Hamilton Lane Incorporated (HLNE)

Updated May 29th, 2025, by Kody Kester

Key Metrics

Current Price:	$156	**5 Year CAGR Estimate:**	9.1%	**Market Cap:**	$8.5B
Fair Value Price:	$123	**5 Year Growth Estimate:**	13.0%	**Ex-Dividend Date:**	06/20/25
% Fair Value:	127%	**5 Year Valuation Multiple Estimate:**	-4.7%	**Dividend Payment Date:**	07/07/25
Dividend Yield:	1.4%	**5 Year Price Target**	$226	**Years Of Dividend Growth:**	8
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Founded in 1991, Hamilton Lane Incorporated is a global private markets investment solutions provider that primarily serves institutional investors. Secondarily, HLNE also has a private wealth channel for non-institutional investors (e.g., family offices and high-net-worth individuals).

Globally, the company operates across nearly two dozen offices in the United States, Canada, Europe, Asia, the Middle East, Latin America, and Australia. HLNE provides clients with a variety of services, including private equity and private credit, real estate, venture capital, and infrastructure. The company's investment solutions are comprised of funds managed by third-party managers, direct investments alongside funds, and acquisitions of secondary stakes in funds.

As of March 31st, 2025, HLNE had $957.8 billion in assets under management/advisement. Of that amount, $819.5 billion was in non-discretionary assets, with the remaining $138.3 billion in discretionary assets. In the fiscal year 2024, which ended March 31st, 2024, no single client made up more than 3% of the company's management and advisory fee revenue. Furthermore, the top 10 clients only generated roughly 14% of management and advisory fee revenue in FY 2024 (the 10-K filing for FY 2025 with these details hasn't yet been released).

On May 29th, HLNE released its fiscal fourth quarter results for the period ending March 31st, 2025. The company's total revenue grew by 12.1% over the year-ago period to $198 million in the quarter. This was largely driven by a 32.4% year-over-year jump in incentive fees to $70.1 million during the quarter. HLNE's management and advisory fees increased by 3.3% over the year-ago period to $127.8 million for the quarter. This was about in line with the 4% year-over-year growth rate in its AUMA in the quarter. HLNE's non-GAAP EPS fell by 12.3% over the year-ago period to $1.21 during the quarter. That topped the analyst consensus for the quarter by $0.04. Also of note, HLNE hiked its quarterly dividend per share by 10.2% to $0.54. This was its eighth consecutive year of dividend growth.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-	$0.89	$1.64	$1.91	$2.01	$2.73	$4.39	$3.34	$3.92	$5.04	***$4.91***	***$9.05***
DPS	-	-	$0.70	$0.85	$1.10	$1.25	$1.40	$1.60	$1.78	$1.96	***$2.16***	***$3.48***
Shares[1]	-	52.8	53.1	53.3	53.5	53.6	53.7	53.7	54.0	54.4	***54.4***	***55.2***

Since its IPO in 2017, HLNE has compounded its non-GAAP EPS by around 24% annually through FY 2025. The company's non-GAAP earnings base is several times larger now, however. As a result, we expect growth to materially slow from that rate to about 13% each year through FY 2031 off an anticipated FY 2026 base of $4.91. To be clear, HLNE's growth prospects remain promising with organic growth via new clients and greater existing client account balances. Bolt-on acquisitions are still another growth avenue for HLNE. Such a level of non-GAAP EPS growth should also enable annual dividend growth of around 10% to continue over the next five years.

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	-	20.5	25.7	22.9	24.4	33.3	17.8	23.1	28.8	29.5	***31.8***	***25.0***
Avg. Yld.	-	-	1.9%	2.0%	2.2%	1.4%	1.8%	2.2%	1.6%	1.3%	***1.4%***	***1.5%***

HLNE's P/E ratio has varied from as little as the high teens to as much as the mid-30s in its corporate history thus far. Over that time, the average P/E ratio was approximately 25. We continue to think this is a reasonable fair value multiple going forward because of HLNE's double-digit growth potential. In recent months, the stock has continued to correct. Yet, the current-year P/E ratio remains high at 31.8. That remains significantly above the fair value P/E ratio estimate of 25, which suggests shares are still materially overvalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	-	-	43%	45%	55%	46%	32%	48%	45%	39%	***44%***	***38%***

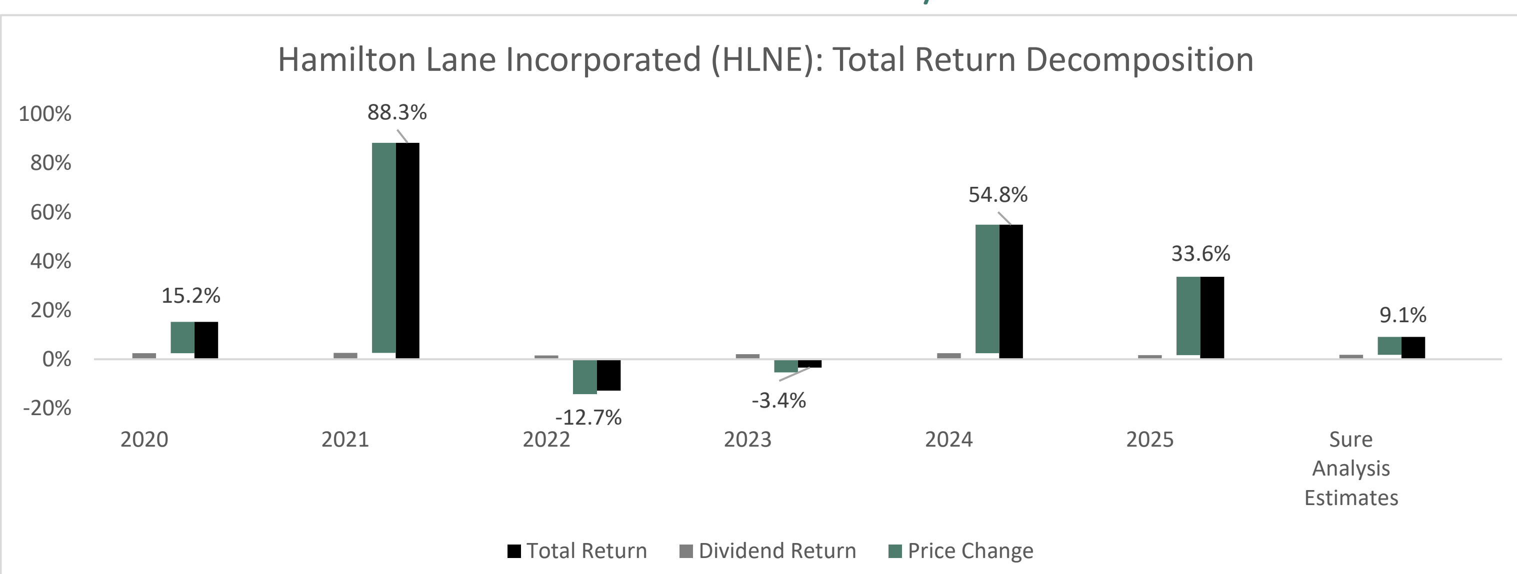
Throughout its corporate history, HLNE has done right by its clients, generating excellent returns. This has earned the company a trusted reputation as a leader within its industry, which helps it to keep existing clients and attract new clients. That also explains how HLNE has consistently grown its non-GAAP EPS over the years.

As of March 31st, 2025, the company's net cash/investment balance was $748 million. For a business of HLNE's size, that's considerable liquidity. Additionally, the dividend payout ratio is positioned to be in the mid-40% range for FY 2026. That should help HLNE to build on its eight-year dividend growth streak for the foreseeable future.

Final Thoughts & Recommendation

HLNE's 1.4% dividend yield, 13.0% annual non-GAAP EPS growth prospects, and 4.7% annual valuation multiple contraction potential could deliver 9.1% annual total returns through FY 2031. The stock's valuation is coming down compared to where it was months ago. However, it's still too overvalued to warrant a buy rating. That's why we're maintaining our hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	155	181	180	244	252	274	342	368	529	554
Gross Profit	95	89	108	161	153	188	225	260	379	387
Gross Margin	61.3%	49.1%	59.9%	66.0%	60.7%	68.7%	65.9%	70.5%	71.8%	70.0%
SG&A Exp.	27	27	32	38	49	72	70	90	139	142
D&A Exp.	2	2	2	2	3	3	4	5	7	8
Operating Profit	68	62	76	123	104	116	156	170	240	246
Operating Margin	44.0%	34.2%	42.3%	50.4%	41.3%	42.5%	45.6%	46.1%	45.4%	44.4%
Net Profit	-	-	1	17	34	61	98	146	109	141
Net Margin	0.0%	0.0%	0.3%	7.1%	13.3%	22.2%	28.7%	39.7%	20.6%	25.4%
Free Cash Flow	73	108	80	94	106	110	169	161	222	110
Income Tax	0	1	0	33	31	14	24	66	55	54

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	202	197	241	294	361	474	1,137	1,295	1,141	1,271
Cash & Equivalents	67	69	32	48	49	50	87	72	112	115
Accounts Receivable	16	12	12	15	20	30	29	52	47	108
Total Liabilities	128	309	154	158	191	236	546	557	566	595
Accounts Payabl	2	1	1	2	3	2	2	3	5	5
Long-Term Debt	108	243	84	84	71	75	163	171	214	196
Shareholder's Equity	56	(123)	60	78	110	155	238	347	415	525
LTD/E Ratio	1.92	(1.97)	1.40	1.07	0.64	0.48	0.69	0.49	0.51	0.37

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets		0.0%	0.3%	6.5%	10.3%	14.6%	12.2%	12.0%	9.0%	11.7%
Return on Equity				15.6%	22.0%	29.9%	23.7%	22.0%	16.6%	22.5%
ROIC		0.0%	0.4%	8.9%	14.6%	22.0%	18.4%	17.6%	12.9%	17.0%
Shares Out.	-	-	52.8	53.1	53.3	53.5	53.6	53.7	53.7	53.9
Revenue/Share	9.10	10.59	9.80	12.85	10.38	9.64	10.24	6.85	9.85	10.27
FCF/Share	4.28	6.34	4.38	4.97	4.37	3.88	5.05	3.00	4.13	2.04

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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