands
Hamilton Lane Co-Investment Fund III Holdings LP	Delaware
Hamilton Lane Co-Investment Fund III Holdings-2 LP	Delaware
Hamilton Lane Co-Investment Fund III LP	Delaware
Hamilton Lane Co-Investment Fund IV Holdings LP	Delaware
Hamilton Lane Co-Investment Fund IV Holdings-2 LP	Delaware
Hamilton Lane Co-Investment Fund IV LP	Delaware
Hamilton Lane Co-Investment Fund, LP	Delaware
Hamilton Lane Co-Investment GP II LLC	Delaware
Hamilton Lane Co-Investment GP III LLC	Delaware
Hamilton Lane Co-Investment GP IV LLC	Delaware
Hamilton Lane Co-Investment GP, LLC	Delaware
Hamilton Lane Co-Investment III (U.S.) Blocker-8 DM LP	Delaware
Hamilton Lane Co-Investment Offshore Fund II L.P	Cayman Islands
Hamilton Lane Co-Investment Offshore Fund IV LP	Cayman Islands
Hamilton Lane Co-Investment Offshore Fund L.P.	Cayman Islands
Hamilton Lane COPTL, LLC	Pennsylvania
Hamilton Lane ENPAM Fund	Luxembourg
Hamilton Lane Equity Opportunities Fund V Holding LP	Delaware
Hamilton Lane Equity Opportunities Fund V Holding-2 LP	Delaware
Hamilton Lane Equity Opportunities Fund V-A LP	Delaware
Hamilton Lane Equity Opportunities Fund V-B LP	Delaware
Hamilton Lane Equity Opportunities GP V LLC	Delaware

Hamilton Lane European Investors SCA SICAV-RAIF	Luxembourg
Hamilton Lane European Investors SCA SICAV-RAIF - CI IV Parallel Sub-Fund	Luxembourg
Hamilton Lane European Investors SCA SICAV-RAIF Equity Opportunities Fund V Parallel Sub-Fund	Luxembourg
Hamilton Lane European Investors SCA SICAV-RAIF - PEF X Parallel Sub-Fund	Luxembourg
Hamilton Lane European Investors SCA SICAV-RAIF – GPA Investments Sub-Fund	Luxembourg
Hamilton Lane European Investors SCA SICAV-RAIF – Impact Parallel Sub-Fund	Luxembourg
Hamilton Lane European Investors SCA SICAV-RAIF – Infrastructure Opportunities Parallel Sub-Fund	Luxembourg
Hamilton Lane European Investors SCA SICAV-RAIF – Secondary Fund V Parallel Sub-Fund	Luxembourg
Hamilton Lane European Investors SCA SICAV-RAIF – Secondary Investments SPV Sub-Fund	Luxembourg
Hamilton Lane European Investors SCA SICAV-RAIF – Strategic Opportunities Fund VI Parallel Sub-Fund	Luxembourg
Hamilton Lane European Partners SICAV-SIF	Luxembourg
Hamilton Lane European Partners SICAV-SIF CI-III Parallel Sub-Fund	Luxembourg
Hamilton Lane European Partners SICAV-SIF PEF IX Parallel Sub-Fund	Luxembourg
Hamilton Lane Fundo de Investimento em Participacoes Co-Investimento	Brazil
Hamilton Lane Fundo de Investimento em Quotas de Fundos de Investimento em Participacoes	Brazil
Hamilton Lane Global Private Assets Canada (Feeder) Fund	Canada
Hamilton Lane Global Private Assets Fund	Luxembourg
Hamilton Lane Global Private Assets Fund (AUD)	Australia
Hamilton Lane Global SMID II GP LLC	Delaware
Hamilton Lane Global SMID II LP	Cayman Islands
Hamilton Lane Global SMID, L.P.	Cayman Islands
Hamilton Lane GP IX, LLC	Delaware
Hamilton Lane GP S.à r.l.	Luxembourg
Hamilton Lane GP VI, LLC	Delaware
Hamilton Lane GP VII, LLC	Delaware
Hamilton Lane GP VIII, LLC	Delaware
Hamilton Lane GP X LLC	Delaware
Hamilton Lane Impact Feeder Fund II LP	Delaware
Hamilton Lane Impact Fund LP	Delaware
Hamilton Lane Impact Fund II LP	Delaware
Hamilton Lane Impact Offshore Fund LP	Cayman Islands
Hamilton Lane Infrastructure Fund Harmoni DE Blocker LP	Delaware
Hamilton Lane Infrastructure Holdings LP	Delaware
Hamilton Lane Infrastructure Holdings-2 LP	Delaware
Hamilton Lane Infrastructure Opportunities Fund LP	Delaware
Hamilton Lane Infrastructure Opportunities Parallel Fund LP	Delaware
Hamilton Lane Investment Holdings, LLC	Delaware
Hamilton Lane Investors GP LLC	Delaware
Hamilton Lane Investors LP	Delaware
Hamilton Lane Investors LP, Series HA-P	Delaware
Hamilton Lane Investors LP, Series PN-P	Delaware
Hamilton Lane Investors LP, Series PT	Delaware
Hamilton Lane Investors LP, Series RD-P	Delaware

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Hamilton Lane Investors LP, Series VR-P	Delaware
Hamilton Lane Innovate Canada Feeder Fund LP	Canada
Hamilton Lane Innovate Canada Fund LP	Canada
Hamilton Lane Market Street Opportunities Fund LP	Delaware
Hamilton Lane Market Street Opportunities Offshore II LP	Cayman Islands
Hamilton Lane Market Street Opportunities Offshore Fund LP	Cayman Islands
Hamilton Lane National Small Business Credit Fund GP, LLC	Delaware
Hamilton Lane National Small Business Credit Fund, L.P	Delaware
Hamilton Lane New York Co-Investment II, LLC	Delaware
Hamilton Lane New York Co-Investment III, LLC	Delaware
Hamilton Lane New York Co-Investment, LLC	Delaware
Hamilton Lane New York II, LLC	Delaware
Hamilton Lane New York LLC	Pennsylvania
Hamilton Lane NM Fund I LP	Delaware
Hamilton Lane Parallel Investors (AS) LP, Series AS	Delaware
Hamilton Lane Parallel Investors, LP	Delaware
Hamilton Lane Parallel Investors LP, Series HA	Delaware
Hamilton Lane Parallel Investors LP, Series PN	Delaware
Hamilton Lane Parallel Investors LP, Series RD	Delaware
Hamilton Lane Parallel Investors LP, Series VR	Delaware
HL Parallel Investors Cayman Blocker (Series HA) LP	Cayman Islands
HL Parallel Investors Cayman Blocker (Series VR) LP	Cayman Islands
HL Parallel Investors Delaware Blocker (Series VR) LP	Delaware
Hamilton Lane PMOF PH DE Blocker LP	Delaware
Hamilton Lane Private Assets Fund	Delaware
Hamilton Lane Private Equity Feeder Fund S.C.A. SICAV-SIF	Luxembourg
Hamilton Lane Private Equity Feeder Fund S.C.A. SICAV-SIF HL PE Fund VII Series A Sub-Fund	Luxembourg
Hamilton Lane Private Equity Feeder Fund S.C.A. SICAV-SIF HL PE Fund VII Series B Sub-Fund	Luxembourg
Hamilton Lane Private Equity Fund For the Benefit of Marco Consulting Group Clients, LP	Delaware
Hamilton Lane Private Equity Fund IX Holdings LP	Delaware
Hamilton Lane Private Equity Fund IX LP	Delaware
Hamilton Lane Private Equity Fund V, LP	Guernsey
Hamilton Lane Private Equity Fund VI LP	Delaware
Hamilton Lane Private Equity Fund VII L.P.	Delaware
Hamilton Lane Private Equity Fund VII L.P., Series A	Delaware
Hamilton Lane Private Equity Fund VII L.P., Series B	Delaware
Hamilton Lane Private Equity Fund VIII LP	Delaware
Hamilton Lane Private Equity Fund VIII LP, Global Series	Delaware
Hamilton Lane Private Equity Fund X LP	Delaware
Hamilton Lane Private Equity Fund X Holdings LP	Delaware
Hamilton Lane Private Equity Offshore Fund IX LP	Cayman Islands
Hamilton Lane Private Equity Offshore Fund VI LP	Cayman Islands
Hamilton Lane Private Equity Offshore Fund VII (Series A) LP	Cayman Islands
Hamilton Lane Private Equity Offshore Fund VII (Series B) LP	Cayman Islands
Hamilton Lane Private Equity Offshore Fund VIII LP	Cayman Islands
Hamilton Lane Private Equity Offshore Fund X LP	Cayman Islands
Hamilton Lane Private Markets Opportunity Feeder Fund (Credit Series) LP	Cayman Islands



Hamilton Lane Private Markets Opportunity Feeder Fund (Fund-of-Funds Series II) LP	Cayman Islands
Hamilton Lane Private Markets Opportunity Feeder Fund (Fund-of-Funds Series) LP	Cayman Islands
Hamilton Lane Private Markets Opportunity Fund LP	Delaware
Hamilton Lane Private Markets Opportunity Fund LP, Fund-of-Funds Series	Delaware
Hamilton Lane Private Markets Opportunity Fund LP, Fund-of-Funds Series II	Delaware
Hamilton Lane Private Markets Opportunity Fund LP, Credit Series	Delaware
Hamilton Lane Secondary Feeder Fund IV-A LP	Delaware
Hamilton Lane Secondary Feeder Fund IV-B LP	Cayman Islands
Hamilton Lane Secondary Feeder Fund V-A LP	Delaware
Hamilton Lane Secondary Feeder Fund V-B LP	Cayman Islands
Hamilton Lane Secondary Fund II GP LLC	Delaware
Hamilton Lane Secondary Fund II LP	Delaware
Hamilton Lane Secondary Fund III GP LLC	Delaware
Hamilton Lane Secondary Fund III LP	Delaware
Hamilton Lane Secondary Fund III-A Blocker LP	Delaware
Hamilton Lane Secondary Fund III-A Cayman Blocker L.P.	Cayman Islands
Hamilton Lane Secondary Fund III-A LP	Delaware
Hamilton Lane Secondary Fund III-B Blocker LP	Delaware
Hamilton Lane Secondary Fund III-B Cayman Blocker L.P.	Cayman Islands
Hamilton Lane Secondary Fund III-B LP	Delaware
Hamilton Lane Secondary Fund IV GP LLC	Delaware
Hamilton Lane Secondary Fund IV LP	Delaware
Hamilton Lane Secondary Fund IV-EU LP	United Kingdom
Hamilton Lane Secondary Fund, LP	Delaware
Hamilton Lane Secondary Fund, LP, Series A	Delaware
Hamilton Lane Secondary Fund, LP, Series B	Delaware
Hamilton Lane Secondary Fund, LP, Series C	Delaware
Hamilton Lane Secondary Fund, LP, Series D	Delaware
Hamilton Lane Secondary Fund, LP, Series E	Delaware
Hamilton Lane Secondary Fund V GP LLC	Delaware
Hamilton Lane Secondary Fund V International Feeder Fund LP	Cayman Islands
Hamilton Lane Secondary Fund V International Fund GP LLC	Delaware
Hamilton Lane Secondary Fund V International Series Fund LP	Delaware
Hamilton Lane Secondary Fund V International Series Fund LP, Series 1	Delaware
Hamilton Lane Secondary Fund V International Series Fund LP, Series 2	Delaware
Hamilton Lane Secondary Fund V LP	Delaware
Hamilton Lane Secondary GP, LLC	Delaware
Hamilton Lane Secondary Offshore Fund II L.P.	Cayman Islands
Hamilton Lane Securities, LLC	Delaware
Hamilton Lane Senior Loan GP LLC	Delaware
Hamilton Lane SKR Fund	Luxembourg
Hamilton Lane SMID Fund, L.P.	Delaware
Hamilton Lane SMID II Holdings LP	Cayman Islands
Hamilton Lane SO VI Cayman Offshore Blocker LP	Cayman Islands
Hamilton Lane SO VII Cayman Offshore Blocker LP	Cayman Islands



Hamilton Lane SOMPO Investments Ltd.	Cayman Islands
Hamilton Lane SOMPO PE Fund	Cayman Islands
Hamilton Lane SPV GP LLC	Delaware
Hamilton Lane Strategic Opportunities 2015 Fund LP	Delaware
Hamilton Lane Strategic Opportunities 2015 GP LLC	Delaware
Hamilton Lane Strategic Opportunities 2015 Offshore Fund LP	Cayman Islands
Hamilton Lane Strategic Opportunities 2016 Fund LP	Delaware
Hamilton Lane Strategic Opportunities 2016 GP LLC	Delaware
Hamilton Lane Strategic Opportunities 2016 Offshore Fund LP	Cayman Islands
Hamilton Lane Strategic Opportunities 2017 Fund Holdings LP	Delaware
Hamilton Lane Strategic Opportunities 2017 Fund LP	Delaware
Hamilton Lane Strategic Opportunities 2017 Fund PH DE Blocker LP	Delaware
Hamilton Lane Strategic Opportunities 2017 Fund S.C.S.	Luxembourg
Hamilton Lane Strategic Opportunities 2017 GP LLC	Delaware
Hamilton Lane Strategic Opportunities 2017 GP S.à r.l.	Luxembourg
Hamilton Lane Strategic Opportunities 2017 Offshore Fund LP	Cayman Islands
Hamilton Lane Strategic Opportunities 2018 GP LLC	Delaware
Hamilton Lane Strategic Opportunities 2018 GP S.à r.l.	Luxembourg
Hamilton Lane Strategic Opportunities Fund IV (Series 2018) SCS	Luxembourg
Hamilton Lane Strategic Opportunities Fund IV (Series 2018) Holdings LP	Delaware
Hamilton Lane Strategic Opportunities Fund IV (Series 2018) LP	Delaware
Hamilton Lane Strategic Opportunities Fund V (Series 2019) GP LLC	Delaware
Hamilton Lane Strategic Opportunities Fund V (Series 2019) Holdings LP	Delaware
Hamilton Lane Strategic Opportunities Fund V (Series 2019) LP	Delaware
Hamilton Lane Strategic Opportunities Fund V (Series 2019) SCS	Luxembourg
Hamilton Lane Strategic Opportunities Fund VI (Series 2020) GP LLC	Delaware
Hamilton Lane Strategic Opportunities Fund VI (Series 2020) Holdings LP	Delaware
Hamilton Lane Strategic Opportunities Fund VI (Series 2020) LP	Delaware
Hamilton Lane Strategic Opportunities Offshore Fund VII GP LLC	Delaware
Hamilton Lane Strategic Opportunities Offshore Fund VII Holdings LP	Delaware
Hamilton Lane Strategic Opportunities Offshore Fund IV (Series 2018) LP	Cayman Islands
Hamilton Lane Strategic Opportunities Offshore Fund V (Series 2019) LP	Cayman Islands
Hamilton Lane Strategic Opportunities Offshore Fund VI (Series 2020) LP	Cayman Islands
Hamilton Lane Strategic Opportunities Offshore Fund VII LP	Cayman Islands
Hamilton Lane Venture Capital Fund GP, LLC	Delaware
Hamilton Lane Venture Capital Fund LP	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2009	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2010	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2011	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2012	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2013	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2014	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2015	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2016	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2017	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2018	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2019	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2020	Delaware
Hamilton Lane Venture Capital Fund LP, Series 2021	Delaware
Hamilton Lane Venture Capital Fund LP, Series CL	Delaware
Hamilton Lane Venture Capital Offshore Fund LP, Series 2009	Cayman Islands





Hamilton Lane Venture Capital Offshore Fund LP, Series 2010	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2011	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2012	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2013	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2014	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2015	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2016	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2017	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2018	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2019	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2020	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series 2021	Cayman Islands
Hamilton Lane Venture Capital Offshore Fund LP, Series CL	Cayman Islands
Hamilton Lane/BNP CI AIV-B UK LP	United Kingdom
Hamilton Lane/BNP Co-Investment Fund GenPar GP LLC	Delaware
Hamilton Lane/BNP Co-Investment Fund GP LP	Delaware
Hamilton Lane/BNP Co-Investment Vehicle UK LP	United Kingdom
Hamilton Lane/NYSCRF Israel Investment Fund L.P.	Delaware
Hamilton Lane—Carpenters Partnership Fund II L.P.	Delaware
Hamilton Lane—Carpenters Partnership Fund III L.P.	Delaware
Hamilton Lane—Carpenters Partnership Fund IV L.P.	Delaware
Hamilton Lane—Carpenters Partnership Fund, L.P.	Delaware
Hamilton Lane—Carpenters Partnership Fund V L.P.	Delaware
Harel-Hamilton Lane GP LLC	Delaware
Harel-Hamilton Lane LP	Cayman Islands
HL Aalto Splitter GP LLC	Delaware
HL Aalto Fund Splitter LP	Delaware
HL Account Management LLC	Delaware
HL Alliance Holdings Sponsor LLC	Delaware
HL AP7 Manager LLC	Delaware
HL AP7 Private Equity Investments LLC	Delaware
HL Blue Buyout Focus 2019	Cayman Islands
HL Blue Buyout Focus 2019 Limited	Cayman Islands
HL Blue Buyout Focus 2020	Cayman Islands
HL Blue Buyout Focus 2020 Limited	Cayman Islands
HL Blue Buyout Focus 2021 Limited	Cayman Islands
HL Capital Opportunities GP LLC	Delaware
HL Carried Interest 2012-2014 GP LLC	Delaware
HL Carried Interest 2015-2016 GP LLC	Delaware
HL Carried Interest 2017 GP LLC	Delaware
HL Carried Interest 2012-2014 LP	Delaware
HL Carried Interest 2015-2016 LP	Delaware
HL Carried Interest 2017 LP	Delaware
HL CI-IV Blocker (Cayman) LP	Cayman Islands
HL CI-IV Blocker (DE) LP	Delaware
HL CI-IV Starwest Blocker (DE) LP	Delaware
HL City Line Partners II L.P.	Delaware
HL City Line Partners L.P.	Delaware
HL Edgewood GP II LLC	Delaware
HL Edgewood GP LLC	Delaware

HL ENPAM Fund Splitter LP	Delaware
HL ENPAM GP S.à r.l.	Luxembourg
HL ENPAM Splitter GP LLC	Delaware
HL EO-V Blocker (Cayman) LP	Cayman Islands
HL EO-V Blocker (DE) LP	Delaware
HL European Investors GP S.à r.l.	Luxembourg
HL European Partners GP S.à r.l.	Luxembourg
HL Evergreen Secondary Fund GP LLC	Delaware
HL Florida Growth LLC	Delaware
HL General Partner V Limited	Pennsylvania
HL Global Private Assets GP S.à r.l.	Luxembourg
HL Global SMID GP LLC	Delaware
HL Golden State, LLC	Delaware
HL GPA GP LLC	Delaware
HL GPA Holdings LLC	Delaware
HL IM Toranomom LLC	Delaware
HL IM Toranomom SLP, LLC	Cayman Islands
HL Impact Cayman Blocker LP	Cayman Islands
HL Impact Delaware Blocker LP	Delaware
HL Impact Fund GP LLC	Delaware
HL Impact Fund II GP LLC	Delaware
HL Impact Holdings LP	Delaware
HL Impact II Cayman Blocker LP	Cayman Islands
HL Impact II Delaware Blocker LP	Delaware
HL Impact II Holdings LP	Delaware
HL Innovate Canada GP Ltd.	Canada
HL International Clal Feeder LP	Cayman Islands
HL International Clal SMID Feeder LP	Cayman Islands
HL International Investors (Series G Feeder) LP	Cayman Islands
HL International Investors (Series H1 Feeder) LP	Cayman Islands
HL International Investors (Series H1 Feeder-A) LLC	Delaware
HL International Investors (Series H2 Feeder LP	Cayman Islands
HL International Investors (Series I Feeder) LP	Cayman Islands
HL International Investors GP LLC	Delaware
HL International Investors LP	Delaware
HL International Investors LP, Secondary Opportunities Series	Delaware
HL International Investors LP, Series A	Delaware
HL International Investors LP, Series B	Delaware
HL International Investors LP, Series C	Delaware
HL International Investors LP, Series D	Delaware
HL International Investors LP, Series E	Delaware
HL International Investors LP, Series F	Delaware
HL International Investors LP, Series G	Delaware
HL International Investors LP, Series H	Delaware
HL International Investors LP, Series H1	Delaware
HL International Investors LP, Series H2	Delaware
HL International Investors LP, Series H3	Delaware
HL International Investors LP, HL Secondary Opportunities 2018 Series	Delaware
HL International Investors LP, Series I	Delaware
HL International Investors LP, Series J	Delaware



HL International Investors LP, Series K	Delaware
HL International Investors LP, Series L	Delaware
HL International Investors LP, Series M	Delaware
HL International Investors LP, Series N	Delaware
HL International Investors LP, Series O	Delaware
HL International Investors LP, Series P	Delaware
HL International Investors LP, Series Q	Delaware
HL IOF Offshore Equity Company LP	Cayman Islands
HL Key SPV LP	Delaware
HL Lake Hempstead GP LLC	Delaware
HL Lake Success GP LLC	Delaware
HL Lake Success GP LP	Delaware
HL Large Buyout Club Fund GP S.à.r.l.	
HL Large Club Buyout Fund SCS	Luxembourg
HL Large Buyout Club Fund II GP LLC	Delaware
HL Large Buyout Club Fund II SA RAIF	Luxembourg
HL Large Buyout Club Fund III Feeder Fund A	Luxembourg
HL Large Buyout Club Fund III Feeder Fund B	Luxembourg
HL Large Buyout Club Fund III GP S.à.r.l.	
HL Large Club Buyout Fund SCS	Luxembourg
HL Large Buyout Club Fund III SCS	Luxembourg
HL Large Buyout Club Fund IV Feeder Fund A	Luxembourg
HL Large Buyout Club Fund IV Feeder Fund B	Luxembourg
HL Large Buyout Club Fund IV GP S.à.r.l.	Luxembourg
HL Large Buyout Club Fund IV SCS	Luxembourg
HL Large Buyout Club Fund V	Luxembourg
HL Large Buyout Club Fund V Feeder Fund A	Luxembourg
HL Large Buyout Club Fund V Feeder Fund B	Luxembourg
HL Large Buyout Club Fund V GP S.à.r.l.	Luxembourg
HL Large Buyout Club Fund SCS	Luxembourg
HL Magellan Investment SPV-11 L.P.	Delaware
HL Management Investors, LLC	Delaware
HL Market Street GP LLC	Delaware
HL Market Street II GP LLC	Delaware
HL Miras Secondary Fund LP	Cayman Islands
HL Moran GP LLC	Delaware
HL Multi Co-Invest S.à r.l.	Luxembourg
HL MVPE16 GP LLC	Delaware
HL Nevada Fund Manager, LLC	Delaware
HL Newco 1 GP LLC	Delaware
HL Newco 3 GP LLC	Delaware
HL Newco 5 Cayman Blocker LP	Cayman Islands
HL NM Fund I GP LLC	Delaware
HL NM Secondary Opportunity GP LLC	Delaware
HL NY Apt GP LLC	Delaware
HL NY Apt L.P.	Delaware
HL NMERB Co-Investment GP LLC	Delaware
HL NPS Co-Investment Fund III Cayman Blocker LP	Cayman Islands
HL NPS Co-Investment Fund LP	Delaware
HL NPS Co-Investment GP LLC	Delaware
HL NPS Co-Investment Master Fund LP	Delaware
HL Offshore Holdings GP, LLC	Delaware
HL PA Co-Investment GP LLC	Delaware



HL PAF Holdings LLC	Delaware
HL PE Fund for the Benefit of MCG Clients GP LLC	Delaware
HL Peninsula Fund GP LLC	Delaware
HL Peninsula Fund LP	Cayman Islands
HL Pennsylvania Co-Investment Fund, L.P.	Delaware
HL PMOF GP LLC	Delaware
HL PMOF PH DE Blocker GP LLC	Delaware
HL Private Assets Holdings LP	Cayman Islands
HL Project A SPV Ltd.	Cayman Islands
HL Range SPV LP	Delaware
HL Real Assets GP LLC	Delaware
HL Red Lion SPV LP	Delaware
HL Reformation GP LLC	Delaware
HL Rose SPV LP	Delaware
HL SBJF GP LLC	Delaware
HL SBJF PE Fund LP	Delaware
HL Second Stockholm GP LLC	Delaware
HL Secondary Aggregator I L.P.	Delaware
HL Secondary Aggregator II L.P.	Delaware
HL Secondary Investment SPV-10 Wolf LP	Delaware
HL Secondary Investment SPV-12 (Roark) L.P.	Delaware
HL Secondary Investment SPV-13 (Accretive) L.P.	Delaware
HL Secondary Investment SPV-14 (Foster) LP	Delaware
HL Secondary Investment SPV-5 L.P.	Delaware
HL Secondary Investment SPV-6 L.P.	Delaware
HL Secondary Investment SPV-6A L.P.	Delaware
HL Secondary Investment SPV-7 L.P.	Delaware
HL Secondary Investment SPV-8 L.P.	Delaware
HL Secondary Investment SPV-9 L.P.	Delaware
HL Secundum Investments Ltd.	Cayman Islands
HL Secundum PE Fund	Cayman Islands
HL (Singapore) Pte. Ltd.	Singapore
HL SKR Fund Holder LLC	Delaware
HL SLP GP, LLC	Delaware
HL SLP, LP, Series 2019	Delaware
HL SLP, LP, Series 2020	Delaware
HL SLP, LP, Series 2021	Delaware
HL SLP, LP, Series 2022	Delaware
HL SMID GP LLC	Delaware
HL SO-IV (Series 2018) DE Blocker (Ryan) LP	Delaware
HL Strategic Opportunities 2017 DE Blocker (Ryan) LP	Delaware
HL Technology Services LLC	Delaware
HL Toranomom Fund GP LLC	Delaware
HL Utes GP LLC	Delaware
HL Wyoming Nowood Fund GP, LLC	Delaware
HL/AS Global Coinvest GP LLC	Delaware
HL/AS Global Coinvest LP	Delaware
HL/BNP Co-Investment Vehicle UK GP LLP	United Kingdom
HL-HP Global Investments GP LLC	Delaware
HL-HP Global Investments LP	Delaware
HL/NY Israel Investment Fund GP LLC	Delaware





HLA Carpenters II, LLC	Delaware
HLA Carpenters III, LLC	Delaware
HLA Carpenters IV, LLC	Delaware
HLA Carpenters, LLC	Pennsylvania
HLA Carpenters V LLC	Delaware
HLSA Holdings II, LLC	Delaware
HLSA Holdings, LLC	Delaware
HLSF IV Holdings LP	Delaware
HLSF IV SPV-A Inc.	Delaware
HLSF IV SPV-A (Cayman) LP	Cayman Islands
HLSF IV SPV-A Splitter LP	Delaware
HLSF IV-A Blocker (Cayman) LP	Cayman Islands
HLSF IV-A Blocker (DE) LP, Series 1	Delaware
HLSF IV-B Blocker (Cayman) LP	Cayman Islands
HLSF IV-B Blocker (DE) LP, Series 1	Delaware
HLSF IV-C Blocker (DE) LP	Delaware
HLSF IV-EU GP LLP	United Kingdom
HLSF V Holdings LP	Delaware
HLSF V-A Blocker (Cayman) LP	Cayman Islands
HLSF V-A Blocker (DE) LP	Delaware
HLSF V-B Blocker (Cayman) LP	Cayman Islands
HLSF V-B Blocker (DE) LP	Delaware
HLSF V-EU Blocker (Cayman) LP	Cayman Islands
HLSP Investment Management III Limited	Guernsey
HLSP Investment Management L.L.C.	Colorado
HLUS Holdings II LLC	Delaware
HLUS Holdings LLC	Delaware
Hospital Sisters Employees' Pension Plan, L.P.	Cayman Islands
Hospital Sisters Health System Strategic Fund LP	Cayman Islands
HSHS GP LLC	Delaware
HSHS Strategic GP LLC	Delaware
Hudson River Co-Investment Fund II, L.P.	Delaware
Hudson River Co-Investment Fund III, L.P.	Delaware
Hudson River Co-Investment Fund, L.P.	Delaware
Innovation Lane GP LLC	Delaware
Innovation Lane LP	Delaware
JATI GP LLC	Delaware
JATI Private Equity Fund III, LP	Cayman Islands
JATI Private Equity Fund II L.P.	Cayman Islands
JATI Private Equity Fund, LP	Cayman Islands
JMI HL, LLC	Delaware
KAY-Hamilton Lane GP LLC	Delaware
KAY-Hamilton Lane LP	Cayman Islands
KIC-NACF Joint Venture Fund LLC	Delaware
KPI – Hamilton Lane Multi-Strategy Fund I GP LLC	Delaware
KPI – Hamilton Lane Multi-Strategy Fund I LP	Cayman Islands
KPI – Hamilton Lane Multi-Strategy Fund I Master LP	Delaware
KPS – Hamilton Lane Multi-Strategy Fund I LP	Cayman Islands
KPS – Hamilton Lane Multi-Strategy Fund I GP LLC	Delaware
KPS – Hamilton Lane Multi-Strategy Fund I Master LP	Delaware
KTCU HL Infrastructure Fund GP LLC	Delaware



KTCU HL Infrastructure Fund LP	Cayman Islands
KTCU HL Infrastructure Master Fund LP	Delaware
Lake Hempstead Fund, L.P.	Delaware
Lake Success Fund, L.P.	Delaware
Libra Taurus Harmoni DE Blocker LP	Delaware
Libra Taurus Investments Ltd.	Cayman Islands
Libra Taurus PE Fund	Cayman Islands
Libra Taurus PE Fund GP LLC	Delaware
Libra Taurus PE Fund Master LP	Delaware
Moran Real Asset Fund II, L.P.	Delaware
Moran Real Asset Fund, L.P.	Delaware
MVPE16 PH DE Blocker LP	Delaware
MVPE16 Paysafe LP	Delaware
NACF-HL GP LLC	Delaware
NACF Hamilton Lane LP	Cayman Islands
Nakhoda Lane Fund Cayman SPV Blocker LP	Cayman Islands
Nakhoda Lane Fund DE SVP LP	Delaware
Nakhoda Lane Fund GP LLC	Delaware
Nakhoda Lane Fund LP	Delaware
New York Credit Co-Investment Fund GP II LLC	Delaware
New York Credit Co-Investment Fund GP III LLC	Delaware
New York Credit Co-Investment Fund GP LLC	Delaware
New York Credit Co-Investment Fund II L.P.	Delaware
New York Credit Co-Investment Fund III L.P.	Delaware
New York Credit Co-Investment Fund L.P.	Delaware
New York Credit SBIC Fund GP LLC	Delaware
New York Credit SBIC Fund L.P.	Delaware
New York Credit SBIC Fund GP II LLC	Delaware
New York Credit SBIC Fund II L.P.	Delaware
NJHL European Buyout Investment Fund L.P.	Delaware
NJHL Investments GP LLC	Delaware
NS Private Equity Fund, LP	Cayman Islands
NS Private Equity GP LLC	Delaware
PAF JZ Blocker	Cayman Islands
Private Market Connect LLC	Delaware
RAPM NM Secondary Opportunity Fund, L.P.	Delaware
RAPM-NMERB Co-Investment Fund, L.P.	Delaware
Reformation Private Fund GP LLC	Delaware
Reformation Private Fund LP	Cayman Islands
Second Stockholm Global Private Equity L.P.	Delaware
Secondary Investment SPV-1 GP LLC	Delaware
Secondary Investment SPV-1, L.P.	Delaware
Secondary Investment SPV-2 GP LLC	Delaware
Secondary Investment SPV-2 L.P.	Delaware
Secondary Investment SPV-3 GP LLC	Delaware
Secondary Investment SPV-3 L.P.	Delaware
Secondary Investment SPV-4 GP LLC	Delaware
Secondary Investment SPV-4 LP	Delaware
Silver State Opportunities Fund, LLC	Nevada
SR HL PE 1 GP LLC	Delaware
SRCS HL PE 1 LP	Cayman Islands



SRCS HL PE 1 (Master) LP	Delaware
SRE HL PE 1 (Master) LP	Delaware
SRE HL PE 1 LP	Cayman Islands
SREH HL PE 1 (Master) LP	Delaware
SREH HL PE 1 LP	Cayman Islands
SRZ HL PE 1 (Master) LP	Delaware
SRZ HL PE 1 LP	Cayman Islands
Toranomon Private Equity 2 AIV GP LLC	Cayman Islands
Toranomon Private Equity 2 AIV LP	Cayman Islands
Toranomon Private Equity 2 GP LLC	Cayman Islands
Toranomon Private Equity 2 LP	Cayman Islands
Tarragon GP, LLC	Delaware
Tarragon LP	Cayman Islands
Tarragon Master Fund LP	Delaware
The Hudson River Fund II, LP	Delaware
The Hudson River Fund L.P.	Delaware
Third Stockholm Global Private Equity L.P.	Delaware
Tower Bridge Select Opportunities – A Sub-Fund Master Fund LP	Delaware
Utah Real Assets Portfolio LP	Delaware
Wyoming Nowood Fund LP	Delaware

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-227303) of Hamilton Lane Incorporated,
- (2) Registration Statement (Form S-8 No. 333-227268) pertaining to the Securities to be Offered to Employees in Employee Benefit Plans of Hamilton Lane Incorporated, and
- (3) Registration Statement (Form S-8 No. 333-216443) pertaining to the Securities to be Offered to Employees in Employee Benefit Plans of Hamilton Lane Incorporated;

of our reports dated May 27, 2021, with respect to the consolidated financial statements of Hamilton Lane Incorporated and the effectiveness of internal control over financial reporting of Hamilton Lane Incorporated, included in this Annual Report (Form 10-K) of Hamilton Lane Incorporated for the year ended March 31, 2021.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania  
May 27, 2021

**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mario L. Giannini, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hamilton Lane Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 27, 2021

/s/ Mario L. Giannini

Mario L. Giannini

Chief Executive Officer

**CERTIFICATION BY THE CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Atul Varma, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hamilton Lane Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 27, 2021

/s/ Atul Varma

Atul Varma

Chief Financial Officer



**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mario L. Giannini, Chief Executive Officer, and I, Atul Varma, Chief Financial Officer, of Hamilton Lane Incorporated, hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Annual Report on Form 10-K for the year ended March 31, 2021 (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Hamilton Lane Incorporated.

Date: May 27, 2021

/s/ Mario L. Giannini

Mario L. Giannini

Chief Executive Officer

Date: May 27, 2021

/s/ Atul Varma

Atul Varma

Chief Financial Officer