StepStone Real Estate (“SRE”) House Views

FALL 2023 | CONFIDENTIAL

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All data is as of November 2023 unless otherwise noted.

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Comprehensive Sourcing of House Views

Source: SPI Research. As of November 2023.

MARKET THEMES

Higher Interest Rates Lead to New Opportunity

2022

Public market correction, private real estate pause

2023+

Pressures build around debt, private real estate repricing, **debt restructuring underway**

NOW — Very Favorable Outlook

- Debt
- Secondaries and Recapitalizations
- Opportunistic / Distress, NPLs

NEXT — Correction Likely to Boost Core Yields

- Open-end core/core-plus funds reprice to higher yields in a higher interest rate environment
- Real estate maintains its long-term targeted role in portfolios:
  - Diversification
  - Inflation protection
  - Current income
  - Appealing risk/return

The opinions expressed herein reflect the current opinions of Stepstone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass.

Real Estate Markets are Correcting, Slowly as is Typical

The US office situation is far worse than other property types or office elsewhere. Secular trends exacerbate US office problems while dampening harm to others from cyclic slowdown

Market is Repricing

- Further decline in indices likely; fund valuations lag
- Driven by higher rates, not operational problems except office

Volume Still Depressed

- Due to uncertainty and reduced lending
- Better for smaller assets, favored property types (industrial, residential)

Loan Restructuring Underway

- Lenders focused on workouts
- Wide array of outcomes depending on circumstances
- *Owners must navigate funding gaps to hold affected assets*

New Capital Limited

- Valuations still high, holds up allocations
- Lower distributions, less to recommit
- New fund commitments halved in 2023
- Much dry powder in funds likely redeployed to existing assets

1. Sourced from StepStone proprietary database Omni, 567 value add and opportunistic primaries funds as of Q1 2023.

Private Markets are Repricing

TOTAL RETURN

	2022	1H 2023	PEAK-TO-CURRENT	PEAK QUARTER
PUBLIC INDICES[1]				
Broad public equities: MSCI ACWI	-18.0%	14.2%	-6.3%	Q4 2021
Barclays Capital US Aggregate Bond Index	-13.0%	2.1%	-11.2%	Q4 2021
US Public RE – All Equity REITs	-24.9%	3.0%	-22.7%	Q4 2021
Global Public RE - EPRA/NAREIT	-23.6%	1.1%	-22.8%	Q4 2021
COMMERCIAL PROPERTY PRICE INDICES[2]				
US - Green Street CPPI	-18.1%	-5.5%	-23.9%	Q4 2021
Europe - Green Street CPPI	-14.4%	-6.8%	-21.4%	Q1 2022
CORE FUND INDICES[3]				
US - NCREIF ODCE	6.5%	-6.2%	-11.0%	Q3 2022
Europe - INREV ODCE	-1.3%	-3.8%	-10.3%	Q2 2022
Asia - ANREV ODCE	6.3%	0.5%	-0.3%	Q1 2023
NON-CORE FUND INDICES[4]				
Global - Burgiss VA/Opportunistic	2.4%	-0.3%	-3.2%	Q1 2022

Publics led price drop, now rising. More volatile, linked to broad equity indices

Per Green Street research, private real estate (CPPI) is expensive, implying drop of 10% in US and 5% in Europe to align with publics

Fund indices correcting but still behind property trading prices

Lagging fund revaluations and distributions still leave many investors at capacity for RE

Sources: NCREIF, INREV, ANREV, Burgiss, Green Street, NAREIT, Bloomberg and FTSE, September 2023. Note: Public REITs are comprised of materially different exposures than private real estate. In aggregate, public REITs are 48% allocated to major property types (retail, residential, industrial, and office) as of Q2 2023 according to NARIET, compared to 89% exposure to major property types in the private Global Real Estate Fund Index produced by ANREV, INREV, and NCREIF as of Q2 2023. The referenced indices/benchmarks are shown for general market comparisons and are not meant to represent any particular fund. An investor cannot directly invest in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented.

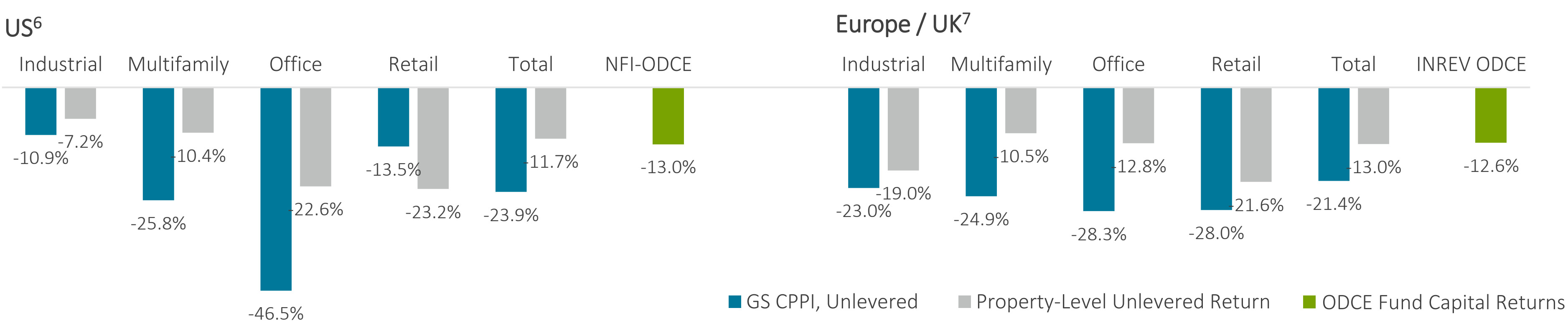
1. Public Indices' returns are reported in US dollars.
2. Green Street CPPIs are reported in local currencies and reflect changes in their core CPPI, which reflects inclusion of the four major property types (industrial, multifamily, office and strip center retail), but is not limited to core risk.
3. All Fund Indices' returns are net of fees and reported in local currencies.
4. Q1 2023 return is based on reported valuations, excluding roll-forwards.

Core Indices Lag Trading Prices, but are Repricing

CAPITAL RETURN: PRIVATE DATA ADJUSTED FOR MORE DIRECT COMPARISON[1]

	PEAK TO CURRENT	LTV %	EXPOSURE TO OFFICE
US			
Public RE – NAREIT All Equity REITs[2]	-26.9%	34.6%	4.5%
Green Street CPPI , Unlevered	-23.9%	NM[3]	25.0%
Green Street CPPI, Levered[4]	-31.2%	24.5%	25.0%
NCREIF ODCE Capital Return	-13.0%	24.5%	18.1%
Europe			
Public RE – NAREIT Developed Europe[2]	-45.1%	36.7%	9.5%
Green Street CPPI	-21.4%	NM[3]	25.0%
Green Street CPPI Levered[4]	-27.3%	23.0%	25.0%
INREV ODCE Capital Return	-12.6%	23.0%	36.8%

PEAK-TO-CURRENT PERFORMANCE BY PROPERTY TYPE[5]



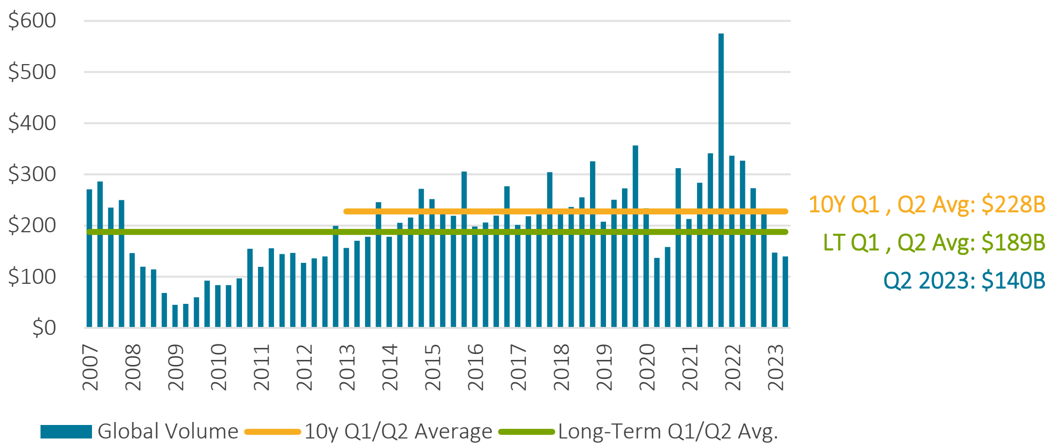
Sources: NCREIF, INREV, Green Street, NAREIT, SRE calculation, September 2023. US index returns are in USD and Europe index returns are in Euro. The referenced indices/benchmarks are shown for general market comparisons and are not meant to represent any particular fund. An investor cannot directly invest in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented.

1. NAREIT All Equity LTV information is sourced from NAREIT REIT Fact Sheet as of June 2023. Office exposure is sourced from Performance by Property Sector and Subsector report as of June 2023. FTSE EPRA NAREIT Developed Europe LTV is sourced from EPRA Monthly LTV Monitor as of May 2023. Office exposure is sourced from EPRA Monthly Market Report as of June 2023.
2. Green Street CPPI index is a time series of unleveraged commercial property value.
3. US Green Street CPPI Levered returns are estimated with NCREIF ODCE historical LTV. The LTV % in the table reflects the leverage as of Q2 2023. ODCE funds' borrowing costs are based on SRE manager survey collection as of Q2 2023. Europe Green Street CPPI Levered returns are estimated with INREV ODCE historical LTV. The LTV % in the table reflects the leverage as of Q2 2023. Borrowing costs are estimated assuming 70% fixed rate and 30% floating rate, where fixed rate is based on SRE manager survey while floating rate is 175bps plus 3M Euribor.
4. Peak time varies across property types, therefore GS CPPI Total peak-to-current return is not equal to average peak-to-current return from constituent sectors.
5. US property-level unlevered returns sourced from NCREIF NPI, subset to properties held by NFI-ODCE funds only.
6. Europe / UK property-level unlevered returns sourced from INREV Asset Level Analysis. Assets are not limited to Europe INREV ODCE holdings. Retail has seen secular deprecation since Q3 2018, despite 4 quarters of minor appreciation from Q3 2021 to Q2 2022. Therefore the peak-to-current return reflects the total capital return starting from Q3 2018.

While Trading is Depressed, There is Select Liquidity

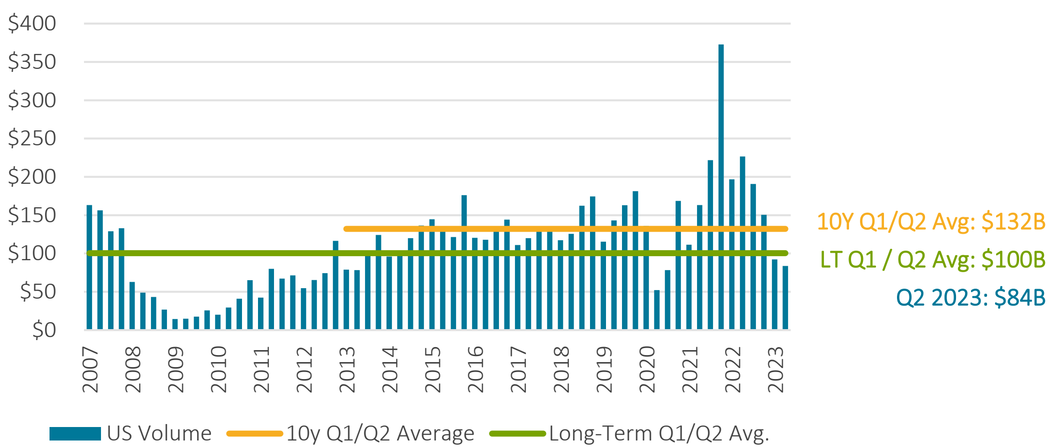
More stable interest rates and seller capitulation expected to lift sales

GLOBAL QUARTERLY TRANSACTION VOLUME (US$ BILLIONS)

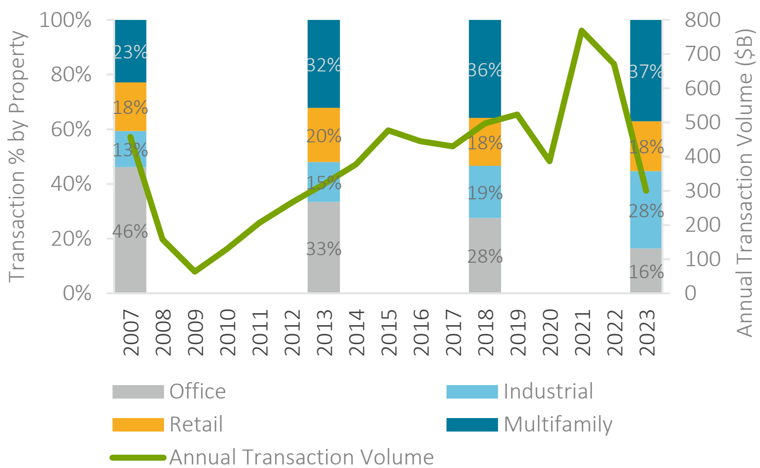


- Much more robust than GFC era
- 40% below expansion period globally
- Concentrated in industrial and residential, office way down

US QUARTERLY TRANSACTION VOLUME (US$ BILLIONS)



US ANNUAL TRANSACTION VOLUME BY PROPERTY TYPE

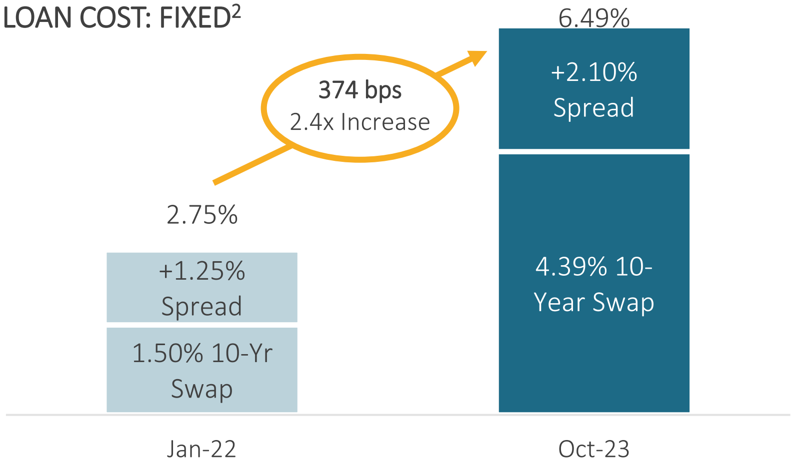


Source: MSCI Real Capital Analytics, August 2023.

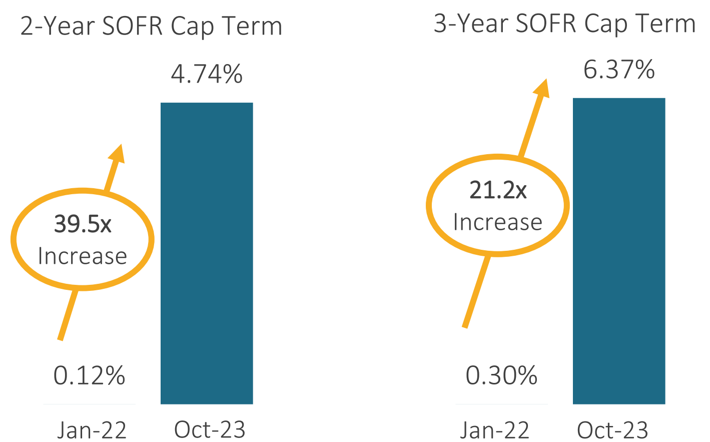
Debt Costs Persistently High, Doubling Since Early 2022

- Leveraged owners with near term maturities and/or floating rate debt face funding gaps

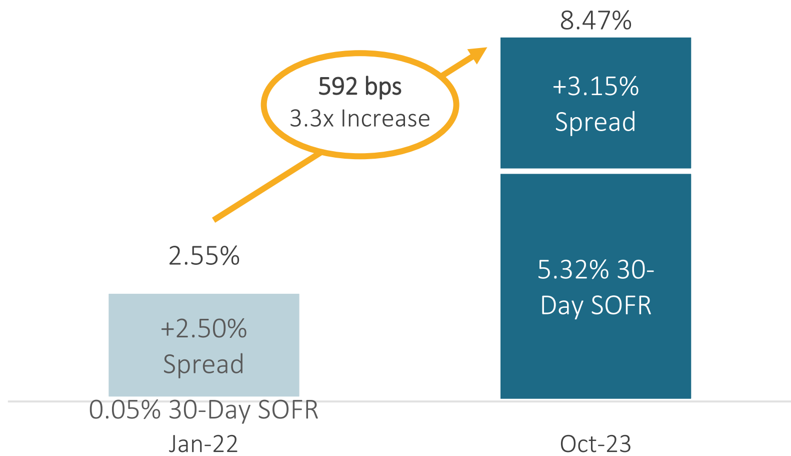
LOAN COST: FIXED[2]



INTEREST RATE CAP COST



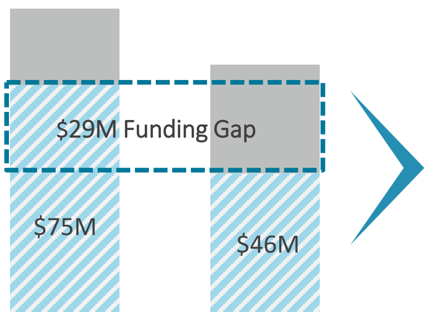
LOAN COST: FLOATING[3]



Sources: StepStone data, Chatham Financial,, Federal Reserve, CBRE, September 2023.
1. Sourced from StepStone omni, 240 Non-core funds as of Q1 2023.
2. Fixed loan cost for stabilized multifamily at 50% to 59% loan-to-value.
3. For illustrative purposes, floating rate example does not consider a SOFR cap. Floating loan cost for transitional multifamily at 65% loan-to-cost and acceptable debt yield.

Higher Rates Mean Much Lower New Loan Proceeds

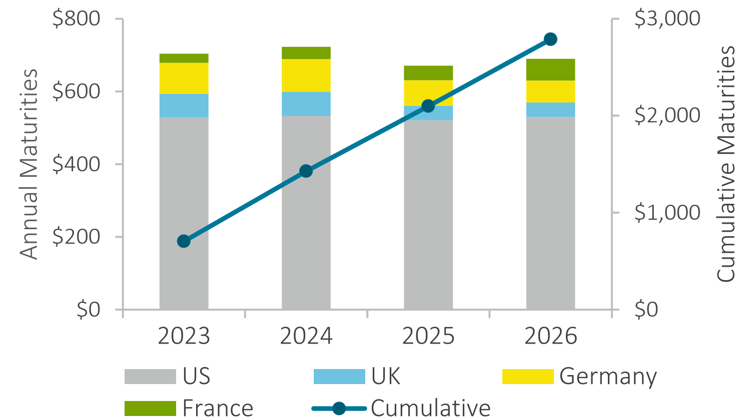
	Jan-22 Maturing Loan	Oct-23 New Loan
Property Value	$100M	$82M
Equity		
Debt	$75M	$46M
Cost of Debt	2.8%	6.5%
DSCR	2.2x	1.5x
LTV	75%	56%



Owner Options:

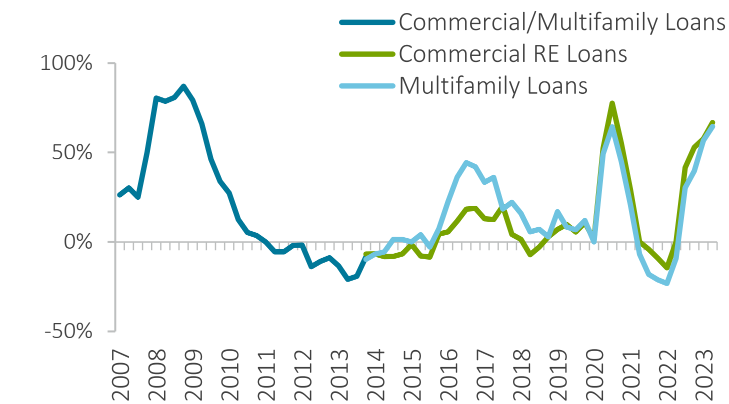
- Fund It
- OR
- Recapitalize it
- OR
- Sell it via direct sale or default / lender sale

COMMERCIAL / MULTIFAMILY MORTGAGE MATURITIES (US$ BILLIONS)



Sources: US data is sourced from Trepp, with estimates for 2023 – 2024 as of July 2023, and estimates for 2025 – 2026 as of March 2023. European data is sourced from PGIM as of November 2022.

NET SHARE OF US BANKS TIGHTENING REAL ESTATE LOAN STANDARDS[1]



- Loan availability is a challenge
- Example assumes income is constant, but:
  - Growth is slowing for healthy properties,
  - Income is falling for troubled properties, and
  - Cap ex overruns/delays are common

Sources: StepStone data, US Federal Reserve, CBRE September 2023.
Figures reflect hypothetical stabilized asset with 10-year fixed rate debt.
1. As of Q4 2013, the combined commercial and multifamily real estate loan series was split into commercial real estate and multifamily categories.

US Bank Outcomes Vary; Slow Recovery for Lending

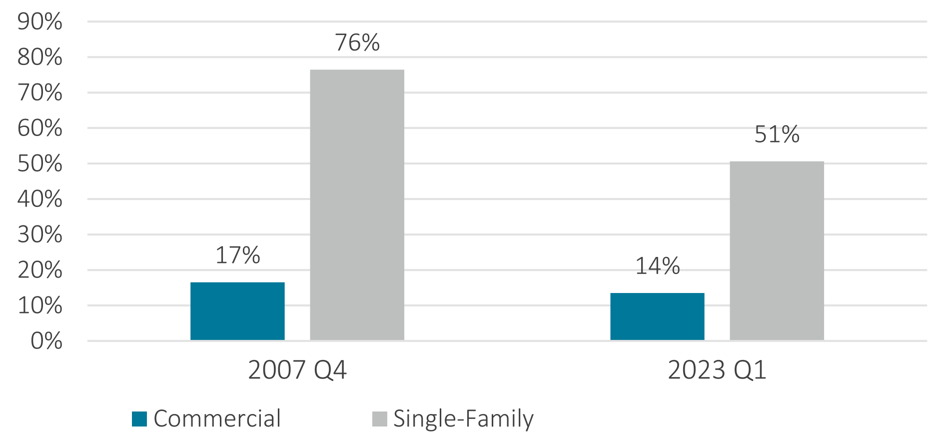
System is solid, supported by Fed

This is Not the GFC for Banks

- CRE loans are a much smaller share of the US economy than home loans
- Banks directed to reduce CRE exposure, pace losses
- Focus is on workouts; new loans limited and focused on best relationships
- Some banks are facing a CRE crisis

Rise in non-bank lending likely

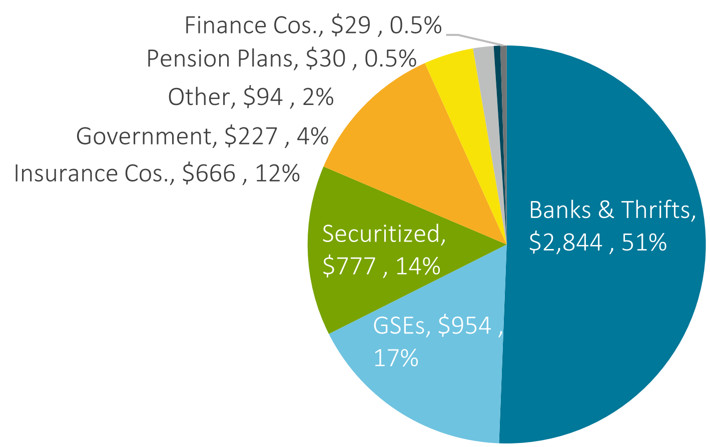
US MORTGAGE DEBT OUTSTANDING AS SHARE OF GDP



Source: Board of Governors of the Federal Reserve System, US Bureau of Economic Research, August 2023.

US COMMERCIAL/MULTIFAMILY MORTGAGES OUTSTANDING BY SOURCE

Q4 2022, $Billions

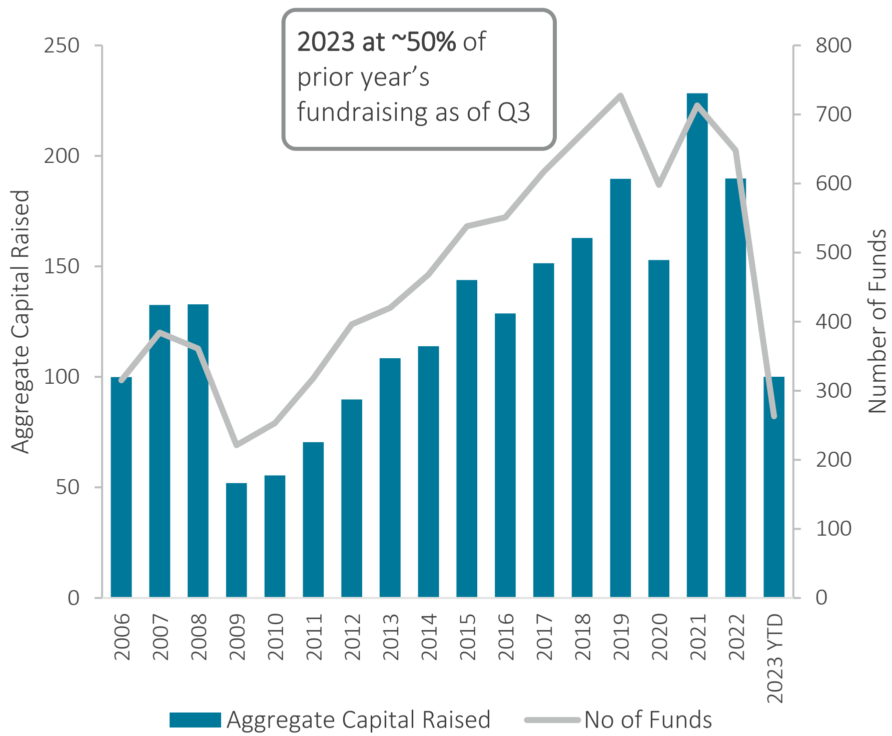


Sources: Trepp, May 2023.

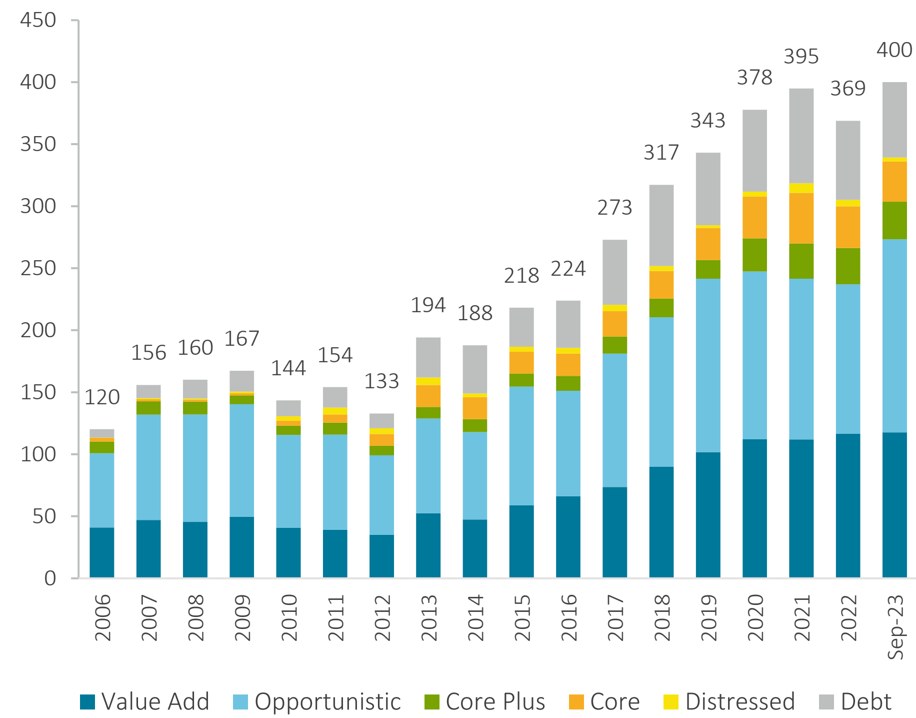
Non-Core Fundraising Down, Still a Lot of Dry Powder

Pre-correction assets likely to use dry powder, reducing acquisitions for pre-23 vintages

GLOBAL PRIVATE REAL ESTATE FUNDRAISING (US$ BILLIONS)



GLOBAL PRIVATE REAL ESTATE FUND DRY POWDER (US$ BILLIONS)

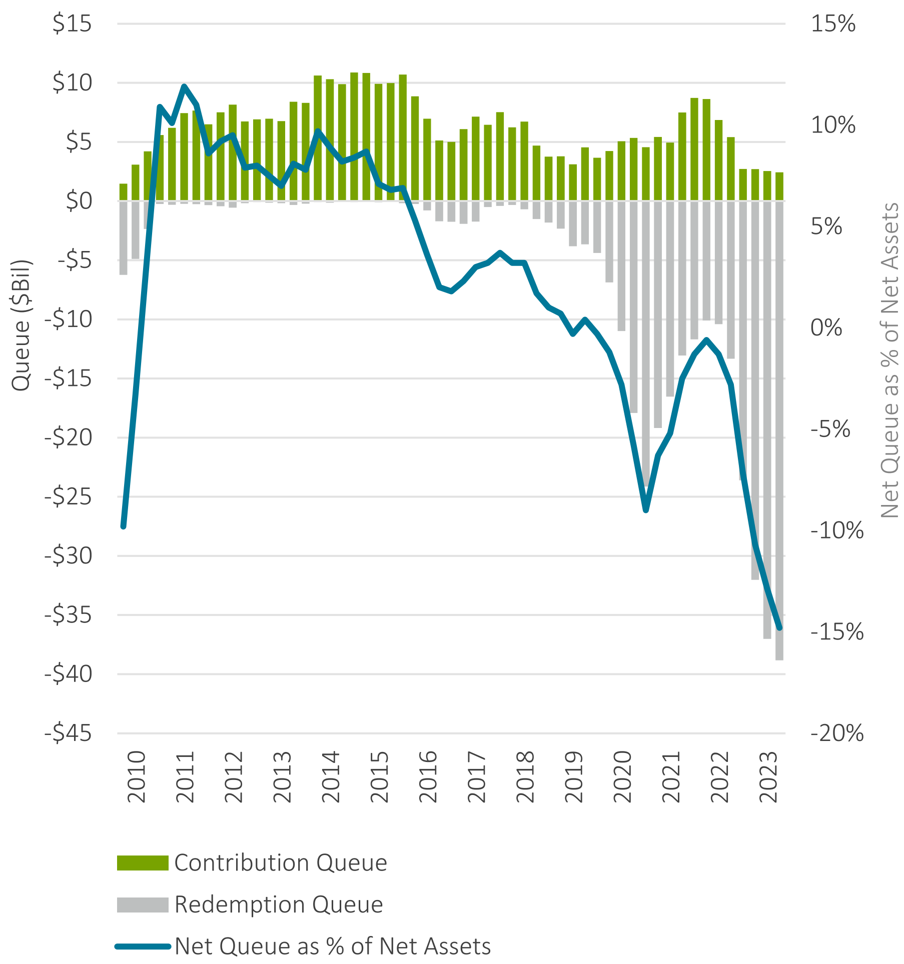


Source: Preqin Pro, September 2023.

Open Ended Fund Queues Still Sizeable

Queues reflect investors seeking liquidity from open-ended funds

NCREIF ODCE FUND QUEUES



Redemption queues continue to build

Fund managers are making some selective exits but are generally gated and not making material redemptions

Queues are similar across funds

Eventual repricing typically resolves the denominator effect and the queues

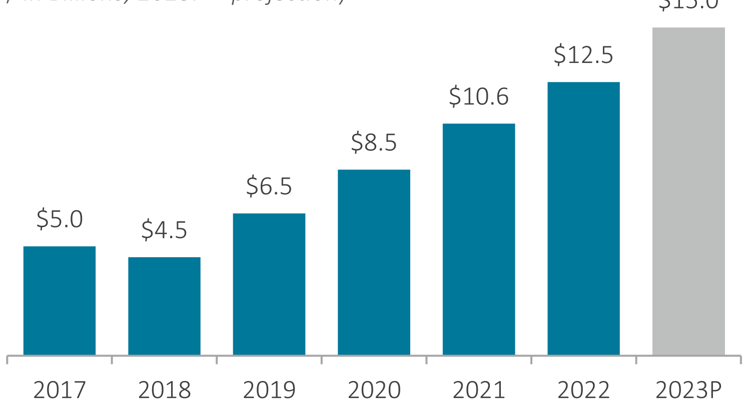
Source: StepStone Real Estate Manager Surveys data as of Q2 2023, September 2023.

Secondary Sales Rising

LPs seek liquidity and GPs need to fund recapitalizations

GLOBAL REAL ESTATE SECONDARIES VOLUME

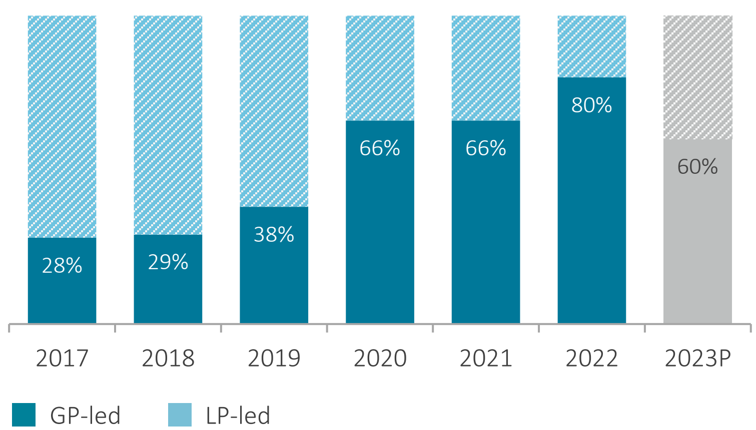
($ in Billions; 2023P = projection)



- GP-led growing to manage funding gaps and LP liquidity
- LP-led prices and volume low
  - Investors mainly selling problems
  - Declining (and lagging) NAV means buyers need higher discounts

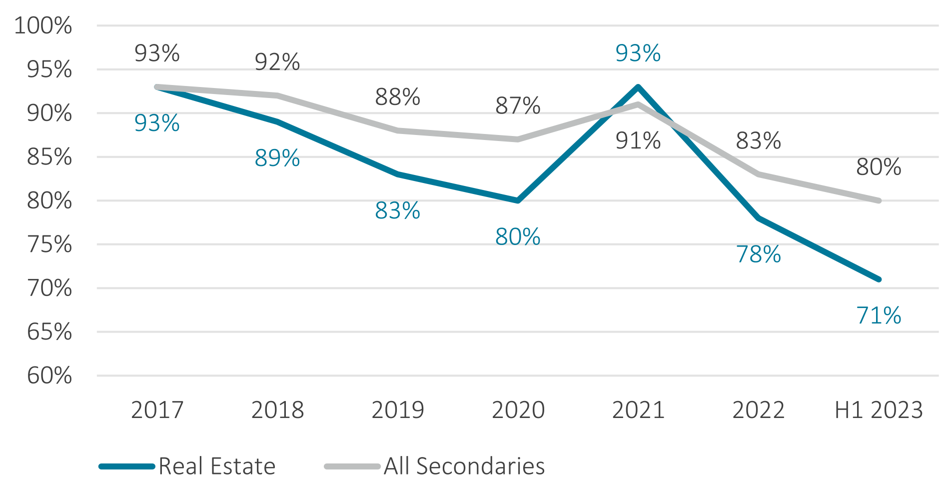
SHARE OF REAL ESTATE SECONDARIES VOLUME BY TYPE

(% of global volume; 2023P = projection)



Source: Jefferies LLC, April 2023. 2023P represents a projection of annual 2023 activity based on Jefferies buyer survey results as of December 31, 2022.

GLOBAL SECONDARIES PRICING AS SHARE OF NAV



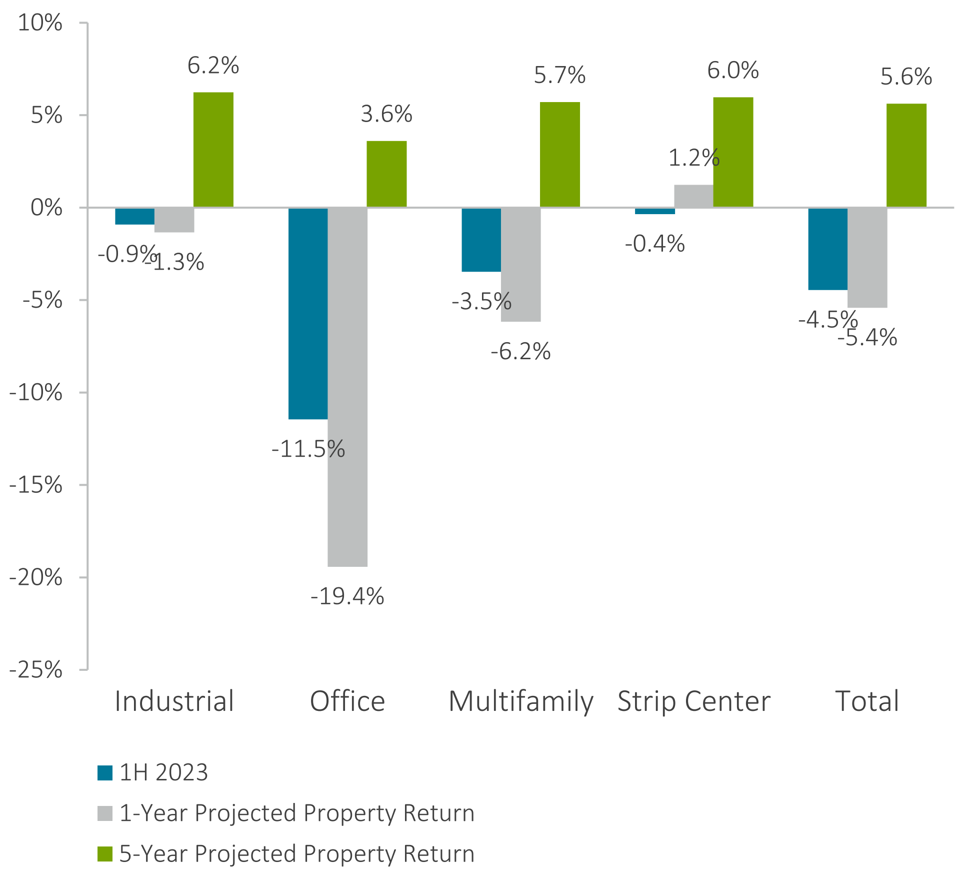
Source: Greenhill, August 2023.

Ultimately Real Estate Reprices to Higher Yields

Thus, continuing to serve a useful role in portfolios in a higher interest rate environment

US CORE PROPERTY-LEVEL UNLEVERAGED RETURNS

1H 2023 VS. ONE- AND FIVE-YEAR PROJECTIONS



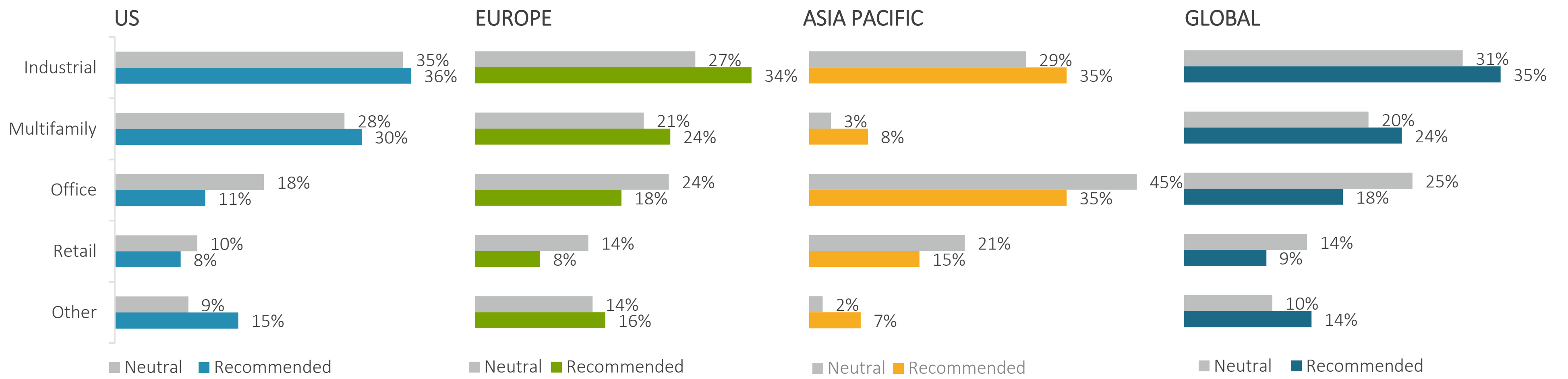
Five-year projection reflects 43% drop in office prices of better, quality core portfolios

Source: Green Street, NCREIF, StepStone Real Estate, September 2023.
Total return for 1H 2023 is reflective of the aggregate returns from the four major sectors only. 1-Year and 5-Year Projected Total is weighted average using ODCE 2Q23 property type weightings, with office allocation adjusted to reflect the 1-year projected depreciation.

PREFERRED STRATEGIES & PORTFOLIO CONSTRUCTION

Global Real Estate Portfolio Positioning

RECOMMENDED TILTS VS. NEUTRAL WEIGHTING: REGIONAL

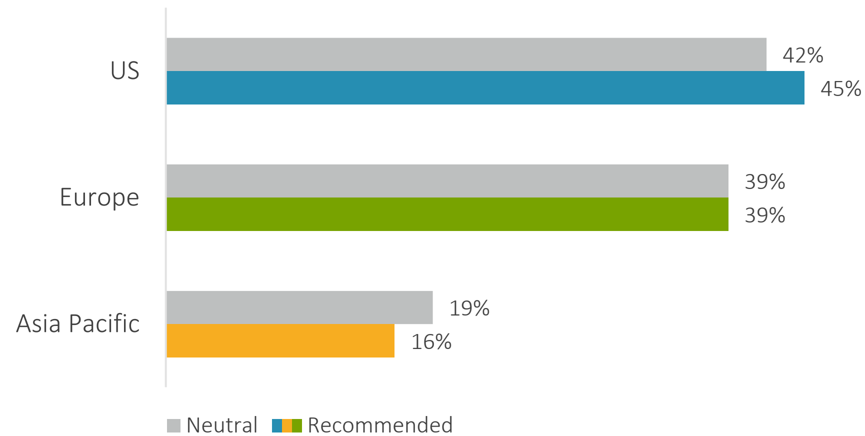


CONSIDERATIONS

Suggested weightings reflect mature, core portfolios; newer portfolios, core+ and non-core portfolios may have greater tilts

- US - overweight for distress opportunity
- Europe - distress offset by greater risks to growth
- Asia - emphasize Japan
- Recommended tilts for risk exposure:
  - Defer new open-ended funds
  - Overweight non-core and recaps to capture distress
  - Overweight debt

GEOGRAPHIC



Sources: StepStone Real Estate calculations, September 2023. Neutral weightings sourced from Global Real Estate Fund Index as of Q2 2023 for global property and geographic allocations and ANREV, INREV, and NCREIF core fund indices as of Q2 2023 for property allocations by region. Other property includes hospitality, healthcare, self-storage, senior housing, and student housing. Neutral values in charts have shifted from prior publication due to process and data improvements. Recommendations are recast in relation to new neutral weightings. The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass.

Preferred Market/Property Type Strategies

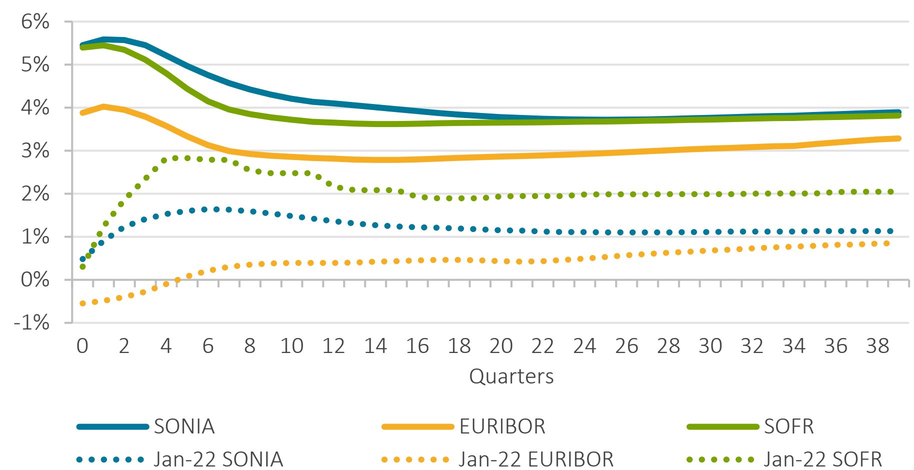
● Investor Favorable ● Neutral ● Investor Unfavorable

PROPERTY TYPE		MARKET CONDITIONS				INVESTMENT APPEAL		
		DEMAND			SUPPLY			
			SECULAR SUPPORT					
		CYCLIC	TECH	DEMOGRAPHIC		US	EUROPE	APAC
Majors	Office	Investor Unfavorable	Investor Unfavorable	n/a	Neutral / Investor Unfavorable	Investor Unfavorable	Investor Unfavorable	Investor Unfavorable
	Industrial	Investor Unfavorable	Investor Favorable	Investor Favorable	Neutral	Investor Favorable	Investor Favorable	Investor Favorable
	MF - Class A	Neutral	Neutral	Neutral	Neutral / Investor Unfavorable	Neutral	Neutral	Investor Favorable
	- Class B/C	Investor Favorable	Neutral	Neutral	Investor Favorable	Investor Favorable	Neutral	Investor Favorable
	Retail	Investor Unfavorable	Investor Unfavorable	Neutral	Neutral	Neutral	Neutral	Neutral
Other Rental Residential								
	Manufactured Housing	Investor Favorable	Investor Favorable	Neutral	Investor Favorable	Investor Favorable	n/a	n/a
	Single Family Homes	Investor Favorable	Investor Favorable	Neutral	Investor Favorable	Investor Favorable	Neutral	n/a
	Student Housing	Investor Favorable	Neutral	Neutral	Neutral	Investor Favorable	Investor Favorable	Investor Favorable
	Senior Housing	Neutral	Neutral	Investor Favorable	Investor Favorable	Investor Favorable	Investor Favorable	n/a
Other	Self Storage	Investor Favorable	Neutral	Investor Favorable	Neutral / Investor Unfavorable	Neutral	Investor Favorable	Neutral
	Cold Storage	Neutral	Neutral	Neutral	Investor Favorable	Investor Favorable	Investor Favorable	Investor Favorable
	Life Sciences R&D	Investor Unfavorable	Neutral	Investor Favorable	Neutral	Neutral	Neutral	Investor Favorable
	Hospitality	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
	Data Centers	Neutral	Investor Favorable	Neutral	Neutral	Neutral	Investor Favorable	Neutral
	Production Studios	Neutral	Investor Favorable	Neutral	Investor Favorable	Neutral	Neutral	Neutral

Private Debt: Better Terms, Less Competition, Higher Returns

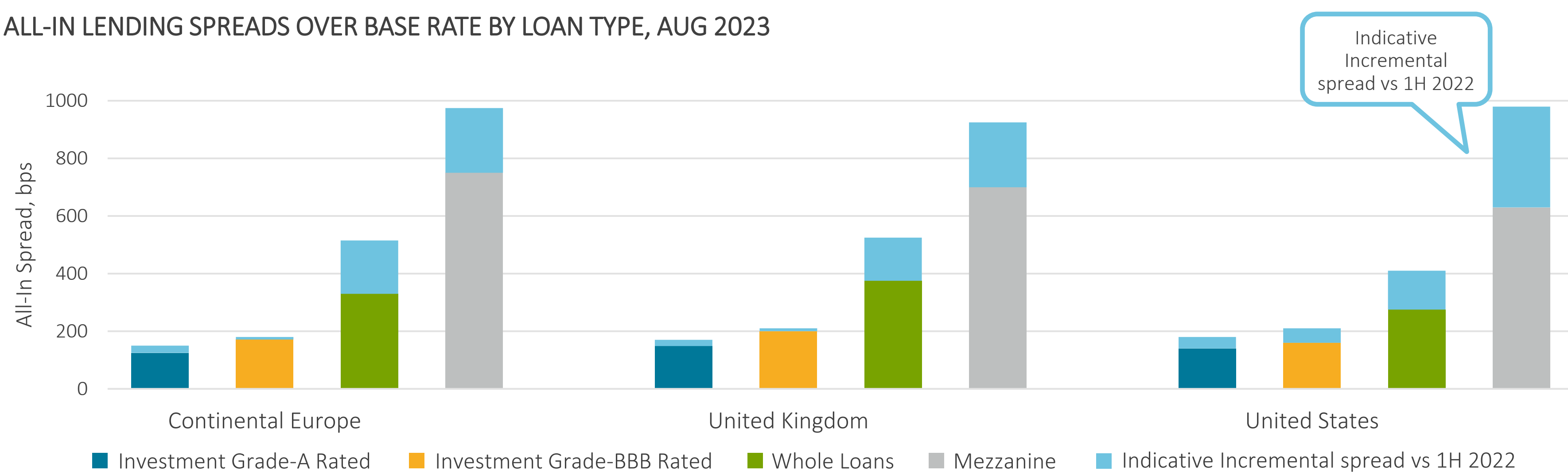
- US volume down 52% YOY June 2023, estimated 32% fewer lenders
- Lower attachment points, better terms, higher yield
- Transitional lending can offer value-add IRRs with considerably lower risk

THREE MONTH FORWARD CURVES, Q3 2023 VS. Q1 2022



Source: Chatham financials as of September 2023.
Lines show current forward curves, dots show forward curves as of Jan-2022.

ALL-IN LENDING SPREADS OVER BASE RATE BY LOAN TYPE, AUG 2023

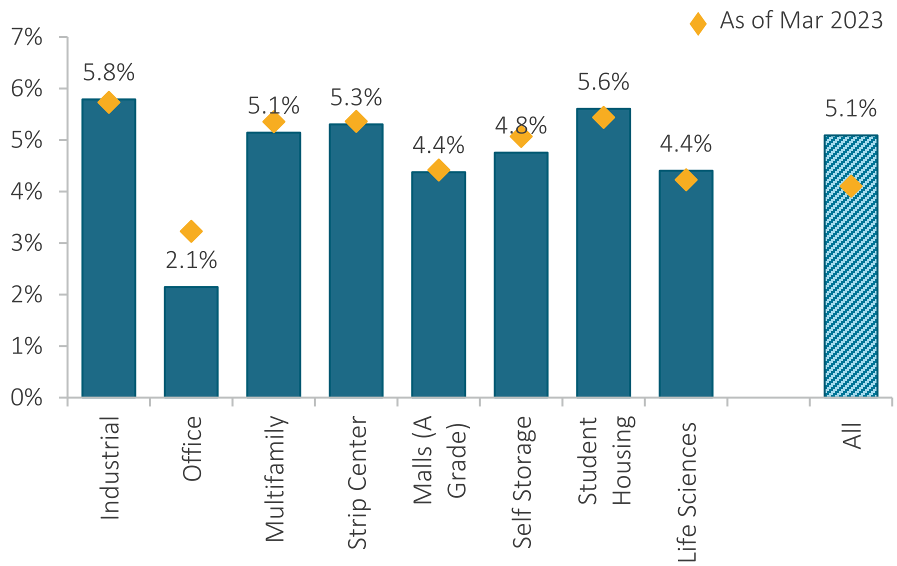


Source: PGIM, AIG, StepStone Real Estate analysis, August 2023. For illustrative purposes only.

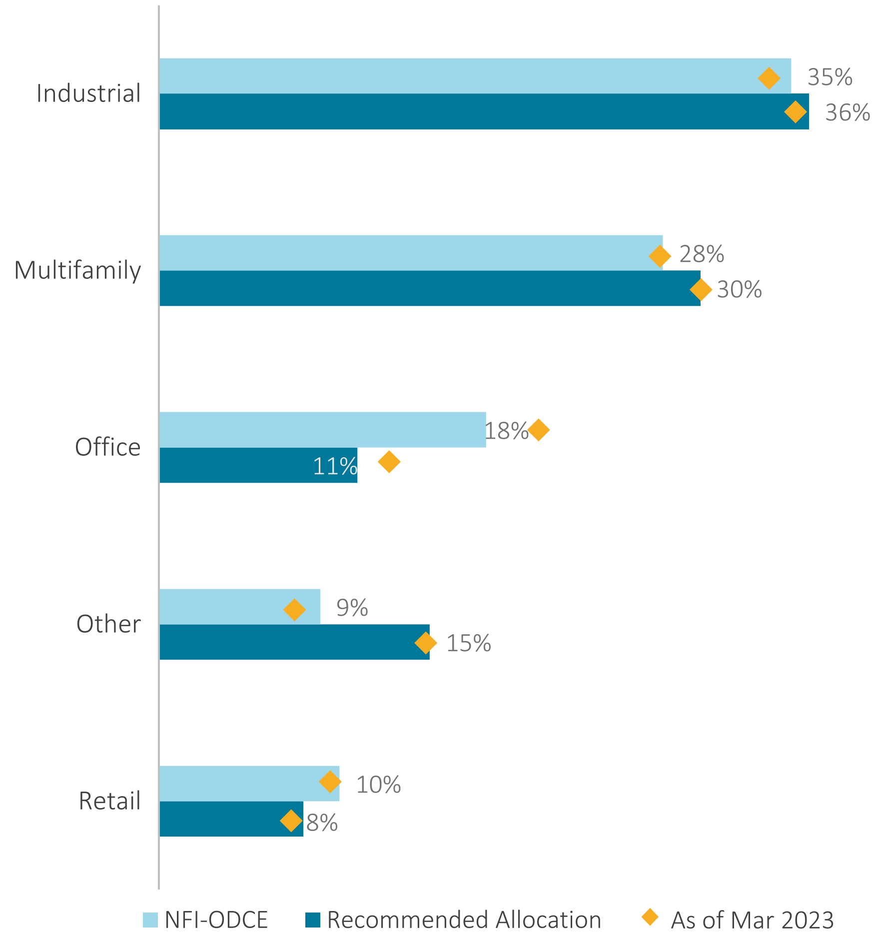
REGIONAL OUTLOOKS

US Core Portfolio Positioning

FIVE-YEAR CORE FUND NET RETURN PROJECTIONS BY TYPE



RECOMMENDED PROPERTY TYPE TILTS VS. NFI-ODCE



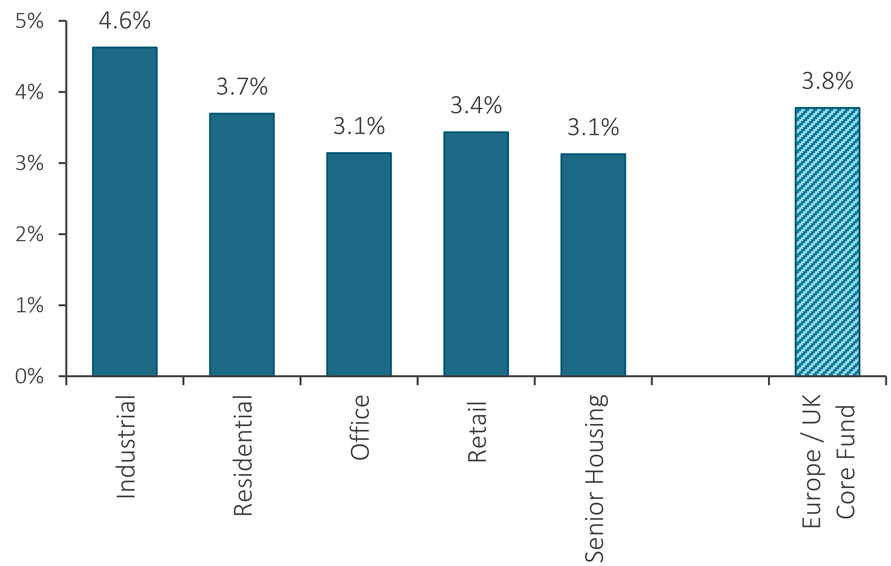
CONSIDERATIONS

- NAV lags price changes, ongoing reduction expected
- Industrial close to fair price; office has greatest downside risk.
- Income improves as NAVs decline. Potential future growth from: below market industrial rents, lack of construction.
- Redemption queues still high
- Secondary market activity increasing

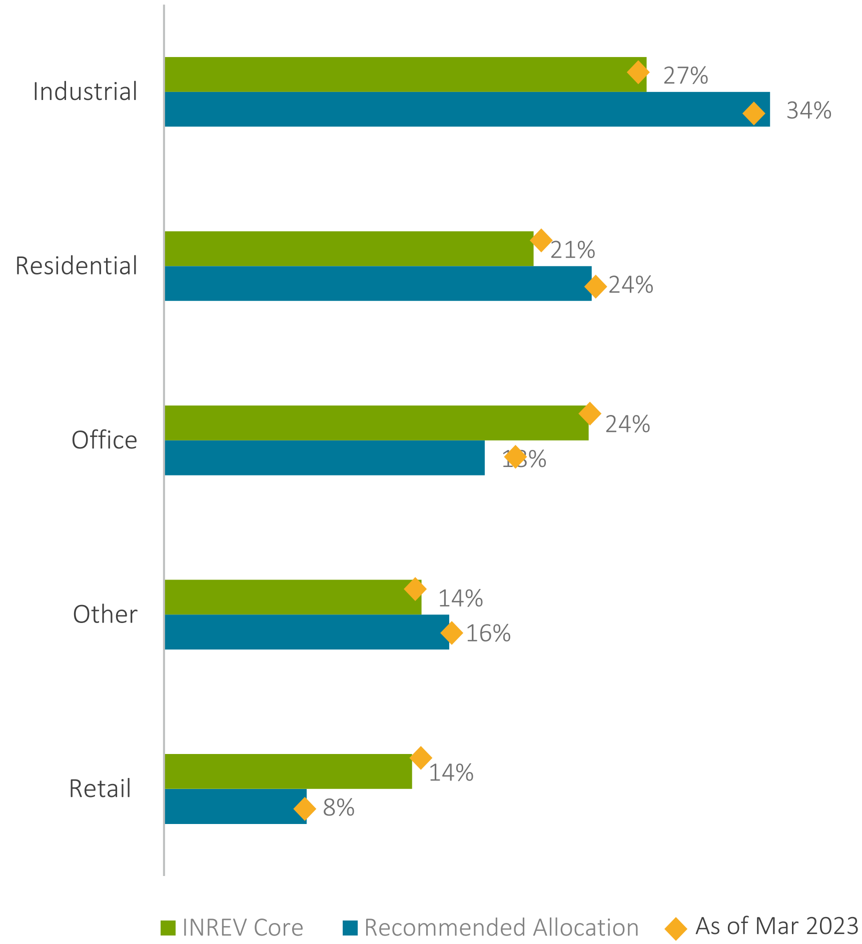
Sources: StepStone Real Estate calculations, NCREIF, September 2023. Prospective five-year buy-and-hold return for a representative Grade-A/Core asset reflecting a market average level of return. Leverage is applied at the current level of the NFI-ODCE at a 24.5% LTV using StepStone Real Estate estimates for debt finance costs. NCREIF ODCE weightings are the value-weighted share of net real estate assets as of Q2 2023. Other property includes hospitality, healthcare, self-storage, senior housing, and student housing. The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. For illustrative purposes only. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target IRRs will be achieved or that the investment will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding target IRR calculations is available upon request.

European Core Portfolio Positioning

FIVE-YEAR CORE FUND NET RETURN PROJECTIONS BY TYPE



RECOMMENDED PROPERTY TYPE TILTS VS. INREV CORE



CONSIDERATIONS

- NAVs lag price changes; UK and Nordic focused exposures have repriced the quickest
- Industrial leads performance. Residential facing new rental regulations
- While fundamentals strong, recession poses risk
- Secondary market activity increasing

Sources: StepStone Real Estate calculations, INREV, September 2023. Prospective five-year buy-and-hold return for a representative Grade-A/Core asset reflecting a market average level of return. Leverage is applied at the current level of the INREV-ODCE at a 23% LTV using StepStone Real Estate estimates for debt finance costs. INREV Core weightings are based on INREV Core Index as of Q2 2023. Other property includes student housing, hotel, leisure, parking and agricultural, etc. The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. For illustrative purposes only. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target IRRs will be achieved or that the investment will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding target IRR calculations is available upon request.

Europe: Preferred Market/Property Type Strategies

🟢 Investor Favorable 🟡 Neutral 🔴 Investor Unfavorable

PROPERTY TYPE		INVESTMENT APPEAL						
		EUROPE	UK	GERMANY	FRANCE	NORDICS	SPAIN	NL
Majors	• Office	🔴	🟡	🔴	🔴	🟡	🟡	🔴
	• Industrial	🟢	🟢	🟢	🟢	🟢	🟢	🟢
	• MF - Class A	🟡	🟡	🟢	🟡	🟢	🟡	🔴
	- Class B/C	🟡	🟡	🟡	🟡	🟡	🟡	🔴
	• Retail	🟡	🔴	🔴	🟡	🟡	🟡	🟡
Other Rental Residential								
	• Manufactured Housing	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	• Single Family Homes	🟡	🟡	n/a	n/a	n/a	🟡	n/a
	• Student Housing	🟢	🟢	🟢	🟢	🟢	🟢	🟢
	• Senior Housing	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Other	• Self Storage	🟢	🟢	🟢	🟢	🟢	🟢	🟢
	• Cold Storage	🟢	🟢	🟢	🟢	🟢	🟢	🟢
	• Life Sciences R&D	🟡	🟢	🟢	🟡	🟡	🟡	🟢
	• Hospitality	🟡	🟡	🟡	🟡	🟡	🟡	🟡
	• Data Centers	🟢	🟢	🟢	🟢	🟢	🟢	🟢
	• Production Studios	🟡	🟢	🟢	🟡	🟡	🟢	🟡

Asia-Pacific: Preferred Market/Property Type Strategies

● Investor Favorable ● Neutral ● Investor Unfavorable

PROPERTY TYPE		INVESTMENT APPEAL						
		APAC	JAPAN	CHINA	AUSTRALIA	KOREA	HONG KONG	SINGAPORE
Majors	• Office	Unfavorable	Favorable	Unfavorable	Neutral	Favorable	Unfavorable	Neutral
	• Industrial	Favorable	Favorable	Neutral	Favorable	Favorable	Neutral	Favorable
	• MF - Class A	Favorable	Favorable	Unfavorable	Favorable	Neutral	Neutral	Neutral
	- Class B/C	Favorable	Favorable	Unfavorable	Neutral	Neutral	Neutral	Neutral
	• Retail	Neutral	Neutral	Unfavorable	Neutral	Neutral	Neutral	Neutral
Other Rental Residential								
	• Manufactured Housing	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	• Single Family Homes	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	• Student Housing	Favorable	Favorable	Unfavorable	Favorable	Neutral	Neutral	Neutral
	• Senior Housing	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other	• Self Storage	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
	• Cold Storage	Favorable	Favorable	Favorable	Favorable	Neutral	Favorable	Neutral
	• Life Sciences R&D	Favorable	Favorable	Favorable	Neutral	Neutral	Neutral	Neutral
	• Hospitality	Neutral	Favorable	Unfavorable	Favorable	Neutral	Unfavorable	Neutral
	• Data Centers	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
	• Production Studios	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral

Thank you!

Please direct questions to

SREMarketResearch@stepstonegroup.com

or reach out to your client manager.

Risks and Other Considerations

Risks Associated with Investments. Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

Restrictions on Transfer and Withdrawal; Illiquidity of Interests; Interests Not Registered. The investment is highly illiquid and subject to transfer restrictions and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment, with no certainty of return. Interests in the investment have not been and will not be registered under the laws of any jurisdiction. Investment has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document.

Limited Diversification of Investments. The investment opportunity does not have fixed guidelines for diversification and may make a limited number of investments.

Reliance on Third Parties. StepStone will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents and failure by any of these third parties to perform their duties could have a material adverse effect on the investment.

Reliance on Managers. The investment will be highly dependent on the capabilities of the managers.

Risk Associated with Portfolio Companies. The environment in which the investors directly or indirectly invests will sometimes involve a high degree of business and financial risk. StepStone generally will not seek control over the management of the portfolio companies in which investments are made, and the success of each investment generally will depend on the ability and success of the management of the portfolio company.

Uncertainty Due to Public Health Crisis. A public health crisis, such as the recent outbreak of the COVID-19 global pandemic, can have unpredictable and adverse impacts on global, national and local economies, which can, in turn, negatively impact StepStone and its investment performance. 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, have the ability to adversely impact the businesses of StepStone's investments. In addition, such disruptions can negatively impact the ability of StepStone's personnel to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of COVID-19 has contributed to, and could continue to contribute to, extreme volatility in financial markets. Such volatility could adversely affect StepStone's ability to raise funds, find financing or identify potential purchasers of its investments, all of which could have material and adverse impact on StepStone's performance. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to StepStone's performance.

Taxation. An investment involves numerous tax risks. Please consult with your independent tax advisor.

Conflicts of Interest. Conflicts of interest may arise between StepStone and investors. Certain potential conflicts of interest are described below; however, they are by no means exhaustive. There can be no assurance that any particular conflict of interest will be resolved in favor of an investor.

Allocation of Investment Opportunities. StepStone currently makes investments, and in the future will make investments, for separate accounts having overlapping investment objectives. In making investments for separate accounts, these accounts may be in competition for investment opportunities.

Existing Relationships. StepStone and its principals have long-term relationships with many private equity managers. StepStone clients may seek to invest in the pooled investment vehicles and/or the portfolio companies managed by those managers.

Carried Interest. In those instances where StepStone and/or the underlying portfolio fund managers receive carried interest over and above their basic management fees, receipt of carried interest could create an incentive for StepStone and the portfolio fund managers to make investments that are riskier or more speculative than would otherwise be the case. StepStone does not receive any carried interest with respect to advice provided to, or investments made on behalf, of its advisory clients.

Other Activities. Employees of StepStone are not required to devote all of their time to the investment and may spend a substantial portion of their time on matters other than the investment.

Material, Non-Public Information. From time to time, StepStone may come into possession of material, non-public information that would limit their ability to buy and sell investments.

ESG Integration. While StepStone seeks to integrate certain ESG factors into its investment process and firm operations, there is no guarantee that StepStone's ESG strategy will be successfully implemented or that any investments or operations will have a positive ESG impact. Applying ESG factors to investment decisions involves qualitative and subjective decisions and there is no guarantee the criteria used by Stepstone to formulate decisions regarding ESG, or StepStone's judgment regarding the same, will be reflected in the beliefs or values of any particular client or investor. There are significant differences in interpretation of what constitutes positive ESG impact and those interpretations are rapidly changing. The description of ESG integration herein is provided to illustrate Stepstone's intended approach to investing and firm operations; however, there is no guarantee that the processes will be followed in every circumstance or at all.

Performance Information. No investment decisions may be made in reliance on this document. In considering performance information herein, readers should bear in mind that past performance is not necessarily indicative of future results and that actual results may vary. There can be no assurance that any Stepstone fund will be able to successfully implement its investment strategy or avoid losses. Performance shown herein may include investments across different Stepstone funds. The aggregate returns are not indicative of the returns an individual investor would receive from these investments. No individual investor received such aggregate returns as the investments were made across multiple funds and accounts over multiple years.