Risk Factors Comparison 2024-05-24 to 2023-05-26 Form: 10-K

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The following is a summary of the risk factors associated with the Company. You should read this summary together with a more detailed description of these risks in the " Risk Factors " section of this Annual Report on Form 10- K 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: (i) the identification and availability of suitable investment opportunities for our clients; (ii) poor investment performance; (iii) investments we make on behalf of clients or we recommend to our clients not correlating with performance of an investment in our Class A common stock; (iv) competition for access to investment funds and other investments; (v) ability of third- party clients to remove us as the general partner and to terminate the investment period under certain circumstances; (vi) our ability to retain our senior leadership team and attract additional qualified investment professionals; (vii) our failure to appropriately manage conflicts of interest; (viii) obligations to clients and other third parties that may conflict with stockholders' interests; (ix) increases in interest rates or decreases in the availability of credit may affect the StepStone Funds' ability to achieve attractive rates of return due to dependence on leverage by certain funds and portfolio companies; (x) StepStone Funds clients with commitment- based structures not satisfying their contractual obligation to fund capital calls when requested; (xi) compliance with investment guidelines set by clients; (xii) subjective valuation methodologies; (xiii) our ability to maintain our desired fee structure; (xiv) having to pay back " clawback " or " contingent repayment " obligations if and when they are triggered under the governing agreements of our funds; (xv) investments in relatively high- risk, illiquid assets; (xvi) undiversified investments; (xvii) banking system volatility; (xviii) investments in funds and companies that we do not control; (xix) risk management strategies and procedures; (xx) due diligence we undertake in connection with investments; (xxi) restrictions on our ability to collect and analyze data regarding our clients' investments; (xxii) dependence on the reliability of our proprietary data and technology platforms and other data processing systems; (xxiii) a compromise or corruption of our systems or that of our vendors containing confidential information; (xxiv) cybersecurity risks; (xxv) **emerging and changing technology, including artificial intelligence; (xxvi)** employee misconduct; (~~xxvi~~ **xxvii**) our professional reputation and legal liability; (~~xxvii~~ **xxviii**) our non- U. S. operations; (~~xxviii~~ **xxix**) investments of the StepStone Funds in certain jurisdictions that may be subject to heightened risks relative to investments in other jurisdictions; (~~xxix~~ - **xxx**) revenues from our real estate asset class being subject to the risks inherent in the ownership and operation of real estate and the construction and development of real estate; (~~xxx~~ **xxxi**) the exposure of our real estate asset class to commercial real estate values and commercial real estate loans; (~~xxxi~~ **xxxii**) investments we make on behalf of clients or we recommend to our clients in infrastructure assets; (~~xxxii~~ **xxxiii**) the substantial growth of our business in recent years that may be difficult to sustain; (~~xxxiii~~ **xxxiv**) entering into new lines of business; (~~xxxiv~~ - **xxxv) long- term agreements that provide for us to acquire all the equity interests of our asset class entities that we do not currently own; (xxxvi**) acquisitions of new businesses or assets; (~~xxxv~~ **xxxvii**) current or future indebtedness; and (~~xxxvi~~ **xxxviii**) using custodians, counterparties, administrators and other agents. We are subject to risks related to our industry, including risks related to: (i) intense competition; (ii) difficult or volatile market conditions; (iii) a major public health crisis ~~, including a resurgence of the COVID- 19 pandemic~~ ; (iv) operating in a heavily regulated industry; (v) evolving laws and government regulations; (vi) future changes to tax laws or our effective tax rate; (vii) potentially being required to pay additional taxes because of the new U. S. federal partnership audit rules and potentially also state and local tax rules; (viii) federal, state and foreign anti- corruption and sanctions laws; (ix) regulation of investment advisers outside the United States; and (x) increasing scrutiny from institutional clients with respect to environmental, social and governance (" ESG ") costs of investments made by the StepStone Funds. We are subject to risks related to our organizational structure, including risks related to: (i) relying on exemptions from certain governance requirements as a " controlled company " within the meaning of the Nasdaq Global Select Market listing standards and, therefore, not affording same protections to our stockholders as those afforded to stockholders of non- controlled companies; (ii) SSG' s dependence on distributions from the Partnership to pay any dividends, if declared, taxes and other expenses, including payments under the Tax Receivable Agreements; (iii) the IRS potentially challenging the tax basis step- ups and other tax benefits we receive in connection with our IPO and the related transactions and in connection with additional acquisitions of Partnership units; (iv) in certain circumstances, acceleration and / or significant excess of payments due under each Tax Receivable Agreement, as compared to the actual tax benefits, if any, that SSG actually realizes; (v) potentially substantial distributions to us and the existing partners of the Partnership that the Partnership will be required to make in certain circumstances; (vi) funding withholding tax upon certain exchanges of Class B units into shares of Class A common stock by non- U. S. holders; (vii) tax and other liabilities attributable to our pre- IPO investors as a result of certain reorganization transactions; (viii) SSG not being permitted to deduct its distributive share of compensation expense pursuant to regulations issued under Section 162 (m) of the Code to the extent that the compensation was paid by the Partnership to certain of SSG' s covered employees; (ix) being deemed an " investment company " under the Investment Company Act of 1940 as a result of our ownership of the Partnership or the General Partner; (x) a change of control of our company, including the effect of a " Sunset " on our voting structure; (xi) conflicts arising from members of our senior leadership team holding their economic interest through other entities; (xii) our reliance on our equity ownership, governance rights and other contractual arrangements to control certain of our consolidated subsidiaries that are not wholly owned; (xiii) 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; (xiv) distributions made by the Partnership and limits on our ability to use the cash we receive in such distributions; (xv) the dual class structure of our common stock; and (xvi) our ability to pay dividends to stockholders. We are subject to general risks, including risks related to: (i) the fact that the market price of our Class A common stock has been volatile; (ii) anti- takeover provisions in our charter documents and under Delaware law; and (iii) our forum selection provisions. PART I Item 1. Business. Our Company We are a global private markets investment firm focused on providing customized investment solutions and advisory ~~,~~ **and** data ~~and administrative~~ services to our clients. Our clients include some of the world' s largest public and private defined benefit and defined contribution pension funds, sovereign wealth funds and insurance companies, as well as prominent endowments, foundations, family offices and private wealth clients, which include high- net- worth and mass affluent individuals. We partner with our clients to develop and build private markets portfolios designed to meet their specific objectives across the private equity, infrastructure, private debt and real estate asset classes. These portfolios utilize several types of synergistic investment strategies with third- party fund managers, including commitments to funds (" primaries "), acquiring stakes in existing funds on the secondary market (" secondaries ") and investing directly into companies (" co- investments "). As of March 31, ~~2023~~ **2024** , we were responsible for $ ~~621~~ **678** billion of total capital, including $ ~~138~~ **157** billion of AUM and $ ~~482~~ **521** billion of AUA. We were founded in 2007 to address the evolving needs of investors focused on private markets, reflecting a number of converging themes: • increasing investor desire for exposure and allocations to the private markets; • rising complexity within private markets driven by proliferation of fund managers and specialized strategies; • global nature of private markets asset classes and their participants; and • need for customized solutions as investors' size, sophistication and allocations to private markets investments increased. We set out to build a firm that would be tailored to meet this new market environment, and differentiated from the fund- of- funds and adviser- only models in existence at the time. We have focused on an integrated, full- service approach to private markets solutions with research depth as our core pillar of strength. We believe our success and growth since our founding has been driven by our continued focus on providing a high level of service, tailored to our clients' evolving needs, through: • Our focus on customization. By leveraging our expertise across the private markets asset classes, investment strategies and commercial structures, we help our clients build customized portfolios that are designed to meet their specific objectives in a cost effective way. • Our global- and- local approach. With offices in ~~25~~ **27** cities across ~~15~~ **16** countries on five continents, we have built a global operating platform, organically and via acquisition, with strong local teams that possess valuable regional insights and deep- rooted relationships. This allows us to combine the advantages of having a knowledgeable on- the- ground presence with the benefits of operating as a global organization. • Our multi- asset class expertise. We operate at scale across the private markets asset classes — private equity, infrastructure, private debt and real estate. We believe this multi- asset class expertise positions us well to compete for, win and execute tailored and complex investment solutions. • Our proprietary data and technology. Our proprietary data and technology platforms, including **SPI by** StepStone ~~Private Markets Intelligence~~ (" SPI "), **a platform comprising SPI Research,** our private markets intelligence database, ~~Omni~~ **SPI Reporting** , our performance monitoring software, and **SPI** Pacing, our portfolio cash flow, investment allocation and liquidity forecasting tool provide valuable information advantages, enhance our private markets insight, improve operational efficiency and facilitate portfolio monitoring and reporting functions. These benefits accrue to our clients and to us. • Our large and experienced team. Since our inception, we have focused on recruiting and retaining the best talent. As of March 31, ~~2023~~ **2024** , ~~95~~ **100** partners led the firm, with an average of ~~nearly~~ **over** 20 years of investment or industry experience. As of March 31, ~~2023~~ **2024** , we had ~~956~~ **990** total employees, including ~~322~~ **335** investment professionals and ~~634~~ **655** employees across our operating team and implementation teams dedicated to sourcing, executing, analyzing and monitoring private markets opportunities. We believe our scale and position in private markets provide us a distinct competitive advantage with our clients and fund managers. As we grow our client relationships, we are able to allocate additional capital, which allows us to expand our fund manager relationships, resulting in access to additional investment opportunities and data. This, in turn, helps us make better investment decisions and generate better returns, thereby attracting new clients and investment opportunities. During the year ended March 31, ~~2023~~ **2024** , we reviewed over 3, ~~600~~ **900** investment opportunities and conducted approximately ~~4~~ **5** , ~~900~~ **300** meetings with fund managers across multiple geographies and all four asset classes. During the ~~12 months~~ **last three years** ended December 31, ~~2022~~ **2023** , we allocated ~~approximately~~ **an average of** $ ~~80~~ **70** billion **annually** in capital to private markets on behalf of our clients, excluding legacy funds, feeder funds and research- only, non- advisory services. We have a flexible business model whereby many of our clients engage us for solutions across multiple asset classes and investment strategies. Our solutions are typically offered in the following commercial structures: • Separately managed accounts (" SMAs "). Owned by one client and managed according to their specific preferences, SMAs integrate a combination of primaries, secondaries and co- investments across one or more asset classes. SMAs are meant to address clients' specific portfolio objectives with respect to return, risk tolerance, diversification and liquidity. SMAs, including directly managed assets, comprised $ ~~82~~ **94** billion of our AUM as of March 31, ~~2023~~ **2024** . • Focused commingled funds. Owned by multiple clients, our focused commingled funds deploy capital in specific asset classes with defined investment strategies. Focused commingled funds comprised $ ~~43~~ **49** billion of our AUM as of March 31, ~~2023~~ **2024** . • Advisory ~~,~~ **and** data ~~and administrative~~ services. These services include one or more of the following for our clients: (i) recurring support of portfolio construction and design; (ii) discrete or project- based due diligence, advice and investment recommendations; (iii) detailed review of existing private markets investments, including portfolio- level repositioning recommendations where appropriate; (iv) consulting on investment pacing, policies, strategic plans, and asset allocation to investment boards and committees; **and** (v) licensed access to our proprietary data and technology platforms, including SPI **Research** and our other proprietary tools ~~; and (vi) administrative services to unaffiliated investment advisors~~ . Advisory relationships comprised $ ~~482~~ **521** billion of our AUA and $ ~~13~~ **14** billion of our AUM as of March 31, ~~2023~~ **2024** . • Portfolio analytics and reporting. We provide clients with tailored reporting packages, including customized performance benchmarks as well as associated compliance, administrative and tax capabilities. Mandates for portfolio analytics and reporting services typically include licensed access to our proprietary performance monitoring software, ~~Omni~~ **SPI Reporting** . ~~Omni tracked detailed information~~ **We provided portfolio analytics and reporting** on over $ ~~905~~ **685** billion of client commitments as of March 31, ~~2023~~ **2024**, inclusive of our total capital responsibility, previously exited investments and investments of former clients. Our Competitive Strengths Truly Global Scale with Local Teams Since our founding, we have invested and continue to invest significant time and resources building a global platform that we believe is well positioned to benefit from the continued growth and globalization of the private markets. Today, we have investment and implementation professionals in ~~25~~ **27** cities across ~~15~~ **16** countries on five continents. Our offices are staffed by investment professionals who bring valuable regional insights and language proficiency to enhance existing client relationships and build new client relationships. Each of our offices follows a local staffing model, with local professionals who possess valuable insights, language proficiency and client relationships specific to that market. As of March 31, ~~2023~~ **2024**, approximately 45 % of our investment professionals were based outside the United States. We believe our focus on hiring local talent, supported by a deep bench of experienced investment professionals, has been critical in helping us attract a blue- chip, global client base ~~. During the year ended March 31, 2023, nearly two- thirds of our management and advisory fees came from clients based outside of the United States~~ . Full- Service, Customized Approach to Delivering Solutions We have significant expertise in customized offerings given our scale, which enables us to maintain a proprietary database across key facets of private markets investing, and our research- focused culture, which enables us to utilize this information advantage to inform our investment decisions and deliver highly customized insights and services to our clients. As a result, we are able to offer a full suite of investment solutions to our clients, not only by assisting them with building customized private markets portfolios, but also offering other value- add services such as strategic planning and research, portfolio repositioning, and portfolio monitoring and reporting. We believe our value proposition as a full- service firm also helps us strengthen and grow our client relationships. As of March 31, ~~2023~~ **2024**, ~~36~~ **35** % of our advisory clients also had an AUM relationship with us, and we advised or managed assets in more than one asset class for 34 % of our clients, supporting our total capital responsibility growth. Our focus on offering full- service, customized solutions to our clients is reflected in our business composition. As of March 31, ~~2023~~ **2024**, we had ~~279~~ **314** bespoke SMAs and focused commingled funds ~~(including high- net- worth programs)~~ . For the year ended March 31, ~~2023~~ **2024**, approximately ~~46~~ **51** % of our management and advisory fees were generated from focused commingled funds, ~~42~~ **38** % from SMAs, ~~11~~ **10** % from advisory, data and administrative services and 1 % from fund reimbursement revenues. Scale Across Private Markets Asset Classes We believe our scale across asset classes, deal flow access and dedicated operational resources is increasingly a competitive advantage in private markets solutions. We believe investors are reducing the number of fund managers they invest with, increasingly allocating capital to fund managers that have expertise across a wide range of asset classes within private markets. PRIVATE EQUITYREAL ESTATE $ ~~72B~~ **82B** (1) $ ~~46B~~ **50B** $ ~~242B~~ **270B** $ ~~13B~~ **16B** (1) $ ~~6B~~ **8B** $ ~~172BAUMFEAUMAUAAUMFEAUMAUA16154Investment~~ **168BAUMFEAUMAUAAUMFEAUMAUA155 60Investment** professionalsInvestment professionalsINFRASTRUCTUREPRIVATE DEBT $ ~~27B~~ **30B** (1) $ ~~19B~~ **20B** $ ~~51B~~ **60B** $ ~~27B~~ **28B** (1) $ ~~14B~~ **15B** $ ~~17BAUMFEAUMAUAAUMFEAUMAUA6146Investment~~ **22BAUMFEAUMAUAAUMFEAUMAUA65 45 Investment** professionalsInvestment professionals ______________________________ Note: Amounts may not sum to total due to rounding. Data presented as of March 31, ~~2023~~ **2024**. AUM / AUA reflects final data for the prior period (December 31, ~~2022~~ **2023**), adjusted for net new client account activity through March 31, ~~2023~~ **2024**. Does not include post- period investment valuation or cash activity. Net asset value (" NAV ") data for underlying investments is as of December 31, ~~2022~~ **2023**, as reported by underlying managers up to ~~114~~ **the business day occurring on or after 115** days following December 31, ~~2022~~ **2023**. When NAV data is not available ~~114~~ **by the business day occurring on or after 115** days following December 31, ~~2022~~ **2023**, such NAVs are adjusted for cash activity following the last available reported NAV. (1) Allocation of AUM by asset class is presented by underlying investment asset classification. Well Positioned to Continue to Serve and Grow Our Diverse and Global Client Base We believe we are a leading provider of private markets solutions for a broad variety of clients. Our clients include some of the world' s largest public and private defined benefit and defined contribution pension funds, sovereign wealth funds and insurance companies, as well as prominent endowments, foundations, family offices and private wealth clients. In many instances, existing clients have increased allocations to additional asset classes and commercial structures and deployed capital across our asset management and advisory services businesses. Our dedicated in- house business development, marketing and client relations teams, comprising approximately 130 professionals in offices across ~~12~~ **13** countries, maintain an active and transparent dialogue with our diverse and global client base. Consistent with our staffing model on the investment side, we ensure local clients are interfacing with business development professionals who have local expertise. Preeminent Data and Analytics with Proprietary Software Our data- driven, research- focused approach has been core to our investment philosophy since inception, which we believe is one of our biggest competitive strengths. Our data are organized around our proprietary software systems: • SPI **Research** monitors investment opportunities and is used by our investment professionals as an investment decision making tool. As of March 31, ~~2023~~ **2024**, SPI **Research** contained information on **approximately 18** ~~over 82, 000 companies, over $ 28 trillion of AUM across over 42, 000 funds and over 16~~ , 000 fund managers **, 46** ~~showing fund- level performance for nearly 15~~ , 000 funds **, 105, 000 companies, and 227, 000 investments**. SPI **Research** initially augmented our own due diligence, investment and portfolio construction processes. In response to growing industry demand for private markets intelligence, we subsequently developed an interface for direct client access. Through SPI **Research**, our clients can access detailed, regularly updated information on managers through an intuitive, web- based user interface. Our research professionals utilize this technology to collect and develop qualitative and quantitative perspectives on investment opportunities. • ~~Omni~~ **SPI Reporting** monitors the performance of our clients' investments and allows users, including our clients, to generate detailed analytics. **SPI Reporting** ~~As of March 31, 2023, Omni tracked detailed information on nearly 9, 000 investments across more than 85, 000 underlying portfolio companies. Omni~~ is used extensively by our ~~105 person~~ StepStone Portfolio Analytics & Reporting (" SPAR ") team to provide customized portfolio analytics and reporting on the performance of our clients' investments. We also have a number of additional proprietary tools that we use and license in service of our clients, including our **SPI** Pacing tool that enables clients to forecast liquidity needs, our daily valuation engine that facilitates asset management solutions offering periodic subscription or liquidity (such as the mass affluent and defined contribution plan markets), ESG reporting dashboards that allow our clients to monitor their portfolio against these non- financial metrics, and a secondary pricing engine that drives operating leverage in our evaluation of larger and more complex transactions. The combination of SPI **Research** , ~~Omni~~ **SPI Reporting** , and our other tools offers an end- to- end software technology and data solution that delivers significantly more information than most private markets investors have available, providing us with a meaningful advantage in our investment, due diligence and client relations efforts. Data science within private markets has historically been difficult due to the lack of standardization and the labor- intensive process of collecting and processing information. We have a dedicated Data ~~Science~~ and **Software** Engineering team ~~with approximately 30 members~~ , which manages and continues to develop our SPI **Research** and ~~Omni~~ **SPI Reporting** platforms (and our additional proprietary tools built on these platforms) and supports our efforts to be a market leader in an area that is essential to evaluating private markets. Strong Investment Performance Track Record Our track record is a key point of differentiation to our clients. As shown below, we have outperformed the MSCI ACWI Index, the benchmark index used for comparison across all of our investment strategies on an inception- to- date basis as of December 31, ~~2022~~ **2023** . See " Part II, Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations — Investment Performance " below for more information and explanatory footnotes. (in billions except percentages and multiples) StrategyCommitted CapitalCumulative Invested CapitalRealized DistributionsNAVTotalGross IRRNet IRRNet Multiple of Invested CapitalNet IRR versus BenchmarkPrimaries $ ~~273~~ **296** . ~~8~~ **6** $ ~~192~~ **218** . ~~0~~ **3** $ ~~122~~ **136** . ~~9~~ **1** $ ~~153~~ **168** . ~~7~~ **5** $ ~~276~~ **304** . 6 ~~12~~ **11. 5 % 11. 1 % 1. 4x1** . 8 % ~~12~~ **Secondaries19** . ~~5~~ **616. 810. 114. 824. 919. 4 % 16. 0** % 1. ~~4x4~~ **4x5** . **8** ~~7 % Secondaries17. 014. 29. 012. 321. 321. 1 % 17. 2 % 1. 4x9. 3~~ % Co- ~~investments40~~ **investments44** . ~~538~~ **842** . ~~119~~ **423** . ~~242~~ **244** . ~~161~~ **367** . ~~319. 2 % 16~~ **516** . 7 % **13. 6 %** 1. ~~5x9~~ **5x3** . ~~1~~ **8** % Total $ ~~331~~ **361** . ~~3~~ **0** $ ~~244~~ **277** . ~~3~~ **5** $ ~~151~~ **169** . ~~1~~ **4** $ ~~208~~ **227** . ~~1~~ **6** $ ~~359~~ **397** . ~~2 13~~ **0 12** . ~~8~~ **5** % ~~13~~ **11** . ~~2~~ **6** % 1. ~~4x5~~ **4x2** . ~~4~~ **2** % We attribute our strong investment performance track record to numerous factors, including our scale and global reach, our selective investment process powered by our technology and data advantage and our experienced investment teams. Together, these attributes allow us to source highly attractive investment opportunities with a compelling risk- adjusted return profile for our clients' diverse investment objectives. Our track record has attracted clients seeking exposure to investments with varying risk and return objectives and, in turn, allowed us to successfully and consistently grow assets across our platform. Attractive Financial Profile, Supported by Longer Duration Capital Base and Scalable Platform We have a scalable business model with two integrated revenue streams: management and advisory fees and performance fees. Our superior value proposition to clients, enabled by our global scale, expertise across private markets asset classes and investment strategies, as well as our research and analytics capabilities, drives strong growth in AUM and AUA, which in turn leads to management and advisory fee growth. Investment returns for our clients provide additional revenue opportunities to us in the form of potential performance fees and investment income. We believe our revenue model has the following important attributes: Sustainable and recurring management and advisory fees Our management and advisory fees grew from $ ~~141~~ **191** million in fiscal ~~2018~~ **2019** to $ ~~497~~ **585** million in fiscal ~~2023~~ **2024** , representing a ~~29~~ **25** % compounded annual growth rate ~~. For the year ended March 31, 2023, approximately 60 % of our management fees were from SMAs and focused commingled funds with a remaining tenor of seven years or more~~ . We have had a high level of success in retaining our advisory clients with an over 90 % retention rate since inception. Highly predictable with strong visibility into near- term growth Our SMAs and focused commingled funds typically have an eight to 18- year maturity at inception, including extensions. As of March 31, ~~2023~~ **2024** , we had $ ~~15~~ **22** . ~~7~~ **6** billion of committed but undeployed fee- earning capital, which we expect to generate management fees when deployed or activated. As of March 31, ~~2023~~ **2024** , we had ~~nearly 400~~ **approximately 425** revenue- generating asset management and advisory programs and therefore are not dependent upon or concentrated in any single investment vehicle or client. For the year ended March 31, ~~2023~~ **2024** , no single client contributed more than 6 % of our total management and advisory fees, and our top 10 clients, which comprise over ~~50~~ **55** separate mandates and commitments to commingled funds, contributed approximately ~~25~~ **23** % of our total management and advisory fees. Upside from performance fees As of March 31, ~~2023~~ **2024** , we had ~~approximately 180~~ **over 200** investment programs with the potential to earn performance fees, consisting of over $ ~~63~~ **75** billion in committed capital. As of March 31, ~~2023~~ **2024** , our accrued carried interest allocations balance, which we view as a backlog of future carried interest allocation revenue, was $ 1, ~~227~~ **354** million. Approximately ~~60~~ **74** % of current accrued carried interest allocations is from StepStone Fund vintages of ~~2017~~ **2018** or prior. Led by a Seasoned Team of Professionals Whose Interests Are Aligned with Clients and Our Stockholders We believe our biggest asset is our people, and therefore we focus on consistently recruiting the best people, ~~all~~ **many** of whom are proven leaders in their areas of expertise. As of March 31, ~~2023~~ **2024** , ~~95~~ **100** partners led the firm, with an average of ~~nearly~~ **over** 20 years of investment or industry experience. As of March 31, ~~2023~~ **2024** , ~~over~~ **nearly** half of our employees have equity interests in us in the form of direct equity interests and / or restricted stock units under our 2020 Long- Term Incentive Plan (" LTIP "), and more than 200 employees are ~~entitled~~ **eligible** to participate in our carried interest allocations in one or more of the asset classes. Strategic Priorities We aim to leverage our core principles and values that have guided us since inception to continue to grow our business, using the following key strategies: Continue to Grow with Existing Clients Expand existing client mandates. As a customized solutions provider, we spend significant time listening to the challenges that our clients face and responding by creating solutions to meet their needs. In addition, we believe our existing clients have a growing asset base and are expanding allocations to private markets investments. As a result, we believe a large portion of our growth will come from existing clients through renewals and expansion of existing mandates with us. Deploy already raised committed capital. As of March 31, ~~2023~~ **2024** , we had $ ~~15~~ **22** . ~~7~~ **6** billion of capital not yet deployed across our various investment vehicles, which we expect to generate management fees when invested or activated. Add New Clients Globally Over the past decade, we have invested in and grown both our in- house and third- party distribution networks ~~. As of March 31, 2023, we had approximately 130 professionals worldwide dedicated to business development, marketing and client relations~~ . Our local business development professionals lead conversations with potential local clients. We believe that geographically and economically diverse U. S. and 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 across many geographies, including Europe, the Middle East, Latin America, Australia, Japan, South Korea, Southeast Asia and China, and have positioned ourselves to take advantage of it by establishing local presence with global investment capabilities. We believe our global footprint places us in a favorable position to tap the global pools of demand for private markets. Continue to Expand Our Distribution Channel for Private Wealth Clients Many high- net- worth and mass affluent individual investors continue to have difficulty accessing private markets investment opportunities because of a lack of products currently available that satisfy regulatory and structural requirements related to liquidity, transparency and administration. We have developed an investment platform, StepStone Private Wealth LLC (" SPW ") ~~which was formerly known as Conversus~~ , designed to expand access to the private markets for accredited investors. Leverage Our Scale to Enhance Operating Margins Since inception we have made significant investments in our platform infrastructure through building out our investment and implementation teams across geographies and asset classes and developing technology- enabled solutions. We believe we have scaled the personnel and infrastructure of our business to support significant growth in our client base across our existing investment offerings, positioning us well to continue to drive operating margin improvement. Monetize Our Data and Analytics Capabilities Our proprietary database, SPI **Research** , provides access to valuable data that forms the cornerstone of our investing process. We license SPI **Research** to clients in the form of a traditional licensed offering as well as an " advisory- like " service where we offer the SPI **Research** license and limited advisory- type support from our team. This has allowed us to support the private markets activities of clients that are too small to participate in our full- service advisory offerings. ~~Omni and~~ SPI **Reporting and SPI Research** both allow users to leverage our research data, further enhancing our client experience and services. We also strategically use SPI **Research** and ~~Omni~~ **SPI Reporting** as a competitive product bundle, for example, by providing both offerings to clients to secure more comprehensive mandates. Pursue Accretive Transactions to Complement Our Platform We may complement our strong organic growth with selective strategic and tactical acquisitions. We intend to remain highly disciplined in our development strategy to ensure that we are allocating management time and our capital in the most productive areas to fuel growth. Our strategy will continue to focus on opportunities that expand our scale in existing markets, add complementary capabilities, enhance distribution, or provide access to new markets. Investment Strategies We offer customized solutions across the global private markets through synergistic investment strategies – primary fund investments, secondary investments, and co- investments. StepStone constructs solutions across all three investment strategies for each asset class – private equity, infrastructure, private debt and real estate. Being an active investor across all investment strategies provides us with meaningful insights into fund managers, their portfolios, return characteristics and direct investment opportunities. Primaries refer to investments in newly established private markets funds. Primary investments are made during an initial fundraising period in the form of capital commitments, which are called down by the fund from time to time and utilized to finance its investments in portfolio companies during a predefined period. A private markets fund' s return profile typically exhibits a " J- Curve, " undergoing a modest decline in the early portion of the fund' s lifecycle as investment- related expenses and fees accrue prior to the realization of investment gains from portfolio investments, with the trend typically reversing in the later portion of the fund' s lifecycle as portfolio investments are sold and gains from investments are realized and distributed. Primaries are generally closed- end funds and only accept new capital commitments during a finite period. Private equity, real estate and infrastructure primary investment funds typically range in duration from 10 to 18 years, including extensions, while private debt primary investment funds typically range in duration from eight to 10 years. Underlying investments in portfolio investments generally have a three to six year range of duration for private equity, with potentially shorter periods for private debt or real estate, and longer for infrastructure. Typically, fund managers will not launch new funds more frequently than every two to four years. Market leaders generally offer multiple primary investment funds each year, but they may not offer funds within a given geography or that pursue a certain strategy in any particular year or in consecutive years. Because of the limited timeframe of opportunity for investment in any given fund, having a well- established relationship with a fund manager is critically important for primary investors. Our primaries business seeks out, and invests with, leading fund managers across the private markets asset classes. We aim to build top- performing global private markets portfolios through a research- intensive investment approach and strive to identify fund managers with top- quartile performance through active sourcing and in- depth evaluation, complemented by excellent deal execution. We leverage our SPI **Research** database ~~of over 82, 000 companies, over $ 28 trillion of AUM across over 42, 000 funds and over 16, 000 fund managers showing fund- level performance for nearly 15, 000 funds~~ to track a large cross section of fund managers and funds globally — irrespective of fundraising cycles. Secondaries refer to investments in existing private markets funds **or companies** through the acquisition of an existing interest ~~in a private markets fund~~ by one investor from another in a negotiated transaction. In so doing, the buyer will agree to take on future funding obligations in exchange for future returns and distributions. Because secondary investments are generally made when a primary investment fund is three to seven years into its **life** ~~investment period and has deployed a significant portion of its capital into portfolio companies~~ , these investments are viewed as more mature. Secondaries have historically generated a high risk- adjusted internal rate of return (" IRR ") relative to other strategies in the private equity market. This performance is due, in part, to: (1) the lack of a centralized market, (2) imperfect information among buyers and sellers, (3) wide bid spreads, (4) shorter holding periods, (5) fee mitigation and (6) transactions priced at a discount to fair value. Unlike primary commitments, secondaries offer visibility into a portfolio of known assets and their historical performance, which can mitigate some of the risk normally associated with primaries. We believe these market dynamics will persist, making secondaries an attractive long- term opportunity for sophisticated investors. Similar to our primaries program, our secondaries program spans all asset classes and leverages our global platform to capitalize on market inefficiencies. We seek to acquire assets through preferential purchase arrangements by proactively sourcing secondary deal flow through our extensive network of relationships with fund managers, clients, intermediaries and other industry participants. We are able to increase the effectiveness of our sourcing efforts by focusing on fund managers managing high quality portfolios that are expected to outperform the market. In addition, we source exclusive deal flow (which we refer to as “ advantaged ”) by working closely with intermediaries to capture high quality assets that would not be available through auction processes, usually because a fund manager wants to control information flow or client relationships, including by restricting potential buyers to a select group of “ pre- approved ” replacement clients like our firm. Our global platform provides for deep market coverage and consistently sources proprietary transaction opportunities. We believe proprietary and advantaged deal flow has been a critical factor in our ability to purchase high quality assets at below market prices. Co- investments involve directly acquiring an interest in an operating company, project or property alongside an investment by a fund manager or direct investor that leads the transaction. We participate in co- investments across each of our asset classes. Co- investments are generally structured such that the lead and co- investors collectively hold the same security on the same terms in a controlling interest of the operating company, project or property. Capital committed to a co- investment is typically invested immediately, thereby advancing the timing of expected returns on investment and creating more predictable cash flows for the investor. We employ a flexible approach to co- investing, which makes us an attractive co- investor for fund managers. Our ability to co- invest and participate on a pre- signing basis helps us expand the number of available opportunities and secure larger co- investment allocations. We have the ability to participate in non- traditional co- investments, such as helping to fund add- on acquisitions when a fund manager has already reached its concentration limits in its fund. This further expands our investment opportunities and differentiates us from other co- investors, thereby leading to future opportunities with fund managers. Our co- investment program benefits from the access to fund managers we have through our scale and the approximately ~~4~~ **5** , ~~900~~ **300** meetings and calls that we conduct with fund managers on an annual basis. In each of these meetings and calls, we follow a protocol of inquiring about co- investments and monitoring compliance with the protocol through an automated tracking system. Portfolio Analytics and Reporting We provide our clients with tailored reporting packages, including customized performance benchmarks as well as compliance, administration and tax capabilities. The team of professionals dedicated to SPAR is organized by sector and geography to ensure deep coverage of all private markets, facilitating detailed investment review and analysis services by private markets specialists. Once an investment has been made, our SPAR team provides active, ongoing analytical review for portfolio risk management for our clients. As part of our ongoing manager and portfolio performance analyses, our portfolio analytics and reporting practice completes reviews for our clients including: • portfolio benchmarking for relative performance; • diversification analysis to identify concentration risks or portfolio allocation opportunities; • fund manager performance to understand where additional capital should be directed; and • valuation analysis to determine which fund managers are appropriately reflecting risk in their reporting. Fund managers' information is entered into ~~Omni~~ **SPI Reporting** , our proprietary, web- based application and database for private market portfolio analytics and reporting. Data are reconciled daily to ensure data integrity and that pertinent details are entered correctly. In order to be included in ~~Omni~~ **SPI Reporting** , a fund manager must send us sufficient materials, including specific data fields required by us. Performance data monitored by ~~Omni~~ **SPI Reporting** is available back to 1971. ~~Omni~~ **SPI Reporting** supports investment monitoring and portfolio management and enhances transparency by providing users with a fast and intuitive user interface and web- based access to portfolio data. ~~Omni~~ **SPI Reporting** users can access all of the data tracked by SPAR, including daily cash flow activity, quarterly valuations, and underlying asset- level detail, and have fully integrated access to our SPI ~~research~~ **by StepStone** platform. ~~Omni~~ **SPI Reporting** users can analyze investment- level and underlying asset- level performance by custom investment attributes, apply data filters, run grouped or granular reports while also having the ability to easily export these analyses. Users also have the ability to edit, run and export various portfolio analytics, including analyzing various return and preference metrics commonly used in the investment industry, such as return J- Curve, cash flow activity over time, multi- period internal rates of return and time- weighted rate of return. Investment Risk Management We have an investment risk management function overseen by our Head of Research and Portfolio Management and our Head of Risk. Additionally, taking into account the nature, scale and complexity of our business, we have a Portfolio and Risk Management Committee for each of our asset classes and additional policies and procedures to give effect to local regulations in jurisdictions around the world. Our risk management process focuses on risk identification, measurement, treatment / mitigation, monitoring and management / reporting, with particular risk assessments tailored by asset class and individual client. Responsible Investment Philosophy Responsible investment ~~, which encompasses ESG and impact investing considerations,~~ is a core tenet of our operating and investment philosophies. We believe that full integration of ESG factors in both our investment process and internal operations will improve long- term, risk- adjusted returns for our clients **and stakeholders** . We aim to continually improve and evolve ~~, reviewing~~ our **practices** ~~policy annually, holding regular trainings and responsible investment education sessions for our investment teams, and looking for ways to enhance our systems and processes, and have incorporated GRESB data and benchmarks in our decision- making process where relevant~~ . As part of our responsible investment journey, we: ~~• Developed a responsible investment policy;~~ • Became a signatory to the United Nations Principles for Responsible Investment (“ UNPRI ”) in 2013; • ~~Created~~ **Adopted** a ~~StepStone~~ Responsible Investment ~~Committee~~ **policy** in ~~2017~~ **2014 , which is reviewed annually** ; • Became a ~~signatory to~~ **formal supporter of** the ~~Financial Stability Board~~ Task Force on Climate- Related Financial Disclosures (“ TCFD ”); • Became a member of the ~~GRESB and the~~ Sustainability Accounting Standards Board (“ SASB ”) **and created asset class responsible investment workgroups in 2019; • Became a member of the GRESB and a founding signatory to the ILPA Diversity in Action initiative in 2020** ; • Implemented ~~a~~ **standalone policies for climate and** stewardship ~~policy~~ **in 2022,** reflecting **TCFD- aligned climate considerations within our investment process** ~~an~~ **and our approach to corporate sustainability, as well as our continued** emphasis on stewardship practices in our investments; • ~~Developed bespoke responsible investing guidance materials for fund managers across our asset classes~~ **Became a founding financial services member supporting Ownership Works in 2022, a consortium of organizations dedicated to promoting employee ownership programs** ; and • Became a signatory to the UK Stewardship Code **in 2023** . Responsible Investment in the Investment Process **Composed of** ~~Our Responsible Investment Committee comprises leadership~~ --- **leaders** from ~~all~~ **across**

~~four~~ - **our organization,** ~~of our asset classes and other~~ -- **the** ~~firm leaders. The~~ Responsible Investment Committee provides oversight and direction for our responsible investment process **. Among other things** , ~~including~~ **it** ~~reviewing~~ **reviews** ESG-focused due diligence within our investment memoranda before they are submitted to the relevant Investment Committee. Our ESG due diligence process is tailored for each asset class and strategy ~~,~~ and incorporated into the broader business, financial, and operational diligence process ~~,~~ **—** detailing a comprehensive set of ESG- related risk and return considerations. ~~We~~ **Primary Investments For all primary investments, we** perform a review of each fund manager and fund' s responsible investment policy, implementation and monitoring framework. **We evaluate** ~~Key areas where we focus are: •~~ the level of **commitment, accountability and leadership** engagement **across the** ~~of partner and senior- level management in responsible investment policy and monitoring; • whether or not a~~ fund manager ~~or fund clearly identified a responsible person~~ **. We seek to understand how aligned their ESG processes are to established frameworks and how specific material risks and opportunities are considered including climate and modern slavery (e. g., forced labor, child labor, and human trafficking). Further, we evaluate their ESG monitoring and reporting systems. Where relevant,** for ~~designing~~ **impact strategies** , ~~executing~~ **we layer on** ~~and~~ - **an additional layer of due diligence focused on the quality of** ~~implementing its responsible investment policy; • understanding what policy framework~~ the fund manager **' s** ~~or fund is adhering to (e. g., UNPRI, TCFD); • the approach to responsible investment training and how the fund manager or fund ensures it is current with best practice; • how the fund manager or investee identifies and manages ESG risks and opportunities including use of external resources; • how the fund manager or investee identifies specific risks concerning modern slavery and human trafficking, particularly in their supply chains; • whether and how the fund manager establishes non- financial~~ impact **practices** ~~objectives in addition to financial ones; • how the fund manager assesses and measures non- financial impacts; • how the fund manager or investee explicitly considers climate change with both a risk and return lens; and • how ESG compliance is monitored and reported to various stakeholders~~ . With respect to our co- investments, we complete an ESG assessment at both the manager and asset level. We use several tools ~~when~~ **to** ~~completing~~ **complete** the latter, including information from the manager and company, along with SASB materiality standards, and for specific sectors information from GRESB. Post investment, we monitor the co-investment' s performance ~~, including~~ **focusing on material** financial and ESG factors. The majority of this monitoring is conducted through regular engagement with the fund manager supplemented by Limited Partner Advisory Committees of which we are a member. In cases where we hold a board or observer seat at the fund, we seek to be active in ~~ensuring these~~ **advocating for material** issues ~~are~~ **as** standard agenda items. With respect to secondary transactions, we utilize primary ESG assessments along with an evaluation of the ESG risk and opportunities of the key, value- driving assets. Due diligence timelines are often compressed for secondary transactions. As such, our platform creates a significant advantage due to the breadth of information we typically already have on the fund manager in a secondary transaction. **Impact** We have observed that investors globally are increasingly focused on the **real world outcomes** ~~non- financial impacts~~ of their investment programs, **typically** referred to as impact investing. We look to work with clients in crafting customized investment programs that target non- financial objectives side- by- side with **commercial** financial objectives. These may include a focus on, for example, climate change, social equity and **the United Nations'** ~~sustainable~~ **Sustainable** ~~development~~ **Development** ~~goals~~ **Goals** ~~. We have integrated responsible investment considerations throughout the investment process to support our clients from investment due diligence, through to monitoring and reporting on relevant investments~~ . We believe impact programs build on our firm' s strong ESG foundations **supplemented with specific impact practice considerations and evaluation** . The impact sector is fast- growing and we see developments in this sector that we believe will increasingly allow for the deployment of capital at scale. ESG in Our Corporate Operations We are committed to incorporating ESG factors across our operational decision making and internal policies. **Our key focus areas are** ~~Diversity~~ **diversity** , ~~Equity~~ **equity** and ~~Inclusion~~ **inclusion (" DEI "), managing our carbon footprint, and community engagement.** We value diversity among our staff and leadership, recognizing that through diversity, we gain a variety of perspectives, views, and ideas which strengthen our ability to strategize, communicate, and deliver on our mission. In **addition to being the right thing to do, we believe building and maintaining a diverse, equitable and inclusive firm is critical to our mission and our success as a business. In short, we believe DEI: • Makes us better investors, sharpens our analysis and makes us more effective communicators; • Enables our firm to tap into our employees' full potential; and • Improves performance and contributes to a more sustainable enterprise. In** 2017, we ~~developed~~ **established** a global **DEI** ~~Diversity, Equity & Inclusion~~ Committee comprising senior and mid- level members ~~of our firm~~ - **from** across our **organization** ~~asset classes and geographies,~~ to evaluate ~~and support~~ our **current** diversity efforts, lead new initiatives to improve **DEI** ~~diversity, equity and inclusion~~ at our firm, and **continue** to ~~continuously~~ improve upon our policies and culture ~~. Our mission statement on why diversity, equity and inclusion matter states: • We believe building and maintaining a diverse, equitable and inclusive culture is not only the " right thing to do, " but is also critical from a business standpoint. • We believe that diversity of backgrounds and perspectives among our employees strengthens our ability to analyze, invest, communicate and deliver on our mission. • We believe fostering an inclusive culture and working environment enables all colleagues to engage and contribute to their fullest potential. • We believe diverse and inclusive perspectives drive better outcomes, and better investment decisions. We believe that a diverse and inclusive workforce improves the investment process because the different life experiences, backgrounds and insights of our professionals can be leveraged to perform more effective diligence and analysis. This belief is supported by research showing that diversity and inclusiveness contributes to better performing and more sustainable businesses~~ . To build a diverse workforce, we are focused on expanding our recruiting processes and outreach to broaden our pipeline of potential candidates. These efforts allow us to build more diverse slates of prospective new hires. **We actively monitor our progress in this regard.** Talent development **, promotion** and retention are also key components of our **DEI** ~~diversity, equity and inclusion~~ efforts ~~, including our focus on growing and developing strong mid- level talent into senior roles~~ . **This includes** ~~In addition to our mentorship program, we have a~~ sponsorship ~~program~~ **programs** ~~for high performing and high potential mid-career professionals, with a focus on female and diverse team members, and provides them with rigorous developmental tools,~~

~~360- degree assessments~~ , education and executive coaching opportunities ~~alongside sponsorship by one of the firm' s partners~~ **. We have also continued to review and expand relevant policies, including our parental leave policies and related benefits** . Building awareness and engagement around the importance of **DEI** ~~diversity, equity and inclusion~~ , both internally and externally, represents another core tenet of our efforts. As an example ~~, the StepStone Diversity, Equity and Inclusion Network provides networking and educational opportunities to all of our employees globally. In addition~~ , our employees have launched multiple Employee Resource Groups (" ERGs ") established with the intention of providing a supportive community for employees of certain affinity groups and their allies ~~such as the LatinX community and the LGBTQ community~~ . In ~~fiscal 2023, the number of our ERGs grew to five with the~~ addition ~~of a Pan- Asian~~ , ~~parental~~ **from time to time, we host internal** and ~~environmental ERGs~~ **external networking and educational events in various jurisdictions, in support of DEI** . Finally, StepStone is a ~~strong~~ supporter of several organizations that advocate for further diversity in our industry. **Managing** ~~For example, we are a strong supporter of the Robert Toigo Foundation, whose mission is to increase the participation of minorities in the financial industry. In addition, we proactively network with affinity organizations at universities and business schools to develop a pipeline of female and minority candidates for consideration. We also participate in industry groups created to improve diversity among private markets professionals, such as Girls Who Invest, Women' s Association of Venture & Equity (WAVE), SEO (Seizing Every Opportunity) Alternative Investments, Private Equity Women Investor Network (PEWIN), Making the Leap and Level20 Women in Private Equity. Reducing~~ Our Carbon Footprint We are focused on the firm' s carbon footprint as we seek to maintain carbon neutrality **within our operations** as a stated firm goal. As such **,** the following efforts have been undertaken: • ~~Engaging~~ **Since 2019, engaged** a consultant **on an annual basis** to conduct a comprehensive carbon footprint measurement and analysis ~~and funding~~ **of our operations. Based on this analysis, we have funded** several sustainable development projects ~~and purchased carbon offsets~~ to offset **our** carbon emissions ~~to~~ **and** achieve ~~status as a~~ carbon neutral ~~company since 2019.~~ **status within our operations;** • Implementing tailored carbon reduction initiatives across our global offices ~~and as part of our vendor due diligence process, by adding specific climate- related queries to help us understand and evaluate vendor environmental efforts such as collecting information on any targets and initiatives in place to minimize or offset emissions and reduce waste. • Introducing a range of initiatives focused on reducing energy, waste and water usage across the firm~~ , including recycling **protocols** , transitioning to electronic tablets during ~~client and other business~~ meetings and ~~generally~~ encouraging a " paperless " approach where practicable. **As part of our vendor due diligence process, we have added specific climate- related queries to help us understand and evaluate vendor environmental efforts, such as whether they measure their carbon footprint and have initiatives in place to minimize or offset emissions; and** • Prioritizing selection of highly rated Leadership in Energy and Environmental Design (LEED) or comparable standard in leasing office space ~~, and attaining certification as carbon neutral and receiving a five- star energy rating for one of our global offices~~ . Community Engagement We encourage and support community engagement. Our community program uses a global- and- local approach and is driven by our community involvement teams at many of our offices. Projects are organized locally and partnered with various service organizations within our communities dedicated to causes encompassing public service, education, environmental efforts, healthcare, and military veterans. Additionally, we have implemented a volunteer time **-** off policy that gives employees 16 hours per calendar year of paid time to volunteer at ~~the~~ **an** organization of their choice. We actively monitor participation in these programs. We have also established a formalized charitable giving program with an employee matching component. ~~In fiscal 2023, we donated to GiveWell' s Top Charities Fund which allocates donations to organizations and causes that have been determined to have the greatest ability to make a meaningful difference. We also made a donation to the International Rescue Committee, a well-established humanitarian organization with a global presence that is dedicated to providing lifesaving aid to people in communities devastated by conflict and disaster.~~ Our Clients We believe the value proposition we offer across our asset management, advisory, data, portfolio monitoring and reporting services has resulted in strong relationships with our clients. Our client base includes some of the world' s largest public and private pension funds, sovereign wealth funds and insurance companies, as well as prominent endowments, foundations, family offices and private wealth clients, which include high- net- worth and mass affluent individuals globally. During the year ended March 31, ~~2023~~ **2024** , nearly two- thirds of our management and advisory fees came from clients based outside of the United States, reflecting the strength and breadth of our relationships within the global investor community. We believe the stability of our client base, reflecting in part the longer tenor of our SMAs and focused commingled funds, reflects the strength of the long- term client relationships we have developed. We have also had a high level of success in retaining our advisory clients with an over 90 % retention rate since inception. At the same time, we believe we have been successful in expanding relationships with our clients, often expanding from advisory relationships to discretionary asset management relationships. Approximately ~~36~~ **35** % of our clients engage us for both asset management and advisory services. Private Wealth Sector Strategy We have served defined contribution plans, family offices and private wealth clients for over 10 years, and have more recently expanded to delivering our institutional capabilities to high- net- worth and mass affluent investors. Our platform leverages our deep expertise across private equity, infrastructure, private debt and real estate to develop and distribute innovative products for individual investors, integrating primaries, secondaries and co- investments to create customized product solutions for the private wealth sector. Our solutions include: • SMAs spanning multiple asset classes and strategies for defined contribution plans with long- term investment objectives; • private wealth solutions for registered investment advisors, independent broker dealers and wirehouses in the United States and wealth managers internationally; • registered funds available to **mass affluent and** accredited investors in the United States; and • global distribution of our institutional funds to family office investors and high- net- worth investors. **Our** ~~In October 2020, SPW held the first closing for its inaugural fund, StepStone Private Markets (" SPRIM "), which was formerly known as Conversus StepStone Private Markets or CPRIM, a fund that offers, through a single investment, access to major private markets asset classes in a proportion dynamically allocated by us. In fiscal 2023, SPW subsequently launched its StepStone Private Venture and Growth fund (" SPRING "), and expanded its distribution outside the United States to include~~

~~Europe and Australia. As of May 1, 2023, the total retail platform assets surpassed $ 1. 6 billion of AUM, and SPRIM and SPRING have generated annualized returns of approximately 30 % and 20 %, respectively, since the inception of each fund. We believe SPRIM offers broad diversification in private markets. Through a single investment in SPRIM, investors gain exposure to four major asset classes within the private markets: private equity, infrastructure, private debt and real estate. We believe SPRING offers diversified exposure across the innovation economy by providing global access to top- tier venture and growth managers. In addition, our~~ Private Wealth funds offer the following areas of differentiation to potential investors: • Favorable structure. **Our funds** ~~SPRIM and SPRING~~ are structured to provide 1099 tax reporting instead of K- 1s **for US investors** , a single investment instead of recurring capital calls, and **the** potential **for periodic** liquidity ~~in the form of regular, current income~~ . • Attractive track record and deep knowledge and expertise in private markets. We have extensive experience investing substantial capital in the private markets and have generated attractive risk- adjusted returns. • Proprietary database and insights. Our proprietary SPI **by StepStone** system represents one of the industry' s most comprehensive and powerful databases. • Differentiated access. Given its scale, expertise, and relationships, we have preferred access to top- tier fund managers and proprietary opportunities, including co- investments and secondaries. Fees and Other Key Contractual Terms Separately Managed Accounts The scope of our separate account services and degree of client involvement varies by relationship and policy guidelines, but we typically direct or have substantial participation in the negotiation of account terms, investment policy and strategic planning, pacing and ongoing monitoring and reporting activities. We also provide direct asset management services to clients, providing active fiduciary oversight of assets held by our clients, working with clients to establish investment guidelines aligned with their specific preferences and goals. Clients seeking a large- scale asset management engagement typically prefer an SMA rather than commitment to a focused commingled fund. SMAs and directly- managed assets represented approximately $ ~~82~~ **94** billion of our AUM as of March 31, ~~2023~~ **2024** . Focused Commingled Funds We organize and manage commingled funds that invest in primary, secondary and co- investment funds managed by third- party managers focused in our areas of expertise. Our focused commingled funds invest across a variety of private market strategies, which enables our clients to efficiently participate in these specialized strategies for which they otherwise may not be able to access due to the high minimum investment requirements. Focused commingled funds represented $ ~~43~~ **49** billion of our AUM as of March 31, ~~2023~~ **2024** . Key Terms of SMAs and Focused Commingled Funds Management fees from SMAs are generally based on a contractual rate applied to net invested capital, although specific terms vary significantly from client to client and may be based on capital commitment or NAV. Management fees from focused commingled funds are generally based on a contractual rate applied initially to limited partners' capital commitments, although specific terms vary significantly from fund to fund and may be based on net invested capital or NAV. Management 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. Duration and Termination SMAs and focused commingled funds are typically eight to 18 years in duration, including extensions, but this varies and may be longer or even indefinite. Our SMAs and focused commingled funds are often subject to extension either at our discretion or, in the case of SMAs, with consent of the client, or in the case of focused commingled funds, with consent of the requisite percentage of limited partners or the advisory committee. The commitment period of our SMAs and our focused commingled funds can typically be suspended upon the occurrence of a key person event. In some cases, the commitment period of our SMAs may be terminated for any reason (typically once per year). SMAs typically can be terminated by our clients for specified reasons, but specific terms vary significantly from client to client and certain contracts may be terminated for any reason generally with minimal notice. Our focused commingled funds may generally be terminated for specified reasons and for any reason upon the affirmative vote, depending on the fund, of 50 % or more of the total limited partner interests entitled to vote. See " Risk Factors — Risks Related to Our Business — Third- party clients in many StepStone Funds have the right to remove us as the general partner of the relevant fund and to terminate the investment period under certain circumstances, leading to a decrease in our revenues, which could be substantial. In addition, the investment management agreements related to our SMAs and advisory accounts may permit the client to terminate our management of such accounts on short notice. " Capital Commitments Clients in our SMAs and focused commingled 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, though some SMAs provide for annual commitment periods. Performance Fees The performance fees charged by our focused commingled funds are generally referred to as " carried interest " while those charged by our SMAs may be structured as carried interest or incentive fees. Our focused commingled funds and SMAs generally charge performance fees equal to a fixed percentage of net profits, subject to a compounded annual preferred return in respect of secondary investments and co- investments, but may also earn performance fees with respect to primaries as well. In some cases, performance fees are charged with respect to appreciation in NAV in excess of an agreed rate of return. If, upon the final distribution of any of our focused commingled funds or SMAs from which we earn performance fees, we or our affiliates have received cumulative performance fees in excess of the amount to which we would be entitled from the profits calculated for such investments in the aggregate, or if the clients have not received distributions equal to those to which they are entitled, we or our affiliates will return such part of any performance fees to the clients as is necessary to ensure that they receive the amounts to which they are entitled, less taxes on the performance fees. We refer to these provisions as " clawbacks. " Advisory ~~,~~ **and** Data ~~and Administrative~~ Services Depending on the mandate, advisory ~~,~~ **and** data ~~and administrative~~ services may include one or more of the following for our clients: (i) recurring support of portfolio construction and design; (ii) discrete or project- based due diligence, advice, and investment recommendations; (iii) detailed review of existing private markets investments, including portfolio- level repositioning recommendations where appropriate; (iv) consulting on investment pacing, policies, strategic plans, and asset allocation to investment boards and committees; **and** (v) licensed access to our proprietary data and technology platforms, including SPI **Research** and our other proprietary tools ~~; or (vi) administrative services to unaffiliated investment~~

~~advisors~~ . Mandates for SPAR services typically include licensed access to ~~Omni~~ **SPI Reporting** , our proprietary web- based performance monitoring and reporting solution. ~~Omni~~ **SPI Reporting** allows our clients to customize performance measurement and benchmarking according to their unique specifications. Our advisory relationships comprised $ ~~482~~ **521** billion of our AUA and $ ~~13~~ **14** billion of our AUM as of March 31, ~~2023~~ **2024** . Our advisory ~~,~~ **and** data ~~and administrative~~ services clients are generally charged annual fixed fees, which vary depending on the services we provide and the volume of capital deployed. We generally do not earn incentive fees on advisory contracts. Our advisory ~~,~~ **and** data ~~and administrative~~ services contracts have various durations ranging from one year to indefinite terms and renew at the option of the client at the end of the stated term. Advisory ~~,~~ **and** data ~~and administrative~~ service contracts can typically be terminated by our clients for any reason upon short notice, generally 30 to 90 days. Advisory ~~,~~ **and** data ~~and administrative~~ service contracts with governmental pension plans typically are subject to a renewal process involving our submission of information in response to an RFP issued by the client. 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 focused commingled funds, we primarily compete with the private markets 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 co- investment funds in the private markets. Our principal competition for SMAs 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. See " Risk Factors — Risks Related to Our Industry — The investment management and investment advisory business is intensely competitive. " In order to grow our business, we must maintain our existing client base and attract additional clients in advisory services, SMA and focused commingled 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 fund managers; • brand recognition and reputation within the investing community; • performance of investment strategies; • quality of service and duration of client relationships; • data and analytics capabilities; • ability to customize product offerings to client specifications; • transparent organizational structure; • ability to provide 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. See " Risk Factors — Risks Related to Our Business — Our ability to retain our senior leadership team and attract additional qualified professionals is critical to our success. " Regulatory Environment Our business is subject to extensive federal and state regulation in the United States. 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 adviser 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 adviser and other registrations, censures and fines. We are also subject to regulatory oversight and requirements in several foreign jurisdictions in which we operate. SEC Regulation The Partnership and certain of our other consolidated subsidiaries are registered as investment advisers with the SEC. Registered investment advisers are 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 every aspect of our business and our client relationships. Applicable requirements relate to, among other things, fiduciary duties to clients, engaging in transactions with clients, maintaining an effective compliance program, performance fees, solicitation arrangements, allocation of investments, conflicts of interest, marketing, recordkeeping, reporting and disclosure. The Investment Advisers Act also regulates the assignment of advisory contracts by the investment adviser. 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 adviser' s registration. Failure to comply with the requirements of the Investment Advisers Act or the rules and regulations promulgated by the SEC could have a material adverse effect on **our business. Recently, the SEC has adopted a number of significant new rules that may have a significant impact on our business, including new rules imposing a number of significant new disclosure and reporting requirements on private fund advisers and imposing substantive restrictions on certain types of practices by the private fund advisers that the SEC has deemed to be unfair or present conflicts of interest. In addition, the SEC has recently adopted amendments to Regulation S- P (the privacy regulations applicable to financial institutions, including investment advisers) that will expand the scope of the regulation and mandate notification to clients and customers in the event of privacy breaches. A number of new rules have also been proposed by the SEC that, if adopted, could also have a significant impact on our business. These include new rules proposed by the SEC on ESG investing, safekeeping of client assets, management of cybersecurity risk by investment advisors, monitoring of service providers, and the use of artificial intelligence. In addition, the SEC and FinCEN have recently jointly proposed a new rule that will require investment advisers to adopt formal anti- money laundering and customer identification programs. If all of these rules are adopted in substantially the form in which they have been proposed, this will result in a significant increase in the compliance risks and regulatory burden of operating** our business. Our SMAs and the majority of our focused commingled funds are not registered under the Investment Company Act because we only form SMAs for, and offer interests in our focused commingled funds to, persons who we reasonably believe to be " qualified purchasers " as defined in the Investment Company Act. However, certain U. S. funds we manage on our private wealth platform are registered investment companies or business development companies under the Investment Company Act. The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies and business development companies. Among other things, the Investment Company Act imposes significant requirements and limitations on investment companies and business development companies, including with respect to their capital structure, investments and transactions. While we exercise broad discretion over the day- to- day management of our investment companies and business development companies, each of our investment companies and business development companies is also subject to oversight and management by a board of directors, a majority of whom are not " interested persons " as defined under the Investment Company Act. The responsibilities of each board include, among other things, approving our advisory contract with our investment company or business development company, approving certain service providers and monitoring transactions involving affiliates, and approving certain co- investment transactions. Additionally, each quarter, the applicable investment adviser, as the valuation designee, will provide the audit committee of each of our investment companies and business development companies with a summary or description of material fair value matters that occurred in the prior quarter and on an annual basis, as well as a written assessment of the adequacy and effectiveness of its fair value process. The audit committee of each of our investment companies and business development companies oversees the valuation designee and reports to the respective investment company or business development company' s board of directors on any valuation matters requiring such board' s attention. The advisory contracts with each of our investment companies and business development companies may be terminated by the stockholders or directors of such investment companies and business development companies on not more than 60 days' notice, and are subject to annual renewal by each respective entity' s board of directors after an initial two- year term. ERISA- Related Regulation Some of our investment vehicles are treated as holding " plan assets, " as defined under ERISA, as a result of investments in those vehicles by benefit plan investors. By virtue of its role as investment manager of these funds, we are a " plan fiduciary " under ERISA with respect to such benefit plan investors. ERISA and the Code impose certain duties on persons that are plan fiduciaries under ERISA, prohibiting certain transactions involving benefit plans and " parties in interest " or " disqualified persons " to those plans, and providing for monetary penalties against plan fiduciaries for violations of these prohibitions. With respect to these vehicles, we rely 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. Our failure 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 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 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 a number of these countries and jurisdictions, which include the UK, European Union (" EU "), the European Economic Area (" EEA ") and certain of the individual member states of each of the EU and EEA (including Ireland and Luxembourg), Switzerland, Japan, Korea, **Singapore,** Canada and Brazil, our operations, and in some cases our personnel, are subject to regulatory oversight and affirmative requirements. These requirements variously relate to registration, licenses for our personnel, periodic inspections, the provision and filing of periodic reports and obtaining certifications and other approvals. In the EU, we are subject to the EU Alternative Investment Fund Managers Directive (" AIFMD **"), the EU Alternative Investment Fund Managers Directive II (" AIFMD II** ") and the Undertakings for Collective Investment in Transferable Securities Directive (" UCITS ") 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. **The EU published AIFMD II in the Official Journal of the European Union on March 26, 2024. AIFMD II entered into force on April 15, 2024 and member states will have two years after publication to implement the rules into national law. Our EU- based subsidiary, StepStone Group Europe Alternative Investments Limited (" SGEAIL "), engages in regulated activities within the EU. SGEAIL is authorized by the Central Bank of Ireland pursuant to AIFMD and UCITS and authorized to provide certain MiFID II services, and is preparing for compliance with AIFMD II.** Switzerland and 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. 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. The European Union Markets in Financial Instruments Directive II (" MiFID II ") requires, among other things, all MiFID II investment firms to comply with more prescriptive disclosure, transparency, reporting and recordkeeping obligations and enhanced obligations in relation to the receipt of investment research, best execution, product governance and marketing communications. As we operate firms which are subject to MiFID II (including MiFID II as applicable in the UK), we implemented revised policies and procedures to comply with MiFID II where relevant, including where certain rules have an extraterritorial impact on us. Continuing compliance with MiFID II may result 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 UK' s departure from the EU, as discussed more fully below. This is because the UK: (i) is no longer generally required to transpose EU law into UK law and (ii) has transposed certain EU legislation into UK law subject to various amendments and subject to the UK Financial Conduct Authority' s oversight rather than that of EU regulators. Taken together, this could result in divergence between the UK and EU regulatory frameworks. Outside the UK and the 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 UK, the EEA, the EU, and other countries in which we operate. 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. Together the IFR and IFD introduced a new prudential regime for 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. The UK introduced a new prudential regime for investment firms that are subject to MiFID II (as implemented in the UK), that entered into force on January 1, 2022. This new regime introduced (amongst other things) increased regulatory capital requirements, new remuneration requirements and increased reporting requirements. In addition, there may be future changes to the AIFMD and UCITS regimes and also further regulation adopted which may impact those parts of our business operating within the EU. For instance, key requirements under Directive (EU) 2019 / 1160 and Regulation (EU) 2019 / 1156 on the cross- border distribution of collective investment undertakings have come into effect in EU member states from August 2, 2021. Among other things, this legislation introduces rules regarding the pre- marketing of funds. **The European Commission is introducing a package of legislative proposals to reform the EU anti- money laundering and counter- terrorist financing regime. The proposals, amongst others, clarify rules relating to internal policies and procedures, introduce more granular client due diligence requirements, clarify reliance on outsourcing and harmonize suspicious activity reporting. The European Parliament voted on the proposed legislation at its plenary session on April 24, 2024. The proposals are subject to formal adoption by the European Council, after which the adopted texts will be published in the Official Journal of the European Union. This is expected in summer 2024. EU member states will then have 36 months to transpose the legislation in to national law. Regulation (EU) 2022 / 2554 on digital operational resilience for the financial sector (' DORA ") establishes a harmonized and comprehensive digital operational resilience framework across the whole EU financial sector by requiring a wide range of financial entities, including asset managers and investment firms, to manage their information and communication technology (" ICT ") risks in a robust and effective way through internal governance, control and risk frameworks. DORA also requires financial institutions to report major ICT- related incidents to regulatory authorities and undertake digital operational resilience testing. DORA will apply from January 17, 2025. The EU Corporate Sustainability Reporting Directive (" CSRD ") is a framework that requires companies to include a large body of sustainability information in their annual reporting. It first takes effect for financial years beginning on or after January 1, 2024 for companies (EU and non- EU) with securities listed on an EU " regulated market. " From 2025, large private EU companies will be in scope. Asset managers with EU companies in their group may themselves be in scope of CSRD, subject to a size threshold. The CSRD will also impact EU portfolio companies, given the amount of preparation required to complete the reports required in 2025.** There have also been significant legislative developments affecting the private equity industry in Europe and there continues to be discussion regarding enhancing governmental scrutiny and / or increasing regulation of the private equity industry ~~. With the expiration of the Brexit transition period on December 31, 2020, UK regulated entities lost the right to passport their services to EEA countries, and EEA entities lost the right to reciprocal passporting into the UK (subject to a transitional regime). As noted above, we engaged our affiliate, StepStone Group Europe Alternative Investments Limited (" SGEAIL "), which is based in the EU, to allow the group to continue to engage in regulated activities within the EU. SGEAIL is authorized by the Central Bank of Ireland pursuant to AIFMD and UCITS and authorized to provide certain MiFID II services. We have established offices in various EU jurisdictions to employ and supervise operations in such jurisdictions, including the establishment of branches of SGEAIL~~ . Human Capital Our People and Culture Our Core Values and Beliefs include " People Matter " and " Empowered Team. " We recognize our people are our biggest asset and their enthusiasm, hard work and dedication make everything that we do possible. We emphasize integrity, transparency, collaboration, entrepreneurialism, and respect for all, driving how we interact with one another, our clients and investors, sponsors, vendors and service providers, and the community at large. These values are embraced by StepStone' s team and lead to high satisfaction for employees. We measure employee satisfaction and engagement through a variety of surveys. As of March 31, ~~2023~~ **2024** , we had ~~956~~ **990** employees globally, including ~~322~~ **335** investment professionals and ~~634~~ **655** employees across our operating team and implementation teams dedicated to sourcing, executing, analyzing and monitoring private markets opportunities. We consider our relationship with our employees to be good and have not experienced interruptions of operations due to labor disagreements. Talent Acquisition and Retention The process by which we attract, recruit and select new members to join our team is strategic and purposeful to ensure our business and culture continue to thrive. We leverage technology to ensure each hiring process utilizes data- driven assessment tools which evaluate candidates on merit and fitness for the job. Given our global business and client base, we seek to consider candidates from diverse backgrounds, cultures and educational institutions. We strive to maintain hiring practices that are handled with professionalism and responsiveness, in a fair and inclusive selection process. We aspire to have candidates progress within the hiring process with a positive impression of the firm. StepStone' s retention strategy encompasses the entire life cycle of the employee, including our strategic hiring and comprehensive onboarding processes, ongoing professional development, mentoring and sponsorship programs, our learning and inclusive culture and conduct of exit interviews to gain further insights on retention. Total Rewards We ~~continuously~~ strive to provide a competitive total rewards package. Our compensation approach is performance based and determined by considering a combination of firm and individual performance. Cash compensation, in the forms of base salary, bonus and revenue share, is just one of several core elements of total rewards that we offer our team members. We also offer competitive health and wellness benefits, parental benefits described further below, volunteer time off, and company contributions to employees' 401 (k) plans. As a public company, we are able to diversify our employee ownership by providing equity grants to employees. Our LTIP provides us the ability to offer a variety of equity- based awards ~~in~~ **and our Employee Stock Purchase plan allows us to offer equity for purchase at an attractive discount to** the ~~future~~ **market price through payroll deductions, in each case,** to further incentivize our employees. In addition, we award annually a portion of carried interest allocations earned by us to certain employees. We believe we offer an engaging culture and opportunities for ongoing professional development. We believe that a strong, performance- oriented culture is the foundation for a stable organization that will attract and retain industry- leading talent. We offer our team members the benefit of a collegial, intellectually challenging environment where they are empowered to exercise their creativity. **Diversity, Equity and Inclusion** We believe that a diverse team and an inclusive environment bring tremendous value to us and our clients and are fundamental to our success. Bringing together individuals with diverse backgrounds, experiences, and perspectives allows us to better serve our clients and investors, and is integral to retaining an engaged and dedicated workforce. We have established various initiatives and programs to promote and foster diversity, equity and inclusion within StepStone and the broader financial services community, including: • StepStone Diversity, Equity & Inclusion Committee – The committee was established to promote, monitor and implement our diversity, equity and inclusion strategy, and comprises employees from different asset classes, functions, seniority, geographies, gender and race, ethnicity and national origin. The committee also supports the firm' s various employee- led ERGs ~~. • StepStone Diversity, Equity & Inclusion Network – The network provides opportunities for our employees to learn about various diversity, equity and inclusion matters and initiatives and to meet and talk to experts who are championing these causes~~ . • Mentorship and Sponsorship Programs – The mentorship program provides interested employees with structured access to one of their more senior colleagues who provide guidance and career advice. The sponsorship program pairs promising mid- level employees, including female and diverse professionals, with one of the firm' s partners, who serves as a sponsor, as well as an executive coach, and is intended to support participants in advancing their professional development and leadership skills. • Partnerships and Outreach – In addition to promoting diversity and inclusion through our own events, such as hosting events encouraging undergraduate female students to pursue careers in finance, we sponsor and partner with several organizations dedicated to making financial services more diverse and inclusive. **In addition, from time to time, we host internal and external networking and educational events in various jurisdictions, in support of DEI.** • Parental Leave and Benefits – We provide benefits such as paid parental leave, parental leave coaching for managers and employees, paying for travel for newborns and caretakers when the employee has business required travel, paid shipping of breast milk, **and** wellness rooms for new parents at our offices ~~and paid volunteer time off~~ . We periodically review and seek to improve our parental leave policies and related benefits. Available Information Our Internet address is www. stepstonegroup. com. Our Annual Reports on Form 10- K, Quarterly Reports on Form 10- Q, Current Reports on Form 8- K and amendments to those reports filed or furnished pursuant to Section 13 (a) or 15 (d) of the Exchange Act, are available free of charge as soon as possible after we electronically file them with, or furnish them to, the SEC. You can access our filings with the SEC by visiting www. sec. gov or our website https: / / shareholders. stepstonegroup. com / shareholder- relations. The information on our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10- K or incorporated into any other filings we make with the SEC. Item 1A. Risk Factors. You should carefully consider the following discussion of significant factors, events and uncertainties, together with the other information contained in this Form 10- K. The events and consequences discussed in these risk factors could, in circumstances we may not be able to accurately predict, recognize or control, have a material adverse effect on our business, growth, reputation, prospects, financial condition, results of operations, cash flows, liquidity and stock price. 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 investments made by the StepStone Funds and advisory accounts. The availability of investment opportunities will be subject to market conditions and other factors outside of our control and the control of the fund managers with which we invest. Markets in ~~2022 and 2023 have~~ **the last two years** experienced meaningful headwinds, including ~~falling equity values and~~ increasing borrowing costs. The historical investment returns of the StepStone Funds and advisory accounts have benefited from investment opportunities and general market conditions, including favorable borrowing conditions in the debt markets during such historical periods, and we cannot assure you that the StepStone Funds, advisory accounts or the underlying funds in which we invest will be able to avail themselves of comparable opportunities and conditions, particularly in light of recent ~~rising~~ **higher** interest rates and other market conditions. Further, we cannot assure you that the private markets funds we select will be able to identify sufficient attractive investment opportunities to meet their investment objectives. If the investments we make on behalf of the StepStone Funds or recommend to clients perform poorly, we may suffer a decline in our revenues and earnings, and our ability to raise capital for future StepStone Funds may be materially and adversely affected. Our revenue from our investment management solutions is derived from fees earned for our management of the StepStone Funds and advisory accounts, performance fees, including incentive fees and carried interest **allocations** with respect to certain of the StepStone Funds ~~, administrative services~~ , and monitoring and reporting fees. In the event that the StepStone Funds or individual investments perform poorly, our revenues and earnings derived from performance fees will decline and make it more difficult for us to raise capital for new focused commingled funds or gain new SMA clients in the future. 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. Continued positive performance of investments we make on behalf of clients or we recommend to our clients is not assured and may not result in positive performance of an investment in our Class A common stock. An investment in our Class A common stock is not an investment in any of the StepStone Funds. In addition, the historical and potential future investment returns of the StepStone Funds are not linked to returns on our Class A common stock. Positive performance of the StepStone Funds or the investments that we recommend to our advisory clients will not necessarily result in positive returns on an investment in our Class A common stock. However, poor investment performance of the StepStone Funds could cause a decline in our revenue and have a negative effect on our performance or on an investment in our Class A common stock. The historical investment performance of our funds should not be considered indicative of the future investment performance of these funds or of any future funds we may invest, in part because: • market conditions and investment opportunities may be significantly less favorable than in the past; • the performance of our funds is largely based on the NAV of the funds' investments, including unrealized gains, which may never be realized; • our newly established funds may generate lower investment returns during the period that they initially deploy their capital; • changes in the global tax and regulatory environment may affect both the investment preferences of our clients and the financing strategies employed by businesses in which particular funds invest, which may reduce the overall capital available for investment and the availability of suitable investments, thereby reducing our investment returns in the future; • competition for investment opportunities, resulting from the increasing amount of capital invested in private markets alternatives, may increase the cost and reduce the availability of suitable investments, thereby reducing our investment returns in the future; and • the industries and businesses in which particular funds invest will vary. Competition for access to investment funds and other investments we make for our clients is intense. We seek to maintain excellent relationships with fund managers, 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 co- investment opportunities in portfolio companies alongside the sponsoring fund manager. However, because of the number of clients seeking to gain access to investment funds and co- investment opportunities managed or sponsored by the top performing fund managers, we cannot assure you 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 fund managers and intermediaries. The governing agreements of many of the StepStone Funds provide that, subject to certain conditions, third- party clients in those funds have the right to remove us as the general partner of the relevant fund or terminate the fund, including in certain cases without cause by a simple majority vote. Any such removal or dissolution could result in a cessation in management fees we would earn from such funds or a significant reduction in the expected amounts of performance fees from those funds. We currently manage a portion of client assets through SMAs whereby we earn management fees and performance fees, and we intend to continue to seek additional SMA mandates. Clients with SMAs generally may terminate their investment management agreement with us without cause on 30 to 90 days' notice, and in some cases, shorter notice. From time to time, we lose clients as a result of the sale or merger of a client, a change in a client' s senior management, competition from other financial institutions and other factors. Moreover, a number of our contracts with state government- sponsored clients are secured through such government' s request for proposal (" RFP ") process and are 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 SMA and advisory account fees would decline materially. In the case of any such terminations, the management fees and performance fees we earn in connection with managing such account would immediately cease, which could result in a significant adverse effect on our revenues. If we experience a change of control (as defined under the Investment Advisers Act of 1940, as amended (the " Investment Advisers Act ") or as otherwise set forth in the partnership agreements of our funds), continuation of the investment management agreements of our funds would be subject to client consent. We cannot assure you that required consents will be obtained if a change of control occurs. In addition, with respect to our funds that are subject to the Investment Company Act of 1940, as amended (the " Investment Company Act "), each fund' s investment management agreement must be approved annually by (a) such fund' s board of directors ~~or~~ **and** by a vote of the majority of such fund' s equity holders ~~and~~ **or** (b) the independent members of such fund' s board of directors ~~and, in certain cases, its equity holders~~ , as required by law. Termination of these agreements would cause us to lose the management fees and performance fees we earn from such funds, which could have a material adverse effect on our results of operations. Our success depends on our ability to retain our senior leadership team and to recruit and retain additional qualified investment, sales and other professionals. However, we may not be successful in our efforts, as the market for investment and other professionals is extremely competitive. As such, we cannot be sure we will be able to find suitable successors promptly, or at all, or to successfully integrate any successors, or that we will be able to attract, retain, and develop a sufficient number of qualified individuals in future periods. Furthermore, the individuals that comprise our senior leadership team possess substantial experience and expertise and, in many cases, have significant relationships with certain of our clients. Accordingly, the loss of any member of our senior leadership team could adversely affect certain client relationships or limit our ability to successfully execute our investment strategies. In addition, the governing agreements of the StepStone Funds typically require the suspension of our ability to call additional investment capital if, depending on the fund, designated members of our senior leadership team cease to devote sufficient professional time to or cease to be employed by the Partnership, often called a " key person event, " or in connection with certain other events. Each of these factors could, in turn, have a material adverse effect on our business, financial condition and results of operations **.** Our failure to appropriately manage conflicts of interest could damage our reputation 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. Actual, potential or perceived conflicts can give rise to client dissatisfaction, litigation or regulatory enforcement actions. As a registered investment adviser, the Partnership owes its clients a fiduciary duty and is required to provide disinterested advice. Appropriately managing 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. Enforcement action or litigation asserting improper management of conflicts of interest, even if unproven, could harm our reputation and our business in a number of ways, including by affecting our ability to raise additional funds or causing existing clients to reduce or terminate their business with us. We have obligations to clients and other third parties that may conflict with stockholders' interests. Our subsidiaries that serve as the general partners of, or advisers to, the StepStone Funds have fiduciary and contractual obligations to the clients 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 the StepStone Funds (including funds and accounts that have different fee structures), the purchase or sale of investments in the StepStone Funds, the structuring of investment transactions for those StepStone Funds, the advice we provide or other actions in order to comply with these fiduciary and contractual obligations. In addition, because our senior management and other professionals generally hold their economic interests through pass- through entities like the Partnership or other affiliated entities, which are not subject to U. S. federal and state entity- level income taxes, and our Class A common stockholders will hold their interests through StepStone Group Inc., 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 the Class B unitholders (who are also Class B stockholders of StepStone Group Inc.) ~~and~~ **,** Class C unitholders **and Class D unitholders** of the Partnership, on the one hand, and the Class A stockholders of StepStone Group Inc., on the other hand. Recent and **continuing higher** ~~prospective increases in~~ interest rates or **prospective** decreases in the availability of credit may adversely affect the ability of the StepStone Funds to achieve attractive rates of return, particularly because certain funds and portfolio companies depend on leverage for a return on investment. While interest rates have historically been low in recent years, various economic factors have recently resulted in a significant increase in interest rates and the rate of inflation, and may also reduce credit availability, all of which may adversely affect the ability of the StepStone Funds to achieve attractive rates of return and adversely affect the value of our carried interest. For instance, in fiscal 2023, we recorded a $ ~~253~~ **122** . 3 million loss on unrealized carried interest allocations **(net of the reversal of realized carried interest allocations)** with respect to our historic operations, as well as a $ 452. 2 million loss on Legacy Greenspring carried interest allocations. The StepStone Funds, as well as the companies in which they invest, raise capital in the structured private debt, leveraged loan and high yield bond markets. If elevated interest rates persist or further increase or credit markets experience continued or increasing dislocations, contractions or volatility, the StepStone Funds' results of operations, and in turn ours, will suffer. In addition, acute events in these markets could adversely affect 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, all of which may adversely affect our results of operations. Recent reductions in available sources of debt financing, or extended or increased tightening in the credit markets, may result in increases in interest rates and risk spread demanded by sources of indebtedness, which would make it more expensive to finance investments made by our funds. Certain investments may also be financed through fund- level debt facilities and, as a result of these risks, the refinancing of such facilities at the end of their respective terms may be difficult on commercially reasonable terms or at all. Finally, the interest payments on the indebtedness used to finance our focused commingled funds' investments are generally deductible expenses for income tax purposes, subject to limitations under applicable tax law and policy. Any change in such tax law or policy to eliminate or substantially limit these income tax deductions, as has been discussed from time to time in various jurisdictions, would reduce the after- tax rates of return on the affected investments, which may adversely affect 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. Leverage incurred by a portfolio company may cause the portfolio company to be vulnerable to increases in interest rates and decreases in credit availability, which may make such companies less able to cope with changes in business and economic conditions or impair the operations, value or sustainability of such companies. The adverse effects of leverage on portfolio companies in which we directly or indirectly invest can adversely affect the investment returns of the StepStone Funds and advisory accounts. If the investment returns achieved by the StepStone Funds are reduced, it could result in negative reputational effects and impair the value of carried interest allocations, which could materially and adversely affect our business, financial condition and results of operations. Clients in the StepStone Funds with commitment- based structures may not satisfy their contractual obligation to fund capital calls when requested, which could adversely affect a fund' s operations and performance. Clients make capital commitments to ~~the~~ StepStone Funds **with commitment- based structures** , ~~which~~ **and** we are entitled to call **capital** at any time during prescribed periods that can extend for several years into the future. We depend on clients fulfilling their commitments when we call capital from them in order for those funds to consummate investments and otherwise pay their obligations when due. Any client that does not fund a capital call may be subject to penalties, potentially including forfeiting a significant amount of its existing investment in that fund. However, if a client has invested little or no capital, for instance early in the life of a fund, then the forfeiture penalty may not be a significant deterrent to default. Failure to fund capital calls may occur more frequently in the future, as a result of recent increases in interest rates, decreases in equity values and dislocations in the banking sector, or in the event of a continued economic slowdown. For example, in March 2023, Silicon Valley Bank was closed by state regulators and placed under receivership by the U. S. Federal Deposit Insurance Corporation, which temporarily delayed certain clients fulfilling capital calls to the StepStone Funds. In addition, changes to asset allocation policies or new laws or regulations resulting from declines in public equity markets may restrict or prohibit investors from investing in new or successor StepStone Funds or funding existing commitments. If clients fail to satisfy a significant amount of capital calls for any particular fund or funds, the operation and performance of those funds could be materially and adversely affected. 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 allocations or strategies that we believe would generate favorable investment returns, which could result in underperformance of, or losses to, a client account. Even when 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 SMAs or advisory accounts or be unwilling to commit new capital to the StepStone Funds or advisory accounts. Any of these events could cause a reduction to AUM and consequently cause our earnings to decline and materially and adversely affect our business, financial condition and results of operations. Valuation methodologies for certain assets in the StepStone Funds are subjective, and the values of assets established pursuant to such methodologies may never be realized, which could result in significant losses for the StepStone Funds. There are no readily ascertainable market prices for a large number of the investments in the StepStone Funds, advisory accounts or the funds in which we invest. The value of the investments of the StepStone Funds 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 recognized valuation methodologies. 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 illiquid investments held by the StepStone Funds, 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 may experience 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 performance 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 could cause clients 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. We may not be able to maintain our desired fee structure as a result of industry pressure from private markets clients 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 for our funds as a result of industry pressure from private markets clients 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 levels that incentivize our clients to pay our desired fee rates. We cannot assure you that we will succeed in providing investment returns and service levels 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. We may need to pay " clawback " or " contingent repayment " obligations if and when they are triggered under the governing agreements of our funds. Generally, if at the termination of a fund and in certain cases at interim points in the life of a fund, the fund has not achieved investment returns that exceed the preferred return threshold or we have received net profits over the life of the fund in excess of our allocable share under the applicable partnership agreement, we will be obligated to repay an amount equal to the excess of amounts previously distributed to us over the amounts to which we are ultimately entitled. This obligation is known as a " clawback " or contingent repayment obligation. Our carried interest is generally determined at the end of the period on a hypothetical liquidation basis. As of March 31, ~~2023~~ **2024** , if the funds were liquidated at their fair values, no material amounts would have been subject to contingent repayment. We cannot assure you that we will not incur a contingent repayment obligation in the future. Although a contingent repayment obligation is split among the various obligors, with each responsible for only its respective share, the governing agreements of the StepStone Funds generally provide that, to the extent another party who received a distribution does not fund its respective share, we are required to fund any additional amount beyond the amount of carried interest actually allocated to us, up to the entire amount of the relevant contingent repayment obligation. We may need to use or reserve cash to repay such contingent repayment obligations instead of using the cash for other purposes. Our investment management activities may involve investments in relatively high- risk, illiquid assets, and we may lose, or 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 the StepStone Funds and recommended by our advisory services include high- risk, illiquid assets. We have made and expect to continue to make principal investments alongside our clients, as the general partner, in existing and future StepStone Funds. The StepStone Funds invest capital in private markets funds that make investments in equity or debt securities that are not publicly traded. Even where such securities are publicly traded, many of these funds may be prohibited by contract or applicable securities laws from selling such investments for a period of time. Accordingly, the private markets funds in which we and our clients invest capital may not be able to sell investments when they desire and therefore may not be able to realize the full value of such investments. Particularly in the case of securities, 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. 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. Investing in private markets funds is risky, and we may lose some or the entire amount of our investment or the investment made by the StepStone Funds. 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. In addition, we may invest in businesses with capital structures that have significant leverage. 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. If these 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. See " — Recent and **continuing higher** ~~prospective increases in~~ interest rates or **prospective** decreases in the availability of credit may adversely affect the ability of the StepStone Funds to achieve attractive rates of return, particularly because certain funds and portfolio companies depend on leverage for a return on investment. " 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 results of operations, 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, finance expansion or maintain their competitive position, may have a high level of leverage, or may otherwise have a weak financial condition. 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, including volatility as a result of economic or political events in or affecting the world' s major economies, 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 the StepStone Funds invest, which consequently would materially and adversely affect investment returns for the StepStone Funds. The StepStone Funds may face risks relating to undiversified investments. We cannot give assurance as to the degree of diversification that will be achieved in any of the StepStone Funds. Difficult market conditions or slowdowns affecting a particular asset class, geographic region or other category of investment could have a significant adverse effect on a given StepStone Fund if its investments are concentrated in that category, which would result in lower investment returns. Accordingly, a lack of diversification on the part of a StepStone Fund could adversely affect its investment performance and, as a result, our business, financial condition and results of operations. Banking system volatility may adversely affect the results and financial condition of the StepStone Funds or StepStone generally. StepStone and the StepStone Funds and their portfolio companies and other investments maintain substantially all of their respective cash and cash equivalents in accounts with major U. S. and multi- national financial institutions, and their respective deposits or investments at certain of these institutions could exceed insured limits, where applicable. Furthermore, many of the foregoing' s respective cash and cash equivalents could be held by a single financial institution or a few institutions. In addition, StepStone and the StepStone Funds and their portfolio companies and other investments may not be able to identity all potential solvency or stress concerns with respect to a financial institution or to transfer assets from one financial institution to another in a timely manner in the event a financial institution comes under stress or fails. For example, in March 2023, Silicon Valley Bank was closed by state regulators and placed under receivership by the U. S. Federal Deposit Insurance Corporation, which temporarily delayed certain clients fulfilling capital calls to the StepStone Funds. In the event of failure of any such financial institutions, we cannot assure you that we, the StepStone Funds or any of their investments could access uninsured funds promptly or at all. Furthermore, a StepStone Fund could be unable to call capital from the investors until it sets up a new deposit account at a different institution, which could be a time- consuming process and could be prohibited under the fund' s then- existing credit facilities. Ordinarily, assets held by a regulated financial institution are insured up to stated balance amounts — the U. S. Federal Deposit Insurance Corporation in the case of U. S. banks or the Securities Investor Protection Corporation in the case of U. S. broker- dealers. Customers of regulated financial institutions with amounts in excess of the relevant insurance limits are unsecured creditors with respect to cash and cash equivalents held with such institutions in excess of those relevant insurance limits, and therefore such excess amounts are subject to risk of loss ~~;~~, although uninsured depositors of a failed bank are given priority over general unsecured creditors of the same failed bank. Although governmental intervention has resulted in additional protections for uninsured depositors of failed banks, or facilitated acquisitions, there can be no assurance that governmental intervention will be successful or avoid the risk of loss. If deposit accounts or credit facilities are held at the same financial institution, and such institution fails, a StepStone Fund may need to make more frequent capital calls to its investors and to StepStone, and the fund or its investments may be unable to fund obligations they have to third parties. We also caution you that the general partner of a fund (whether such general partner is StepStone or a third party) may not have a meaningful role or any role in selecting the financial institutions used by fund investments and must rely on underlying sponsors or portfolio company management to select banking or other financial services. Likewise, if an institution used by an investor fails, such investor may be unable to satisfy capital calls made by the fund. This could lead to a fund utilizing shortfall funding solutions, if available to the fund and permitted by the fund' s governing agreements. Any inability to access, or delay in accessing, deposits or credit facilities (including the inability of an investor to fund its capital commitments) or other services could adversely affect the results and financial condition of StepStone and the StepStone funds and their portfolio companies and investments. The StepStone Funds make investments in funds and companies that we do not control. Investments by most of the StepStone Funds will include debt instruments and equity securities of funds and companies that we do not control. The StepStone Funds 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 the StepStone Funds 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 the StepStone Funds. 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 the investments we have made on behalf of clients or we recommend to our clients could decrease and our financial condition, results of operations and cash flow could suffer as a result. 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 the StepStone Funds. 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. 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, our historical data may be insufficient. Failure of our risk management techniques could materially and adversely affect our business, financial condition and results of operations, including our right to receive performance 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 and complex business, financial, tax, accounting, environmental and legal 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. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not guarantee the success of an investment. In addition, generally our underlying investments are managed by third- party sponsors and, as a result, we depend on the due diligence investigation of such third- party sponsors. 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 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. We rely on our proprietary data and technology platforms 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 fund managers 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 by a critical mass of such fund managers and sponsors or the imposition of widespread 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. We and our clients depend on the reliability of our proprietary data and technology platforms and other data processing systems. Failures or interruptions of these services may disrupt our business, damage our reputation, limit our growth and adversely affect our business and results of operations. We and our clients rely heavily on our proprietary data and technology platforms, including SPI **Research** and ~~Omni~~ **SPI Reporting** , and associated tools, which form a valuable part of the services we offer to our clients. We also rely heavily on other financial, accounting, compliance, monitoring and reporting data processing systems. Our back- up procedures and capabilities in the event of a failure or interruption may not be adequate. We expect that we will need to upgrade and expand the capabilities of our data processing systems and other operating technology in the future and we will incur costs to do so. We also rely on third- party service providers for certain aspects of our information and technology platforms and systems. Any failure, interruption or deterioration of proprietary data and technology platforms or other systems, including the loss or compromise of data by fire, natural disaster, power or telecommunications failure, or cybersecurity breaches or ransomware, or the failure of third- party service providers to perform could materially adversely affect our ability to provide services to our clients, harm our reputation, business or results of operations or result in regulatory intervention. A compromise or corruption of our systems or that of our vendors containing confidential information could damage our business relationships and adversely affect our business, financial condition and results of operations. We collect, process and store rapidly increasing volumes of highly sensitive data, including our proprietary business information and intellectual property, and personally identifiable information of our employees, our clients and others, in our data centers and on our networks, and with our vendors ~~and~~ **,** service providers **and government agencies** . ~~Omni~~ **SPI Reporting** includes funds, direct investments and co- investments that we monitor and report on for the StepStone Funds and advisory accounts. The secure processing, maintenance and transmission of this information are critical to our operations. A significant actual or potential theft, loss, corruption, exposure, fraudulent use or misuse of client, employee or other personally identifiable or proprietary business data, whether by third parties or as a result of employee malfeasance or otherwise, non- compliance with our contractual or other legal obligations regarding such data or intellectual property or a violation of our privacy and security policies with respect to such data could result in significant remediation and other costs, fines, litigation or regulatory actions against us and significant reputational harm. Such events could damage our business relationships and adversely affect our business, financial condition and results of operations. Cybersecurity risks and ~~cyber~~ **cybersecurity** incidents could adversely affect our business by causing a disruption to our operations, which could adversely affect our financial condition and results of operations. The frequency and sophistication of the ~~cyber and security~~ **cybersecurity** threats **and incidents** we face continue to increase. As a result, we face a heightened risk of a ~~security~~ **cybersecurity** ~~breach~~ **incident** or disruption with respect to sensitive information resulting from an attack by computer hackers, foreign governments or cyber terrorists. Our reputation and our ability to operate and expand our business depend on computer hardware and software systems, including our proprietary data and technology platforms and other data processing systems, which can be vulnerable to security breaches or other cyber incidents. Our funds' portfolio companies rely on similar systems and face similar risks, and such funds may invest in strategic assets having a national or regional profile or in infrastructure assets that face a greater risk of attack. ~~Cyber or security~~ **Cybersecurity** incidents may be an intentional attack, such as a hacker attack, ransomware, virus or worm, or an unintentional event and could involve bad actors gaining unauthorized access to our information systems for purposes of misappropriating assets, disclosing or modifying sensitive or confidential information, corrupting data or causing operational disruption. Cyber- criminals can attempt to redirect payments required to be paid at the closings of our investments to unauthorized accounts, which we or the services providers we retain, such as paying agents and escrow agents, may not be able to detect or protect against. In recent years, there has been a significant increase in ransomware and other hacking attempts by cyber- criminals. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by others, including by our service providers. We have implemented processes, procedures and internal controls designed to mitigate cybersecurity risks and ~~cyber intrusions~~ **cybersecurity incidents** . However, these measures, as well as our increased awareness of the nature and extent of a risk of a **cybersecurity** ~~cyber-~~ incident, do not guarantee that a cyber- incident will not occur or that our financial results or operations will not be adversely affected by such an incident. Cyber- incident techniques change frequently, may not immediately be recognized and can originate from a wide variety of sources. We expect to be required to devote increasing levels of funding and resources to comply with evolving cybersecurity regulations, including **the new SEC rules applicable to public companies as well as** those expected to be promulgated by the SEC with respect to ~~public companies and~~ investment advisers, and to ~~continually~~ **continue to** monitor and enhance our information security procedures and controls. We maintain insurance intended to cover certain cybersecurity events, but such insurance may not cover all risks and losses that we experience. ~~Finally, we~~ **We also face cybersecurity risks associated with sensitive information provided to third parties. We** rely on third- party service providers for certain aspects of our business, including for certain information systems and technology, as well as administration of the StepStone Funds. **Additionally, each of the jurisdictions in which we operate may require us to provide sensitive information to government agencies, including biographical, financial and tax information relating to our personnel or investments. The information systems of government agencies have previously been compromised and we believe they continue to be targets for cyber- criminals. Third- party service providers and their vendors are also susceptible to cyber and security threats. Any interruption or deterioration in the performance of** ~~These~~ **these government agencies or** third- party service providers ~~and their vendors are also susceptible to cyber and security threats. Any interruption or deterioration in the performance of these third parties~~ , failures of their information systems and technology or cyber and security breaches could put our sensitive information at risk or result in the shutdown of a service provider, and indemnification by, or insurance coverage of, such service providers may not be sufficient to cover any damage or loss, which could impair the quality of the funds' operations and harm our reputation, thereby adversely affecting our business, financial condition and results of operations. **We may also need to expend additional resources to adapt our cybersecurity program to the evolving security landscape and to investigate and remediate vulnerabilities or other identified risks. We are subject to numerous laws, regulations, and contractual obligations designed to protect our regulated data, and that of our customers. These include complex and evolving laws, rules, regulations, and standards relating to cybersecurity and data privacy in a number of jurisdictions. Such laws, rules, regulations, and standards pose increasingly complex compliance challenges and potential costs. Any loss of sensitive information and failure to comply with these requirements or other applicable laws and regulations in this area, could result in significant regulatory non- compliance exposure or other penalties and legal liabilities.** The result of these adverse incidents can include the inability to provide services to our clients, other disruptions of our business, corruption or modifications to our data, fraudulent transfers or requests for transfers of money, liability for stolen assets or information, increased cybersecurity protection and insurance costs and litigation **. Risk related to emerging and changing technology, including artificial intelligence, could impact our results of operations or financial condition. Our future success depends, in part, on our ability to anticipate and respond effectively to the risk of, and the opportunity presented by, digital disruption and other technology change. These may include new applications based on artificial intelligence, machine learning, or new approaches to data mining. Risks related to artificial intelligence, including our use of third- party products incorporating artificial intelligence, include the generation of factually incorrect or biased results, also known as hallucinations, data security vulnerabilities, potential IP infringement, mishandling of confidential, proprietary, or private information, and potentially problematic third- party license terms. In addition, the SEC has recently proposed new rules on the use of artificial intelligence by investment advisers that could add to the compliance risks and burdens of using this technology. We may also be exposed to competitive risks related to the adoption and application of new technologies by established market participants or new entrants. We may not be successful in anticipating or responding to these developments on a timely and cost- effective basis. Additionally, the effort to gain technological expertise and develop new technologies in our business may be costly. Investments in technology systems and data analytics capabilities may not deliver the benefits or perform as expected or may be replaced or become obsolete more quickly than expected, which could result in operational difficulties or additional costs. If we cannot offer new artificial intelligence- facilitated technologies or data analytics solutions as quickly as our competitors, or if our competitors develop more cost- effective technologies, data analytics solutions or other product offerings, we could experience a material adverse effect on our operating results, customer relationships and growth opportunities. Poor implementation of new technologies, including artificial intelligence, by us or our third- party service providers, could subject us to additional risks we do not understand or cannot adequately mitigate, which could have an impact on our results of operations and financial condition** . Employee misconduct 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 could engage in misconduct that adversely affects our business. We are subject to a number of obligations and standards arising from our advisory and investment management services and our discretionary authority over the assets we manage. The violation of these obligations and standards by any of our employees would adversely affect our clients and us. Our business 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 were to 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. It is not always possible to detect or deter employee misconduct, and the extensive precautions we take to detect and prevent this activity may not be effective in all cases. If one of our employees were to engage in misconduct or were to be accused of such misconduct, our business and our reputation could be materially and adversely affected. See " — Evolving laws and government regulations could adversely affect us. " We may face damage to our professional reputation if our services are not regarded as satisfactory or for other reasons and may face legal liability to our clients and third parties under securities or other laws and regulations. As a private ~~market~~ **markets investment firm focused on providing customized investment** ~~solutions~~ - **solution** 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. The importance of our reputation may increase as we seek to expand our client base and into new private markets. Our asset management and advisory activities subject us to the risk of significant legal liabilities to our clients and third parties, including our clients' stockholders or beneficiaries. In our investment management business, we make investment decisions on behalf of our clients that could result in substantial losses. Any such losses may subject us to the risk of legal and regulatory liabilities or actions alleging negligent misconduct, breach of fiduciary duty or breach of contract. We could also be liable 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. These risks often are 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, litigation or regulatory action against us may tarnish our reputation and harm our ability to attract and retain clients. Our non- U. S. operations are subject to certain risks, which may adversely affect our business, financial condition and results of operations. Our non- U. S. operations carry special financial and business risks, which include: fluctuations in foreign currency exchange rates that could adversely affect our results; unexpected changes in trading policies, regulatory **and licensing** requirements, tariffs and other barriers; local labor conditions, protections and regulations; adverse consequences or restrictions on the repatriation of earnings; potentially adverse tax consequences, such as trapped foreign losses or excise taxes (or other similar taxes); less stable political and economic environments; terrorism, political hostilities, war, outbreak of disease 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, privacy 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. 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 affected, possibly materially, if we are unable to successfully manage these and other risks of global operations in a volatile environment. If our non- U. S. business increases relative to our total business, these factors could have a more pronounced effect on our results of operations or growth prospects. Investments of the StepStone Funds in certain jurisdictions may be subject to heightened risks relative to investments in other jurisdictions, which may adversely affect our business, financial condition and results of operations. A portion of the investments of the StepStone Funds and advisory accounts include private markets funds that are located in, or invest in portfolio companies located in, countries that are subject to heightened risks. Such investments may involve risks related to (i) currency exchange matters, including exchange rate fluctuations with respect to 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) regulations pertaining to investments and investment managers in such countries; (iii) differences in the capital markets of such countries, including, in some cases, the absence of uniform accounting, auditing, financial reporting and legal standards, practices and disclosure requirements and less government supervision and regulation; (iv) certain economic, social and political risks, including exchange control regulations and restrictions on foreign investments and repatriation of capital, and the risks of political, economic or social instability; and (v) the possible imposition of taxes with respect to such investments or confiscatory taxation. These risks could adversely affect the investment performance of the StepStone Funds and advisory accounts, which would adversely affect our business, financial condition and results of operations. Revenues from our real estate asset class are subject to the risks inherent in the ownership and operation of real estate and the construction and development of real estate. Our real estate funds are subject to risks arising from the ownership and operation of real estate and real estate- related businesses and assets. These risks include the following: general and local economic conditions; changes in supply of and demand for competing properties in an area (as a result, for example, of overbuilding); changes in building, environmental and other laws; diminished financial resources of tenants; changes in demand for commercial office properties (including as a result of an increased prevalence of remote work); fluctuations in the average occupancy and room rates for hotel properties; energy and supply shortages; uninsured or uninsurable risks; liability for " slip- and- fall " and other accidents on properties held by our funds; natural disasters; changes in government regulations (such as rent control and tax laws); changes in real property tax and transfer tax rates; changes in interest rates; the reduced availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; negative developments in the economy that depress travel activity; environmental liabilities, including under environmental laws that impose, regardless of fault, joint and several liability for the cost of remediating contamination and compensation for damages; contingent liabilities on disposition of assets; unexpected cost overruns in connection with development projects; terrorist attacks, war and other factors that are beyond our control; and dependence on local operating partners. Even in cases where we are indemnified against liabilities arising out of our real estate business, we cannot assure you as to the financial viability of the indemnifying party to satisfy such indemnities or our ability to achieve enforcement of such indemnities. If our clients or real estate funds acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non- income producing, they will be subject to the risks normally associated with such assets and development activities, including risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of our fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. Additionally, such investments may be managed by a third party, which makes them dependent upon such third parties. Any of these factors may cause the value of real estate investments to decline, which may have a material adverse effect on our clients or our business, financial condition and results of operations. Our real estate asset class is exposed to commercial real estate values and commercial real estate loans, both of which are expected to be adversely affected by decreased occupancy rates, higher prevailing interest rates and decreased credit availability. Our real estate asset class has traditionally been exposed to commercial real estate and may be adversely affected by conditions in the commercial real estate market. Commercial real estate depends on cash flows from the property to service the debt, successful completion of construction projects and, in some cases, sales of the underlying properties. Because of decreasing occupancy rates for commercial real estate, along with higher prevailing interest rates and decreased ability to refinance commercial real estate borrowings, we expect it may be more difficult for commercial real estate to generate sufficient cash flows to service debt, maintain required financial and operating covenants of such debt, pay or refinance debt as it comes due or generate a profit. As a result of these economic conditions, the value of commercial real estate investments and loans supporting such investments are expected to be adversely affected in the near term. The investments we make on behalf of clients or we recommend to our clients in infrastructure assets may expose us to increased risks and liabilities. Investments in infrastructure assets may expose us and our clients to increased risks and liabilities that are inherent in the ownership of infrastructure assets. For example: • Ownership of infrastructure assets may also present additional risk of liability for personal and property injury or impose significant operating challenges and costs with respect to, for example, compliance with zoning, environmental, worker, public health and safety or other applicable laws or government actions, which may have a material adverse effect on the operations, financial condition and liquidity of particular assets and ultimately affect investment returns. • Infrastructure asset investments may face construction and development risks including, without limitation: (i) labor disputes, shortages of material and skilled labor, or work stoppages; (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment; (iii) less than optimal coordination with public utilities in the relocation of their facilities; (iv) climate change, adverse weather conditions and unexpected construction conditions; (v) accidents or the breakdown or failure of construction equipment or processes; (vi) political or local opposition; (vii) failure to obtain regulatory approvals or permits; and (viii) catastrophic events, such as explosions, fires, war, terrorist activities, natural disasters and other similar events. These risks could result in substantial unanticipated delays or expenses (which may exceed expected or forecasted budgets) and, under certain circumstances, could prevent completion of construction activities once undertaken. Insurance against such risks may be limited. Certain infrastructure asset investments may remain in construction phases for a prolonged period of time and, accordingly, may not generate cash during such prolonged period. Recourse against the contractor may be subject to liability caps or may be subject to default or insolvency on the part of the contractor. • The operation of infrastructure assets is exposed to potential unplanned interruptions caused by significant catastrophic or force majeure events. These risks could, among other effects, adversely affect the cash flows available from investments in infrastructure assets, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, litigation, or penalties for regulatory or contractual noncompliance. Force majeure events that are incapable of, or too costly to, cure may also have a permanent adverse effect on an investment. • The management of the business or operations of an infrastructure asset may be contracted to a third- party management company unaffiliated with us. Although it would be possible to replace any such operator, the failure of such an operator to adequately perform its duties or to act in ways that are in our best interest, or the breach by an operator of applicable agreements or laws, rules and regulations, could have an adverse effect on the investment' s financial condition or results of operations. Infrastructure investments may involve the subcontracting of design and construction activities in respect of projects, and as a result the investments we make on behalf of clients or we recommend to our clients are subject to the risks that contractual provisions passing liabilities to a subcontractor could be ineffective, the subcontractor fails to perform services which it has agreed to perform and the subcontractor becomes insolvent. Infrastructure investments often involve an ongoing commitment to municipal, state, federal or foreign government or regulatory agencies. The nature of these obligations exposes the investments we make on behalf of clients or we recommend to our clients to a higher level of regulatory control than typically imposed on other businesses and may require complex government licenses, concessions, leases or contracts, which may be difficult to obtain or maintain and which may restrict operations of assets in a way that maximizes cash flows and profitability, and are subject to special risks such as sovereign risks, take actions and expropriation. Infrastructure investments may require operators to manage such investments and such operators' failure to comply with laws, including prohibitions against bribing of government officials, may adversely affect the value of such investments and cause serious reputational and legal harm. Revenues for such investments may rely on contractual agreements for the provision of services with a limited number of counterparties and are consequently subject to counterparty default risk.

The operations and cash flow of infrastructure investments are also more sensitive to inflation and, in certain cases, commodity price risk. Furthermore, services provided by infrastructure investments may be subject to rate regulations by government entities that determine or limit prices that may be charged. Similarly, users of applicable services or government entities in response to such users may react negatively to any adjustments in rates and thus reduce the profitability of such infrastructure investments. 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. We will need to ~~continuously~~ **continue to** invest in our human resources and our infrastructure as a result of the increasingly complex investment management industry, increasing sophistication of clients and our expansion into new jurisdictions. In addition, our newer private wealth platform has and will require ongoing development of new infrastructure. Legal and regulatory developments, including increasing levels of regulation by the SEC and other regulatory authorities outside of the United States, also contribute to the increasing 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 also poses challenges. In addition, our efforts to retain or attract qualified investment professionals may result in significant additional expenses. We may enter into new lines of business, 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 and by entering into new lines of business. 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, the required investment of capital and other resources and the loss of clients due to the perception that we are no longer focusing on our core businesses. In addition, we may from time to time explore opportunities to grow our business via acquisitions, partnerships, investments or other strategic transactions. We cannot assure you that we will successfully identify, negotiate, complete or integrate such transactions, or that any completed transactions will produce favorable financial results. Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. In addition, certain aspects of our cost structure, such as costs for compensation, occupancy and equipment rentals, communication and information technology services, and depreciation and amortization will be 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 **. We have entered into long- term agreements that provide for us to acquire all the equity interests of our asset class entities that we do not currently own. On February 7, 2024, we entered into transactions agreements with each of SRA, SRE, and SPD (the " Asset Class Entities "). The transaction agreements provide a path to us owning all of the outstanding equity interests of SRA, SRE and SPD. The transaction agreements provide for, among other things and subject to the terms and conditions therein, the exchange of the sellers' equity interests in each Asset Class Entity for a combination of (i) newly- created Class D equity interests in StepStone Group LP, with terms substantially similar to the existing Class C units, in the case of SRE and SRA, or shares of our Class A common stock, in the case of SPD and (ii) cash, in up to ten annual exchanges beginning in 2024 (increased to up to fifteen annual exchanges in certain circumstances in case of the sellers of SRA equity interests). The portion of each Asset Class Entity' s equity interests to be acquired in each annual exchange is set forth in an exchange schedule attached to the applicable transaction agreement and is approximately 5 % of each Asset Class Entity on each contemplated annual exchange date. The amount of consideration to be delivered will be calculated using exchange ratios determined each year based on a formula establishing an assumed value of each Asset Class Entity based on its estimated adjusted net income, relative to an adjusted trading multiple for the Class A common stock relative to our estimated adjusted net income. Because the amount of consideration to be paid will be determined based on future adjusted net income and trading values, we do not know whether any particular exchange will be accretive to our existing shareholders and can make no assurances that the exchanges will result in enhanced cash flows or results of operations. In addition, because each exchange will be subject to closing conditions and regulatory approvals, we cannot assure you that any particular annual exchange will occur on the contemplated timeline or at all** . We may acquire additional businesses or assets or form joint ventures. As part of our business strategy, we may pursue additional acquisitions of complementary businesses or assets or seek to enter into joint ventures. These acquisitions or joint ventures would be intended to leverage our existing operations and industry experience or increase our product offerings. The success of any acquisitions, joint ventures or other investments will depend on our ability to identify, negotiate, complete and, in the case of acquisitions, integrate those transactions and, if necessary, obtain satisfactory financing to fund those transactions. We may not realize the anticipated benefits of any acquisition, joint venture or investment. We may not be able to integrate acquisitions successfully into our existing business, maintain the key business relationships of businesses we acquire, or retain key personnel of an acquired business, and we could assume unknown or contingent liabilities or incur unanticipated expenses. For example, in September 2021 we completed our acquisition of Greenspring and the transaction agreement provides for the payment of up to $ 75 million of additional cash consideration as an earn- out payment to the sellers of Greenspring, payable in 2025 subject to achievement by Greenspring of certain management fee revenue targets for the calendar year 2024. Integration of acquired companies or businesses also may require management resources that otherwise would be available for ongoing development of our existing business, or integration may not succeed, leading to a failure to realize anticipated benefits. Any acquisitions or investments made by us also could harm our results of operations, including as a result of significant write- offs or the incurrence of debt and contingent liabilities. In addition, if we choose to issue equity to fund an acquisition, our stockholders may experience dilution. Current or future indebtedness may expose us to substantial risks. We are party to a Credit Agreement with JPMorgan Chase Bank, N. A. and certain other lenders party thereto. See **" Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Revolving Credit Facility " and** note 9 to our consolidated financial statements included elsewhere in this annual report for more information. Borrowings under the Credit Agreement, or any future debt we undertake, will expose us to the typical risks associated with the use of leverage. Significant future borrowings 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 will 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. Restrictive covenants in agreements and instruments governing our current and future debt may adversely affect our ability to operate our business or limit our ability to engage in certain transactions or activities, including paying dividends or making other distributions on our Class A common stock. We cannot assure you that we will be able to maintain leverage levels in compliance with such covenants. Any failure to comply with these financial and other covenants, if not waived, could cause a default or event of default under such indebtedness. We are subject to risks in using custodians, counterparties, administrators and other agents. Many of our funds depend on the services of custodians, counterparties, administrators and other agents to carry out certain securities and derivatives transactions and other administrative services. We are subject to risks of errors and mistakes made by these third parties, which may be attributed to us and subject us or our clients to reputational damage, penalties or losses. The terms of the contracts with these third- party service providers are often customized and complex, and many of these arrangements occur in markets or relate to products that are not subject to regulatory oversight. We may be unsuccessful in seeking reimbursement or indemnification from these third- party service providers. Our funds are subject to the risk that the counterparty to one or more of these contracts defaults, either voluntarily or involuntarily, on its performance under the contract. Any such default may occur suddenly and without notice to us. Moreover, if a counterparty defaults, we may be unable to take action to cover our exposure, either because we lack contractual recourse or because market conditions make it difficult to take effective action. This inability could occur in times of market stress, which is when defaults are most likely to occur. In addition, our risk- management models may not accurately anticipate the effects of market stress or counterparty financial condition, and as a result, we may not have taken sufficient action to reduce our risks effectively. Default risk may arise from events or circumstances that are difficult to detect, foresee or evaluate. In addition, concerns about, or a default by, one large participant could lead to significant liquidity problems for other participants or the broader market, which may in turn expose us to significant losses. In the event of a counterparty default, particularly a default by a major investment bank or a default by a counterparty to a significant number of our contracts, one or more of our funds may have outstanding trades that they cannot settle or are delayed in settling. As a result, these funds could incur material losses and the resulting market impact of a major counterparty default could harm our business, financial condition and results of operation. In the event of the insolvency or bankruptcy of a custodian, counterparty or any other party that is holding assets of our funds as collateral, our funds might not be able to recover equivalent assets in full as they will rank among the custodian' s or counterparty' s unsecured creditors in relation to the assets held as collateral. In addition, our funds' cash held with a custodian or counterparty generally will not be segregated from the custodian' s or counterparty' s own cash, and our funds may therefore rank as unsecured creditors in relation thereto. The investment management and investment advisory business is intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service provided to clients, brand recognition and business reputation. We compete with a variety of traditional and private markets managers, commercial banks, investment banks and other financial institutions. Many factors affect our ability to compete successfully, including: • some of our competitors have more relevant experience, greater financial and other resources and more personnel than we do; • if, as we expect, allocation of assets to private markets investment strategies increases, there may be increased competition for private markets investments and access to fund managers; • certain clients may prefer to invest with private partnerships rather than a public company; and • other industry participants from time to time 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 affect our business, financial condition and results of operations. Difficult or volatile market and political conditions can adversely affect our business by reducing the market value of the assets we manage, causing our clients to reduce their investments in private markets, reducing the number of high- quality investment managers with whom we may invest, and reducing the ability of our funds to raise or deploy capital. The global financial markets and business climate have recently deteriorated and may continue to deteriorate, including due to continued rising interest rates, ongoing high inflation, reduced availability of credit, recession risk, regional and international bank failures, changes in laws and regulation, terrorism or political uncertainty, war (including the ongoing Russia- Ukraine **and Middle East** ~~conflict~~ **conflicts**), and potential recession. For example, inflation in the U. S. could remain high or increase, and heightened competition for workers, supply chain issues and rising energy and commodity prices have contributed to increasing wages and other inputs, which may put pressure on the profit margins of portfolio companies within our private market funds. The extent and impact of any sanctions imposed in connection with **geopolitical** ~~the Russia- Ukraine conflict~~ **conflicts** may also cause additional financial market volatility and impact the global economy. Volatility and disruption in the equity and credit markets can adversely affect the portfolio companies in which private markets funds invest and adversely affect the investment performance of the StepStone Funds and advisory accounts. Our ability to manage our exposure to market conditions is limited.

Market deterioration could cause us, the StepStone Funds we manage or the funds in which they invest to experience reduced liquidity, earnings and cash flow, recognize impairment charges, or face challenges in raising additional capital, obtaining investment financing and making investments on attractive terms. Adverse market conditions can also affect our ability and the ability of funds in which we and our clients invest to liquidate positions in a timely and efficient manner. More costly and restrictive financing also may adversely affect the investment returns of our co- investments in leveraged buyout transactions and, therefore, adversely affect the results of operations and financial condition of our co- investment funds. Our business may generate lower revenue as a result of recent and prospective economic contractions, decreases in equity markets and tightening of global credit markets. These events may result in reduced opportunities to find suitable investments and make it more difficult for us, or for 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. Such a decline could cause our revenue and net income to decline by causing some of our clients to reduce their investments in private markets in favor of investments they perceive as offering greater opportunity or lower risk, which would result in lower fees being paid to us. These events may also reduce the commitments our clients are able to devote to private markets investments generally and make it more difficult for the funds in which we invest to obtain funding for additional investments at attractive rates, which would further reduce our profitability. Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to reduce 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 lower. In addition, regulatory oversight and enforcement may become more rigorous for public companies in general, and for the financial services industry in particular, as a result of the recent volatility in the financial markets. See " — Evolving laws and government regulations could adversely affect us. " A major public health crisis, **such as** ~~including a resurgence of the~~ COVID- 19 pandemic or a similar pandemic, could again severely disrupt the global financial markets and business climate and adversely affect our business, financial condition and results of operations. A major public health crisis can have unpredictable and adverse impacts on global, national and local economies. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, has, and may in the future, adversely impact our business activity and that of the StepStone Funds. For example, such disruptions have adversely affected, and in the future could again adversely affect, our ability to effectively identify, monitor, make or dispose of investments. Additionally, while restrictions have generally been lifted globally, and the World Health Organization has declared the end of the COVID- 19 global health emergency, the COVID- 19 pandemic contributed, and any future public health crisis could contribute, to extreme volatility in financial markets. Such volatility could adversely affect the business of StepStone and the StepStone Funds and the portfolio companies in which they invest, all of which could have material and adverse effect on our performance. We operate in a heavily regulated industry and any failure to comply with the government regulations to which we are subject could adversely affect us. We are subject to numerous regulations that may impact our business model. In the United States, our advisory and investment management businesses are subject to regulation by the SEC, the Commodity Futures Trading Commission, the Internal Revenue Service (the " IRS ") and other regulatory agencies, pursuant to, among other laws, the Investment Advisers Act, the **Investment Company Act, the** Securities Act, the Internal Revenue Code of 1986, as amended, (the " Code "), the Commodity Exchange Act, and the Exchange Act. The **Partnership, along with certain of our consolidated subsidiaries, 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, 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, the Partnership 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 ~~particular~~ **investigations, sanctions and reputational damage, and could materially and adversely affect our business, financial condition, results of operations and business reputation. The SEC** has increased its regulation and scrutiny of the asset management and private equity industries in recent years, focusing on the private equity industry' s fees, allocation of expenses to funds, ~~valuation practices,~~ allocation of fund investment opportunities, disclosures to clients, the allocation of broken- deal expenses, the management of conflicts of interest disclosures **, valuation practices** and other fiduciary obligations. The SEC has also **recently fined financial services firms, including** ~~heightened its focus on the valuation processes employed by~~ investment advisers **, for insufficient monitoring of off- channel communications** . The lack of readily ascertainable market prices for many of the investments made by the StepStone Funds or the funds in which we invest could subject our valuation policies and processes to increased scrutiny by the SEC **. The SEC also adopted new Private Fund Adviser rules on August 23, 2023. The new rules require significant new reporting and disclosure requirements and implement new limitations on various dealings with clients that the SEC has deemed unfair or present conflicts of interests. In particular, the new rules will, among other things, require private fund advisers to (i) deliver quarterly reports to their investors providing standard performance metrics and information relating to fund expenses, (ii) provide full disclosure to all investors of any preferential treatment provided to some but not all investors in a fund, (iii) obtain audited financial statements for all of their funds and deliver copies of those financial statements to their investors, and (iv) obtain an independent fairness or valuation opinion in connection with any " adviser- led secondary transaction " involving a fund. In addition, the new rules impose substantive restrictions on various practices, including allocation of various types of regulatory costs to an adviser' s private funds, clawbacks of carried interest net of taxes, non pro rata allocations of transaction expenses, and borrowing from a fund. The new rules will increase operational costs and prevent certain practices that were previously industry standard business practices. In addition,**

the SEC has recently adopted amendments to Regulation S- P (the privacy regulations applicable to financial institutions, including investment advisers) that will expand the scope of the regulation and mandate notification to clients and customers in the event of privacy breaches. The SEC has also adopted new rules related to cybersecurity applicable to public companies and has proposed a number of new rules that, if adopted, could also have a significant impact on our business. These include new rules proposed by the SEC on ESG investing, safekeeping of client assets, management of cybersecurity risk by investment advisers, monitoring of service providers, and the use of artificial intelligence. In addition, the SEC and FinCEN have recently jointly proposed a new rule that will require investment advisers to adopt formal anti- money laundering and customer identification programs. If all of these rules are adopted in substantially the form in which they have been proposed, this will result in a significant increase in the compliance risks and regulatory burden of operating our business . 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. 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. Additionally, legislation, including proposed legislation regarding executive compensation and taxation of carried interest, may adversely affect our ability to attract and retain key personnel. See " Business — Regulatory Environment. " To the extent that the Partnership is a " fiduciary " under the Employee Retirement Income Security Act of 1974, as amended (" 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~~ **As noted in " Business — Regulatory Environment — Foreign Regulation** , **" we provide** ~~the Partnership, along with certain of our consolidated subsidiaries, is registered as an~~ investment ~~adviser~~ **advisory** ~~with the SEC~~ and ~~is subject to the requirements and regulations of the Investment Advisers Act. Such requirements relate to, among~~ other **services** ~~things, maintaining an~~ **and raise funds in a number** ~~effective compliance program, incentive fees, solicitation arrangements, allocation~~ of **countries** ~~investments, recordkeeping~~ and ~~reporting requirements, disclosure requirements, limitations~~ **jurisdictions outside the United States. We continue to assess the impact of evolving regulatory developments outside of the United States** on ~~agency cross and principal transactions between an adviser and~~ **our business including, but not limited to,** ~~their~~ -- **the** ~~advisory clients~~ **revised EU regime for alternative investment fund managers** , **the new EU** ~~as well as general~~ anti- **money laundering** ~~fraud prohibitions. As a registered investment adviser, the Partnership has fiduciary duties to its clients. A failure to comply with the obligations imposed by the Investment Advisers Act, including recordkeeping, advertising~~ and **counter- terrorist financing regime, EU rules relating to digital** ~~operating~~ **operational resilience for the** ~~requirements, disclosure obligations and prohibitions on fraudulent activities, could result in investigations, sanctions and reputational damage, and could materially and adversely affect our business,~~ financial **sector** ~~condition, results of operations~~ and ~~business reputation~~ **the new EU framework for the collation and publication of sustainability information in annual reporting** . In addition, the European Union' s General Data Protection Regulation (the " GDPR ") and the California Consumer Privacy Act (" CCPA ") impose stringent data protection requirements, and we ~~may~~ **are** also ~~be~~ subject to additional **national and** state privacy laws. There are substantial financial penalties for breach of the GDPR, including up to the higher of 20 million Euros or 4 % of group annual worldwide turnover. Non- compliance with GDPR, CCPA or similar regulation enacted elsewhere therefore represents a serious risk to our business. Our private wealth investment platform is subject to additional regulatory requirements that could adversely impact its profitability. Certain U. S. funds we offer to private wealth investors are registered investment companies or business development companies under the Investment Company Act and we expect that additional funds we offer will also be registered investment companies or business development companies under the Investment Company Act or applicable laws in other jurisdictions. The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies and business development 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, generally prohibit the issuance of options and impose stringent governance and board independence requirements. In addition, we ~~will~~ depend on third parties to assist us in complying with regulatory obligations with respect to such registered funds and business development companies. Requirements imposed by the Investment Company Act, including limitations on capital structure, the ability to transact business with affiliates and the ability to compensate senior employees, or the failure of our third- party vendors to assist us with required compliance could materially and adversely affect our businesses, financial condition and results of operations. In addition, if we fail to comply with any of the regulations that we are subject to, we could be subject to enforcement actions, which may materially and adversely affect our business, financial condition and results of operations. Governmental regulation of the global financial markets and financial institutions is intense and is continually evolving. This includes regulation of investment funds, as well as their managers and activities, through the implementation of compliance, risk management and anti- money laundering procedures; restrictions on specific types of investments and the provision and use of leverage; capital requirements; limitations on compensation to fund managers; and books and records, reporting and disclosure requirements. The effects on us, the StepStone Funds, or on private markets funds generally, of future regulation, or of changes in the interpretation and enforcement of existing regulation, could have an adverse effect on the StepStone Funds' investment strategies or our business model. Policy changes and regulatory reform by the U. S. federal government may create regulatory uncertainty for our funds' portfolio companies and our investment strategies and adversely affect the profitability of the StepStone Funds' portfolio companies. Ongoing political developments could adversely impact our investment management and investment advisory businesses. The financial services industry is currently experiencing an uncertain political and regulatory environment. There has been a greater level of SEC enforcement activity under the current U. S. presidential administration, including targeting practices which were not targeted by the prior U. S. presidential administration. The Biden administration and the current leadership of the SEC have also signaled that they intend to seek to enact further changes to numerous areas of law and regulations currently in effect. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation ~~and~~ **. As discussed above, for example, the SEC** has **recently** adopted **a number of significant** new rules that ~~impose~~ **may have a** significant **impact** ~~changes related to reporting~~ on **our business** ~~Form PF and Rule 10b5- 1 insider trading plans~~ , **including** ~~and has proposed a number of~~ new rules **imposing a number of significant new disclosure and reporting requirements on private fund advisers and imposing substantive restrictions on certain types of practices by the private fund advisers that the SEC has deemed to be unfair or present conflicts of interest. A number of new rules have also been proposed by the SEC** that, if adopted ~~as~~ **, could also have a significant impact on our business. These include new rules** proposed **by the SEC** ~~, would impose further significant changes~~ on **ESG investing, safekeeping of client assets, management of cybersecurity risk by investment advisors, monitoring of service providers, and the use of artificial intelligence. In addition, the SEC and FinCEN have recently jointly proposed a new rule that will require** investment advisers ~~and their management of private funds (including with respect~~ to **adopt formal anti** ~~fund audits, adviser~~ - **money laundering** ~~led secondary transactions, fee~~ and **customer** ~~expense allocation and reporting, beneficial ownership reporting under Exchange Act Sections 13 (d) and 13 (g), borrowings, indemnification~~ -- **identification programs. The** ~~, side letters, cybersecurity risk management, and annual compliance reviews), and the~~ SEC is expected to propose additional changes in the future. Any such changes, including with modifications, whether enacted under current or future leadership, could have a significant effect on private funds and private fund advisers and their operations, including increasing compliance burdens and regulatory costs, restrictions on the ability to receive expense, indemnification and other cost reimbursements, and heightened risk of regulatory enforcement action such as public sanctions, restrictions on activities, fines and reputational damage. Any of the foregoing could lead to further regulatory uncertainty, result in changes to our operations and could materially impact our funds and / or their investments (including the funds in which the StepStone Funds and our clients invests) and / or us, including by causing us to incur additional expenses. Governmental policy changes and regulatory or tax reform could also have a material effect on our funds. For example, regulatory or tax reform in jurisdictions where we may be conducting business (including jurisdictions in which we have established StepStone Funds, such as the Cayman Islands) and jurisdictions in which our clients or investors in StepStone Funds are located may increase administrative costs, increase taxes borne by StepStone Funds or our clients or investors, or otherwise adversely affect our funds or our ability to successfully fundraise on behalf of our funds. A prolonged environment of regulatory uncertainty may make the identification of attractive investment opportunities and the deployment of capital more challenging. In addition, our ability to identify business and other risks associated with new investments depends in part on our ability to anticipate and accurately assess regulatory and other changes that may have a material effect on the businesses in which we choose to invest. The failure to accurately predict the possible outcome of policy changes and regulatory reform could have a material adverse effect on the returns generated from our funds' investments and our revenues. In recent years, the United States has imposed tariffs on various products imported into the United States. These tariffs have resulted in, and may continue to trigger, retaliatory actions by affected countries, including the imposition of tariffs on the United States by other countries. Certain foreign governments have instituted or are considering imposing trade sanctions on certain U. S. goods and denying U. S. companies access to critical raw materials. Governmental actions related to the imposition of tariffs or other trade barriers or changes to international trade agreements or policies could increase costs, decrease margins, reduce the competitiveness of products and services offered by current and future portfolio companies and adversely affect the revenues and profitability of companies whose businesses rely on goods imported from outside of the United States. In addition, if we fail to monitor and adapt to changes in policy and the regulations to which we are or may become subject, we could be subject to enforcement actions, which may materially and adversely affect our businesses, financial condition and results of operations. Future changes to tax laws or our effective tax rate could materially adversely affect our company and reduce net returns to our stockholders. Our tax treatment is subject to the enactment of, or changes in, tax laws, regulations and treaties, or the interpretation thereof, tax policy initiatives and reforms under consideration and the practices of tax authorities in jurisdictions in which we operate, including those related to the Base Erosion and Profit Shifting (" BEPS ") Project of the Organisation for Economic Co- Operation and Development (" OECD "), the European Commission' s state aid investigations and other initiatives. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid, or the taxation of partnerships and other passthrough entities. In addition, the Group of Twenty, the OECD, the U. S. Congress and Treasury Department and other government agencies in jurisdictions where we and our affiliates do business have focused on issues related to the taxation of multinational corporations, including, but not limited to, transfer pricing, country- by- country reporting and base erosion. The OECD also recently finalized guidelines that recommend certain multinational enterprises be subject to a minimum 15 % tax rate, effective from 2024. This minimum tax and several of the proposed measures are potentially relevant to some of our operating entities and investments and could have an adverse tax impact on our funds, investors and / or our funds' portfolio companies. As a result, the tax laws in the United States and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could have an adverse effect on our worldwide tax liabilities, business, financial condition and results of operations. Some member countries have been moving forward on the BEPS agenda but, because timing of implementation and the specific measures adopted will vary among participating states, significant uncertainty remains regarding the impact of BEPS proposals. If implemented, these proposals could result in a loss of tax treaty benefits and increased taxes on income from our operations and / or investments. We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position and overall or effective tax rates in the future in countries where we have operations, reduce post- tax returns to our stockholders, and increase the complexity, burden and cost of tax compliance. Our businesses are subject to income taxation in the United States, as well as in many tax jurisdictions throughout the world. Tax rates in these jurisdictions may be subject to significant change **. For example, the Inflation Reduction Act of 2022 imposes, among other things, a new excise tax on stock repurchases which could adversely impact the amount and / or timing of tax we may be required to pay** . If our effective tax rate increases, our results of operations and cash flow could be adversely affected. Our effective income tax rate can vary significantly between periods due to a number of complex factors including, but not limited to, projected levels of taxable income in each jurisdiction, tax audits conducted and settled by various tax authorities, and adjustments to income taxes upon finalization of income tax returns. We may be required to pay additional taxes under the Centralized Partnership Audit Regime. For tax years beginning on or after January 1, 2018, the Partnership is subject to partnership audit rules enacted as part of the Bipartisan Budget Act of 2015 (the “ Centralized Partnership Audit Regime ”). Under the Centralized Partnership Audit Regime, any IRS audit of the Partnership would be conducted at the Partnership level, and if the IRS determines an adjustment, the default rule is that the Partnership would pay an “ imputed underpayment ” including interest and penalties, if applicable. The Partnership may instead elect to make a “ push- out ” election, in which case the partners for the year that is under audit would be required to take into account the adjustments on their own personal income tax returns. We will decide whether or not to cause the Partnership to make this election; however, there are circumstances in which the election may not be available and, in the case of an entity in which the Partnership directly or indirectly invests, such decision may be outside of our control. If the Partnership or an entity in which the Partnership directly or indirectly invests does not make this election, the then- current partners of the Partnership (including SSG) could economically bear the burden of the understatement. Audit adjustments for state or local tax purposes could similarly result in the Partnership (or any of its applicable subsidiaries or other entities in which the Partnership directly or indirectly invests) being required to pay or indirectly bear the economic burden of state or local taxes and associated interest, and penalties. Federal, state and foreign anti- corruption and sanctions laws create the potential for significant liabilities and penalties and reputational harm. We are subject to 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 U. S. Department of Treasury’ s 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 affect a number of aspects of our business, including servicing existing clients, finding new clients, 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 United Kingdom (“ UK ”) 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. In addition, the U. S. and other countries have begun imposing sanctions on Russia in connection with the ongoing Russia- Ukraine conflict, which may impact us, StepStone Funds and our portfolio companies to a degree which remains uncertain. Different laws contain conflicting provisions **and continue to evolve** , making compliance with all laws more difficult. **Because different interpretations for current sanctions law may exist, we could become involved in disputes with respect to actions taken in compliance with our understanding of such laws.** If we fail to comply with these laws and regulations, we could face 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, results of operations 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 client confidence, any one of which could adversely affect our business prospects, financial condition and results of operations. Regulation of investment advisers 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 a number of these countries and jurisdictions, which include the UK, the EU, the ~~European Economic Area (“~~ EEA ~~”), and certain of the individual member states of each of the EU and EEA (including Ireland and Luxembourg)~~ , Switzerland, Japan, Korea, Canada ~~and~~ **,** Brazil **, and Singapore** , our operations, and in some cases our personnel, are subject to regulatory oversight and affirmative requirements. These requirements variously relate to registration, licenses for our personnel, periodic inspections, the provision and filing of periodic reports, and obtaining certifications and other approvals. In the EU, we are subject to the EU Alternative Investment Fund Managers Directive (“ AIFMD ”) and the Undertakings for Collective Investment in Transferable Securities Directive (“ UCITS ”) 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. Switzerland and the 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. In certain other jurisdictions, we are subject to various securities and other laws relating to fundraising and other matters. As we expand into additional countries and jurisdictions, we may become subject to additional regulatory oversight and related compliance obligations. 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 certain jurisdictions, including emerging markets jurisdictions, StepStone believes it operates appropriately under exceptions to applicable financial regulations. If, however, a regulator disagrees with our approach or interpretations, we could be subject to sanctions or fines and related reputational harm, or be limited in our ability to access such markets.** The European Union Markets in Financial Instruments Directive II (" MiFID II ") ~~, which became effective on January 3, 2018,~~ requires, among other things, all MiFID II investment firms to comply with more prescriptive disclosure, transparency, reporting and recordkeeping obligations and enhanced obligations in relation to the receipt of investment research, best execution, product governance and marketing communications. As we operate investment firms that are subject to MiFID II (including as applicable in the UK), we were required to implement revised 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, therefore, 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 UK' s departure from the EU. See " The exit of the UK from the EU (Brexit) could adversely affect our business and our operations. " This is because the UK is both: (i) no longer generally required to transpose EU law into UK law and (ii) has transposed certain EU legislation into UK law subject to various amendments and subject to the UK Financial Conduct Authority' s oversight rather than that of EU regulators. Taken together, this could result in divergence between the UK and EU regulatory frameworks. Outside the UK 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 UK, the 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. Together the IFR and IFD introduced 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, as described above, the UK' s departure from the EU and the potential resulting divergence between the UK and EU regulatory frameworks may result in additional complexity and costs in complying with regulations across both the UK and EU. The UK introduced a new prudential regime for investment firms that are subject to MiFID II (as implemented in the UK), that entered into force on January 1, 2022. This new regime introduced (amongst other things) increased regulatory capital requirements, new remuneration requirements and increased reporting requirements. In addition, there may be future changes to the AIFMD and UCITS regimes and also further regulation adopted which may impact those parts of our business operating within the EU. For instance, key requirements under Directive (EU) 2019 / 1160 and Regulation (EU) 2019 / 1156 on the cross- border distribution of collective investment undertakings came into effect in EU member states from August 2, 2021. Among other things, this legislation introduced rules regarding the pre-marketing of funds, including additional reporting requirements. There have also been significant legislative developments affecting the private equity industry in Europe and there continues to be discussion regarding enhancing governmental scrutiny and / or increasing regulation of the private equity industry, which may have an adverse impact on the private equity industry in Europe (including by making it more difficult to raise capital from certain types of investors and otherwise imposing on private equity funds additional and costly regulatory compliance burdens), which could in turn adversely affect our business prospects, financial condition and results of operations. These laws and regulations 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 clients. 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. We are subject to increasing scrutiny from institutional clients with respect to ESG costs of investments made by the StepStone Funds, which may constrain investment opportunities for our funds and adversely affect our ability to raise capital from such clients. In recent years, certain institutional clients 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 have conditioned future capital commitments on the taking or refraining from taking of such actions. Clients' increased focus and activism related to ESG and similar matters may constrain our investment opportunities. In addition, institutional clients 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 us. Conversely, certain investors have raised concerns as to whether the incorporation of ESG factors in the investment and portfolio management process may be inconsistent with the fiduciary duty to maximize returns for investors. Anti- ESG sentiment has gained momentum across the United States, with several states having enacted or proposed " anti- ESG " policies, legislation or issued related legal opinions. For example, (i) boycott bills target financial institutions that " boycott " or " discriminate against " companies in certain industries and prohibit state entities from doing business with such institutions and / or investing the state' s assets (including pension plan assets) through such institutions; and (ii) ESG investment prohibitions require that state entities or managers / administrators of state investments make investments based solely on pecuniary factors without consideration of ESG factors. If fund investors subject to such legislation viewed our funds or ESG practices as being in contradiction of such " anti- ESG " policies, legislation or legal opinions, even though such view or perception may not be accurate, we may not be able to maintain or increase the size of our funds or raise sufficient capital for new funds, which may adversely affect our revenues. In addition, a failure to successfully manage ESG- related expectations may adversely affect our reputation or erode stakeholder trust. ESG matters have also been the subject of increased focus by regulators, including in the EU **, the UK** and the U. S. For example, the European Commission has adopted ~~new~~ regulations as part of a package of legislative measures arising from its Action Plan on Sustainable Finance, which include, without limitation: (a) The Disclosure Regulation EU 2019 / 2088 regarding the introduction of transparency and disclosure obligations for investors, funds and asset managers in relation to ESG factors, which took effect beginning on March 10, 2021 and (b) The Taxonomy Regulation EU 2020 / 852 regarding the introduction of EU- wide taxonomy of environmentally sustainable activities, which entered into force on July 12, 2020. These and other proposals have resulted in the Non- Financial Disclosure Regulation, EU Taxonomy Regulation and the EU Sustainable Finance Disclosure Regulation. These legislative developments, which create ~~a common classification system and~~ disclosure obligations focusing on ESG issues, require additional disclosures to clients with respect to ESG factors, which may increase our compliance obligations and expenses, and could lead clients to reduce their investment with us. Our EU- based business, as well as any global product sales into the EU, is subject to these requirements **. In November 2023, the UK Financial Conduct Authority published final rules on its Sustainable Disclosure Requirements (" SDR "), introducing new rules and guidance for asset managers to make mandatory disclosures at both the manager and product levels, which aim to address potential greenwashing risks through the introduction of sustainable investment labels, disclosure requirements and restrictions on the use of sustainability- related terms in product naming and marketing, as well as through the introduction of disclosures consistent with the recommendations of the Financial Stability Board' s Task Force on Climate- related Financial Disclosures (" TCFD "). The FCA has stated that it intends to further expand the SDR and labelling rules in the future. Further, the UK is expected to create UK Sustainability Disclosure Standards (" UK SDS ") based on the sustainable disclosure standards developed by the International Sustainability Standards Board (" ISSB "). In the likely event that divergent sustainable investing disclosure obligations arise between the U. S., UK and the EU, this may also present an increased compliance risk if we are required to comply with different regulatory standards** . In the U. S., the SEC has created a Climate and ESG Task Force in its Division of Enforcement, which has and is expected to continue to focus on identifying any material gaps or misstatements in issuers' disclosure of climate risks under existing rules. Separately, the SEC has identified ESG investing as an exam priority for investment advisers that offer ESG products and services. Further, in March ~~2022~~ **2024** , the SEC issued ~~proposed~~ regulations governing climate- related disclosure **(which are currently stayed, however) and in 2023, California passed legislation relating to greenhouse gas emissions, climate- related financial risk, and climate- related emissions claims** . The UK Financial Conduct Authority is introducing new rules and guidance for asset managers to make mandatory disclosures at both the manager and product level. Additionally, a lack of harmonization globally in relation to ESG legal and regulatory reform leads to a risk of fragmentation in group level priorities as a result of the different pace of sustainability transition across global jurisdictions. This may create conflicts across our global business which could risk inhibiting our future implementation of, and compliance with, rapidly developing ESG standards and requirements. Failure to keep pace with sustainability transition could impact our competitiveness in the market and damage our reputation resulting in a material adverse effect on our business. In addition, our brand and reputation are also associated with our public commitments to various corporate ESG initiatives, including our goals for sustainability and inclusion and diversity. Any **failure or perceived** failure to achieve our disclosed commitments, could harm our reputation and adversely affect our client relationships or our recruitment and retention efforts. Moreover, positions we take or do not take on social issues may be unpopular with some of our employees or with our clients or potential clients, which may in the future impact our ability to attract or retain employees or clients. While we strive to implement ESG practices, there can be no assurance that we will be able to identify all ESG issues or will be able to successfully implement our ESG policies. In addition, the use of ESG metrics in the investment process could be subjective and they are not subject to uniform standards, and, as such, there is no guarantee that we will be able to accurately assess and measure the ESG risks and ESG compliance of its investments and potential investments. ESG- based exclusionary criteria could result in a StepStone Fund foregoing opportunities to make certain investments when it might otherwise be advantageous to do so, and / or selling certain investments due to their ESG characteristics when it might be disadvantageous to do so. Devoting additional resources to ESG matters could increase the amount of expenses we or our investments are required to bear. For example, collecting, measuring, and reporting ESG information and metrics can be costly, difficult and time consuming, is subject to evolving reporting standards, and can present numerous operational, reputational, financial, legal and other risks. If we do not successfully manage expectations across these varied stakeholder interests, it could erode stakeholder trust, impact our reputation, and constrain our investment opportunities. Given increased U. S. and European legal and regulatory focus on ESG matters, failure to comply with applicable legal and regulatory changes may attract increased regulatory scrutiny of our business, and could result in fines and / or other sanctions being levied against us. Risks Related to Our Organizational Structure We are a " controlled company " within the meaning of the Nasdaq Global Select Market listing standards and, as a result, qualify for, and 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 continue to control a majority of the voting power of our outstanding common stock. So long as no Sunset (as defined below) has occurred and the Class B stockholders who are party to the Stockholders' Agreement hold at least approximately 16. 7 % of all of the outstanding shares of the Company' s common stock, the Class B stockholders are expected to hold a majority of the Company' s outstanding voting power and thereby will control the outcome of matters submitted to a stockholder vote. As a result of the voting power held by those Class B stockholders who are party to the Stockholders'

Agreement, we qualify as a " controlled company " within the meaning of the corporate governance standards of the Nasdaq Global Select Market. Under these rules, a listed company of which more than 50 % of the voting power with respect to the election of directors 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 entirely by independent directors and (iii) the compensation committee be composed entirely of independent directors. A " Sunset " is triggered upon the earliest to occur of the following: (i) Monte Brem, Scott Hart, Jason Ment, Jose Fernandez, Johnny Randel, Michael McCabe, Mark Maruszewski, Thomas Keck, Thomas Bradley, David Jeffrey and Darren Friedman (including their respective family trusts and any other permitted transferees, the " Sunset Holders ") 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 have been exchanged for Class A common stock); (ii) the Sunset Holders 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, before giving effect to a Sunset; and (iii) September 18, 2025. We rely on and intend to continue to rely on some or all of these exemptions. As a result, we do not have a majority of independent directors, our compensation committee does not consist entirely of independent directors and our directors will not be nominated or selected entirely by 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 the Nasdaq Global Select Market, until we are no longer a controlled company. SSG depends on distributions from the Partnership to pay any dividends, if declared, taxes and other expenses, including payments under the Tax Receivable Agreements. SSG is a holding company and its only business is to act as the managing member of the General Partner, and its only material assets are Class A units and 100 % of the interests in the General Partner. SSG does not have any independent means of generating revenue. We anticipate that the Partnership will continue to be treated as a partnership for U. S. federal income tax purposes and, as such, generally will not be subject to any entity- level U. S. federal income tax. Instead, taxable income will be allocated to the partners of the Partnership. Accordingly, SSG will be required to pay income taxes on its allocable share of any net taxable income of the Partnership. We intend to cause the Partnership to make distributions to each of its partners, including SSG, in an amount intended to enable each partner to pay all applicable taxes on taxable income allocable to such partner and to allow SSG to make payments under the Tax Receivable Agreements. In addition, the Partnership will reimburse SSG for corporate and other overhead expenses. If the amount of tax distributions to be made exceeds the amount of funds available for distribution, SSG shall receive the full amount of its tax distribution before the other partners receive any distribution and the balance, if any, of funds available for distribution shall be distributed to the other partners pro rata in accordance with their assumed tax liabilities. To the extent that SSG needs funds, and the Partnership 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 SSG' s ability to pay dividends and taxes and other expenses, including payments under the Tax Receivable Agreements, and affect our liquidity and financial condition. The IRS might challenge the tax basis step- ups and other tax benefits we receive in connection with our IPO and the related transactions and in connection with additional acquisitions of Partnership units. Partnership units held directly by the partners of the Partnership other than SSG, including members of our senior leadership team, may in the future be exchanged for shares of our Class A common stock or, at our election, cash. Similar to our initial purchase of Partnership units, those exchanges may also result in increases in the tax basis of the assets of the Partnership that otherwise would not have been available. These increases in tax basis are expected to increase (for tax purposes) SSG' s depreciation and amortization and, together with other tax benefits, reduce the amount of tax that SSG would otherwise be required to pay, although it is possible that the IRS might challenge all or part of that tax basis increases or other tax benefits, and a court might sustain such a challenge. SSG' s ability to achieve benefits from any tax basis increases or other tax benefits will depend upon a number of factors, as discussed below, including the timing and amount of our future income. We will not be reimbursed for any payments previously made under the Tax Receivable Agreements if the basis increases or other tax benefits 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 Agreements in excess of our ultimate cash tax savings. In certain circumstances, payments under each Tax Receivable Agreement may be accelerated and / or significantly exceed the actual tax benefits, if any, that SSG actually realizes. Each Tax Receivable Agreement provides that if (i) SSG exercises its right to early termination of such Tax Receivable Agreement in whole (that is, with respect to all benefits due to all beneficiaries under such Tax Receivable Agreement) or in part (that is, with respect to some benefits due to all beneficiaries under such Tax Receivable Agreement), (ii) SSG experiences certain changes in control, (iii) such Tax Receivable Agreement is rejected in certain bankruptcy proceedings, (iv) SSG fails (subject to certain exceptions) to make a payment under such Tax Receivable Agreement within 180 days after the due date or (v) SSG materially breaches its obligations under such Tax Receivable Agreement, SSG will be obligated to make an early termination payment to holders of rights under such Tax Receivable Agreement equal to the present value of all payments that would be required to be paid by SSG under such Tax Receivable Agreement. The amount of such payments will be determined on the basis of certain assumptions in each Tax Receivable Agreement, including (i) the assumption that SSG would have enough taxable income in the future to fully utilize the tax benefit resulting from the tax assets that are the subject of such Tax Receivable Agreement, (ii) the assumption that any item of loss deduction or credit generated by a basis adjustment or imputed interest arising in a taxable year preceding the taxable year that includes an early termination will be used by SSG ratably from such taxable year through the earlier of (x) the scheduled expiration of such tax item or (y) 15 years; (iii) in the case of the Reorganization Tax Receivable Agreement, the assumption that any net operating loss (and similar items) inherited from certain pre- IPO institutional investors (the " Blocker Companies "), will be used by SSG ratably from the taxable year that includes an early termination through the earlier of (x) the scheduled expiration of such net operating loss (or similar item) or (y) 15 years (or longer, to the extent that

SSG is prevented from fully utilizing such net operating loss (or similar item) under certain U. S. federal income tax rules); (iv) the assumption that any non- amortizable assets are deemed to be disposed of in a fully taxable transaction on the fifteenth anniversary of the earlier of the basis adjustment and the early termination date; (v) the assumption that U. S. federal, state and local tax rates will be the same as in effect on the early termination date, unless scheduled to change and, solely with respect to the Exchanges Tax Receivable Agreement; and (vi) the assumption that any units (other than those held by SSG) outstanding on the termination date are deemed to be exchanged for an amount equal to the market value of the corresponding number of 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. The amount of the early termination payment is determined by discounting the present value of all payments that would be required to be paid by SSG under such Tax Receivable Agreement at a rate equal to the lesser of (a) 6. 5 % and (b) the Secured Overnight Financing Rate, as reported by the Wall Street Journal (" SOFR ") plus 400 basis points. Moreover, as a result of an elective early termination, a change in control or SSG' s material breach of its obligations under either Tax Receivable Agreement, SSG could be required to make payments under such Tax Receivable Agreement that exceed its actual cash savings under such Tax Receivable Agreement. Thus, SSG' s obligations under each Tax Receivable Agreement could have a substantial negative effect on its financial condition and 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. We cannot assure you 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 if the actual benefits ultimately realized by us are less than were projected in the computation of the early termination payment. Payments under each Tax Receivable Agreement will be based on the tax reporting positions that we will determine and the IRS or another tax authority may challenge all or part of the tax basis increases or the inheritance of tax attributes from the Blocker Companies, as well as other related tax positions we take, and a court could sustain such challenge. If any tax benefits that have given rise to payments under either Tax Receivable Agreement are subsequently disallowed, SSG would be entitled to reduce future amounts otherwise payable to a holder of rights under such Tax Receivable Agreement to the extent such holder has received excess payments. However, the required final and binding determination that a holder of rights under a Tax Receivable Agreement has received excess payments may not be made for a number of years following commencement of any challenge, and SSG will not be permitted to reduce its payments under a Tax Receivable Agreement until there has been a final and binding determination, by which time sufficient subsequent payments under the Tax Receivable Agreement may not be available to offset prior payments for disallowed benefits. SSG will not be reimbursed for any payments previously made under either 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 either Tax Receivable Agreement that are significantly in excess of the benefit that SSG actually realizes in respect of the increases in tax basis (and utilization of certain other tax benefits) and SSG may not be able to recoup those payments, which could adversely affect SSG' s financial condition and liquidity. In certain circumstances, the Partnership will be required to make distributions to us and the existing partners of the Partnership, and the distributions that the Partnership will be required to make may be substantial. The Partnership is expected to continue to be 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 will be allocated to partners, including SSG. Pursuant to the StepStone Limited Partnership Agreement, the Partnership will make tax distributions to its partners, including SSG, which generally will be pro rata based on the ownership of Partnership units, calculated using an assumed tax rate, to help each of the partners to pay taxes on that partner' s allocable share of the Partnership' s net taxable income. Under applicable tax rules, the Partnership is required to allocate net taxable income disproportionately to its partners in certain circumstances. Because tax distributions will be determined based on the partner who is allocated the largest amount of taxable income on a per unit basis and on an assumed tax rate that is the highest possible rate applicable to any partner, but will be made pro rata based on ownership of Partnership units, the Partnership will be required to make tax distributions that, in the aggregate, will likely exceed the amount of taxes that it would have paid if it were taxed on its net income at the assumed rate. Funds used by the Partnership to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, the tax distributions the Partnership will be required to make may be substantial and may significantly exceed (as a percentage of the Partnership' s income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. In addition, because these payments will be calculated with reference to an assumed tax rate, and because of the disproportionate allocation of net taxable income, these payments likely will significantly exceed the actual tax liability for many of the existing partners of the Partnership. As a result of potential differences in the amount of net taxable income allocable to us and to the existing partners of the Partnership, as well as the use of an assumed tax rate in calculating the Partnership' s distribution obligations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreements. We may choose to manage these excess distributions through a number of different approaches, including through the payment of dividends to our Class A common stockholders or by applying them to other corporate purposes. We may be required to fund withholding tax upon certain exchanges of Class B units **or newly- created Class D units** into shares of Class A common stock by non- U. S. holders. In the event of a transfer by a non- U. S. transferor of an interest in a partnership that is engaged in a U. S. trade or business, the transferee generally must withhold tax in an amount equal to 10 % of the amount realized (as determined for U. S. federal income tax purposes) by the transferor on such transfer absent an exception. Holders of Class B units ~~may~~ **or newly- created Class D units** include non- U. S. holders. The partners holding Class B units **or newly- created Class D units** in the Partnership generally will be entitled to exchange such Class B **units or newly- created Class D** units for shares of Class A common stock on a one- for- one basis or, at our election, for cash. To the extent withholding is required and we elect to deliver shares of Class A common stock (rather than cash), we may not have sufficient cash to satisfy such withholding obligation, and ~~,~~ we may be required to incur additional indebtedness or sell shares of our Class A common stock in the open market to raise additional cash in order to satisfy our withholding tax obligations. We may have tax and other liabilities attributable to our pre- IPO investors as a result of certain reorganization transactions. Certain of our pre- IPO institutional investors held their interests in the Partnership through entities that were taxable as corporations for U. S. federal income tax purposes. Before the IPO, SSG formed a new, first- tier merger subsidiary with respect to each Blocker Company. Contemporaneously with the IPO, each merger subsidiary merged with and into the respective Blocker Company, with the Blocker Company surviving. Immediately thereafter, each Blocker Company merged with and into SSG, with SSG surviving. In the Blocker Mergers, the 100 % owners of the Blocker Companies acquired an aggregate of 9, 112, 500 shares of newly issued Class A common stock and the Company acquired a corresponding amount of Partnership units. As the successor to these merged entities, SSG generally succeeded to and became responsible for any outstanding or historical tax or other liabilities of the merged entities, including any liabilities incurred as a result of the mergers described in the previous sentence. Any such liabilities for which SSG is responsible could have an adverse effect on our liquidity and financial condition. Pursuant to the regulations issued under Section 162 (m) of the Code, SSG may not be permitted to deduct its distributive share of compensation expense to the extent that the compensation was paid by the Partnership to certain of SSG' s covered employees, potentially resulting in additional U. S. federal income tax liability for SSG and reducing cash available for distribution to SSG' s stockholders and / or for the payment of other expenses and obligations of SSG. Section 162 (m) of the Code disallows the deduction by any publicly held corporation of applicable employee compensation paid with respect to any covered employee to the extent that such compensation for the taxable year exceeds $ 1, 000, 000. A " covered employee " means any employee of the taxpayer if the employee (a) is the principal executive officer (" PEO ") or principal financial officer (" PFO ") of the taxpayer at any time during the taxable year, or was an individual acting in such a capacity, (b) was among the three highest compensated officers for the taxable year (other than the PEO and PFO) required to be disclosed in the proxy statement, or (c) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2016. Pursuant to the regulations with respect to Section 162 (m) of the Code issued by the IRS, SSG will not be permitted to deduct its distributive share of compensation expense allocated to it, to the extent that such distributive share plus the amount of any compensation paid directly by SSG exceeds $ 1, 000, 000 with respect to a covered employee, even if the Partnership, rather than SSG, pays the compensation to SSG' s covered employees. Accordingly, to the extent that SSG is disallowed a deduction for its distributive share of compensation expense under Section 162 (m) of the Code, it may result in additional U. S. federal income tax liability for SSG and / or reduce cash available for distribution to SSG' s stockholders or for the payment of other expenses and obligations of SSG. If StepStone Group Inc. were deemed an " investment company " under the Investment Company Act of 1940 as a result of its ownership of the Partnership or the General Partner, 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 primarily engaged in the investment advisory service business, specifically that of providing customized investment solutions and advisory, **and** data ~~and administrative~~ services to our clients 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 StepStone Group Inc., the General Partner or the Partnership 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. Further, a majority of the Partnership' s assets consist of direct and indirect ownership interests as the general partner or managing member of the StepStone Funds we sponsor. We believe these interests in the StepStone Funds are not investment securities. The Partnership also will hold minority interests in certain operating subsidiaries that are consolidated on the Partnership' s financial statements as " variable interest entities. " See " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Organizational Structure — Ownership of Our Businesses " for additional information regarding our variable interest entities. The Partnership' s interests in these subsidiaries may be considered investment securities under section 3 (a) (1) (C) of the Investment Company Act. However, the value of these subsidiaries is not large enough to cause the Partnership' s holdings in investment securities to exceed the 40 % threshold under section 3 (a) (1) (C). StepStone Group Inc.' s unconsolidated assets consist primarily of Class A units of the Partnership and 100 % of the interests in the General Partner. StepStone Group Inc. is the sole managing member of the General Partner and, in such capacity, indirectly operates and controls all of the Partnership' s business and affairs. We do not believe StepStone Group Inc.' s managing member interest in the General Partner is an investment security. Therefore, we believe that less than 40 % of StepStone Group Inc.' 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 StepStone Group Inc. 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 StepStone Group Inc. 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 conduct our operations so that StepStone Group Inc. will not be deemed to be an investment company under the Investment Company Act. However, if anything were to happen that would cause StepStone Group Inc. 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 us) 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 the Partnership, the General Partner, us or our senior leadership 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 effect 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, the Partnership undergoes a change of control. After a " Sunset " becomes effective, the Class B common stock will have one vote per share instead of five votes per share, and the Stockholders Agreement will expire, meaning that the Class B stockholders will no longer have the right to control the appointment of directors or to direct the vote on all matters that are submitted to our stockholders for a vote. If a third party acquired a sufficient number of shares to be able, alone or with others, to control the appointment of directors and other matters submitted to our stockholders for a vote, there could be deemed a change of control of the Partnership, and thus an assignment. If such an assignment occurs, we cannot be certain that the Partnership 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 members of our senior leadership team hold their economic interest through other entities, conflicts of interest may arise between them and the holders of our Class A common stock or with us. The Sunset Holders, who are members of our senior leadership team, beneficially owned approximately 30. ~~9~~ **6** % of the outstanding Partnership units as of March 31, ~~2023~~ **2024** . Because they hold their economic interest in the Partnership directly, the members of our senior leadership team 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 leadership team will 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 to terminate either Tax Receivable Agreement and accelerate the obligations thereunder. In addition, the structuring of future transactions and investments may take into consideration the partners' tax considerations even where no similar benefit would accrue to us. We rely on our equity ownership, governance rights and other contractual arrangements to control certain of our consolidated subsidiaries that are not wholly- owned, which may provide us less effective operational control than wholly owning such subsidiaries. Certain of our consolidated subsidiaries are not wholly- owned by us. To the extent these subsidiaries are not wholly- owned by us, substantially all of the other owners are current StepStone professionals working for the related businesses. See " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Organizational Structure — Ownership of Our Businesses. " We have relied, and expect to continue to rely, on a combination of our equity ownership, governance rights and other contractual arrangements to control operations of these businesses. **As described above, SSG and the Partnership have entered into agreements with each of SRE, SRA and SPD, providing a path to full ownership of these subsidiaries.** However, these arrangements may not be as effective in providing us with control over these operations as would wholly owning these subsidiaries. For example, the other owners of these subsidiaries typically have contractual rights to be significantly represented on the board of directors or other governing body of the relevant subsidiary as well as the right to participate in certain decisions affecting the subsidiary, and may assert interests that are in conflict with the interests of StepStone with regard to significant decisions affecting these subsidiaries. As a result, the arrangements we use to control the subsidiaries that are not wholly- owned may not fully protect our interests. If control over these subsidiaries and their operations is exerted less effectively by StepStone, our ability to conduct our business and our results of operations may be adversely affected. 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 five votes on all matters to be voted on by stockholders generally until a Sunset becomes effective. 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 have agreed to vote all of their shares in accordance with the instructions of the Class B Committee, and therefore will exercise control over all matters requiring the approval of our stockholders, including the election of our directors and the approval of 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. Distributions made by the Partnership to us may be substantial, and our ability to use the cash we receive in such distributions may be limited. Under the terms of the StepStone Limited Partnership Agreement, the Partnership is obligated to make pro rata tax distributions to us and other partners of the Partnership. We may receive distributions significantly in excess of our tax liabilities and our obligations to make payments under the Tax Receivable Agreements. Our board of directors will determine the appropriate uses for any excess cash so accumulated, which may include the payment of a cash dividend on the Class A common stock, payment of obligations under the Tax Receivable Agreements or the purchase of additional units in the Partnership. To the extent we do not take such actions and instead, for example, hold such cash balances, substantial cash may accumulate at SSG and not be invested in our business. In addition, Class B ~~and~~ **,** Class C **and Class D** limited partners in the Partnership would benefit from any value attributable to such accumulated cash balances as a result of their ownership of Class A common stock following an exchange of their units for Class A common stock. The dual class structure of our common stock may adversely affect the trading market for our Class A common stock. Several stockholder advisory firms and large institutional investors oppose the use of multiple class structures. As a result, the dual class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure and may result in large institutional investors not purchasing shares of our Class A common stock. Any actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock. We currently 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 law. We **have** ~~declared and~~ paid ~~our first~~ quarterly cash ~~dividend~~ **dividends** ~~in~~ **consistently since** the fourth quarter of fiscal **2021and** ~~2021 and~~ have **occasionally declared special** ~~paid a quarterly cash dividend~~ **dividends** ~~consistently thereafter~~ . We may in the future continue to pay cash dividends to our stockholders, but our board of directors may, in its discretion, decrease the level of dividends or discontinue the payment of dividends entirely. In addition, as a holding company, we will be dependent upon the ability of the Partnership 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 Agreements) and pay dividends to our stockholders. Through our ownership of a 100 % membership interest in the General Partner, we expect to cause the Partnership to make distributions to its partners, including us. However, the ability of the Partnership to make such distributions will be subject to its results of operations, cash requirements and financial condition. Our ability to declare and pay dividends to our stockholders is also 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. General Risk Factors The market price of our Class A common stock has been, and may continue to be volatile, which could cause the value of stockholders' investments to decline. The price of our Class A common stock has been volatile, and we have a relatively limited trading history. During fiscal ~~2023~~ **2024** , the closing price of our Class A common stock ranged from a low of $ ~~23~~ **21** . ~~11~~ **10** , and to a high closing price of $ ~~33~~ **36** . ~~76~~ **41** . The closing price of our Class A common stock **ranged from a** ~~has fallen to as~~ low ~~as~~ **of** $ ~~21~~ **34** . ~~10~~ **55, and to a high of $ 38. 36** in fiscal ~~2024~~ **2025** to date. The price of our Class A common stock may continue to be volatile in the future. The factors described in this " Risk Factors " section may have a significant impact on the market price of 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 adversely affect the market price of our Class A common stock. Provisions in our amended and restated certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that: • provide that vacancies on our board of directors shall be filled only by a majority of directors then in office, even though less than a quorum, or by a sole remaining director; • establish that our board of directors is divided into three classes, with each class serving three- year staggered terms, subject to a specified Sunset; • provide that our directors can be removed (i) for cause only as long as our board of directors is classified and (ii) following such time as our board of directors is no longer classified, with or without cause, but only upon the affirmative vote of holders of at least 66 2 / 3 % of the voting power of the outstanding shares of our capital stock entitled to vote generally in the election of directors; • provide that any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders; • 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, shares of undesignated preferred stock; and • reflect two classes of common stock, with Class B common stock having five votes per share and Class A common stock having one vote per share, until a Sunset becomes effective, 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. In addition, we are a Delaware corporation and governed by the Delaware General Corporation Law (the " DGCL "). In general, Section 203 of the DGCL, an anti- takeover law, prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15 % or more of the corporation' s voting stock, which person or group is considered an interested stockholder under the DGCL, for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. We have elected in our amended and restated certificate of incorporation not to be subject to Section 203. However, our amended and restated certificate of incorporation contains provisions that have the same effect as Section 203, except that they provide that the Sunset Holders, their affiliates and their respective successors (other than the Company or any of our subsidiaries), as well as 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. Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, and the federal district courts as the exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain what such stockholders believe to be a favorable judicial forum for disputes with us or our directors, officers or other employees. Our amended and restated certificate of incorporation provides that, unless we select or consent to the selection of an alternative forum, all complaints asserting any internal corporate claims, which include claims in the right of our company (i) that are based upon a violation of a duty by a current or former director, officer, employee or stockholder in such capacity or (ii) as to which the DGCL confers jurisdiction upon the Court of Chancery, shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, another state court or a federal court located within the State of Delaware. Furthermore, unless we select or consent to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Our choice- of- forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring an interest in any shares of our capital stock shall be deemed to have notice of and to have consented to the forum provisions in our amended and restated certificate of incorporation. These choice- of- forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that he, she or it believes to be favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.