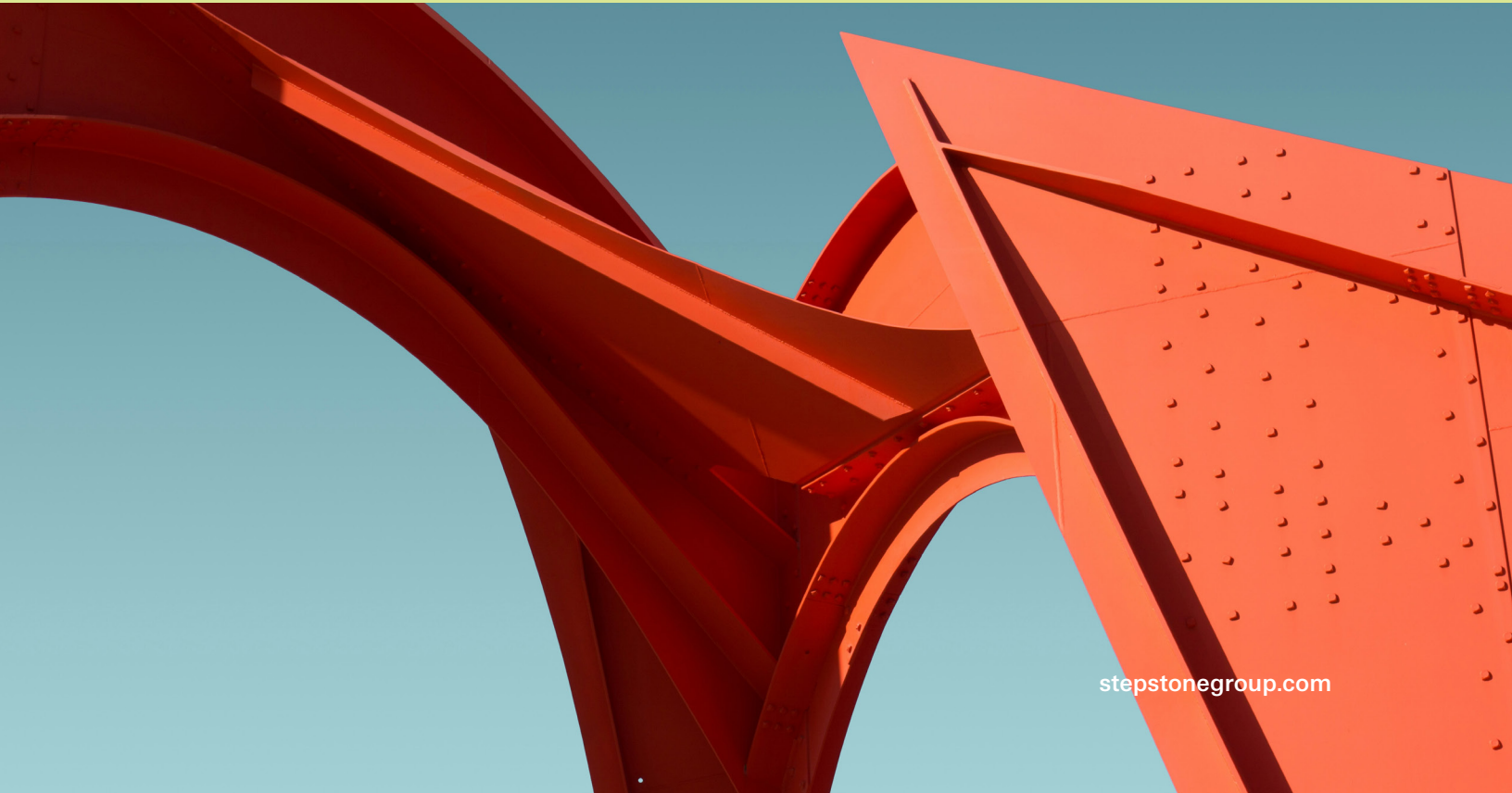




Direct lending market update

MAY 2024



Executive summary

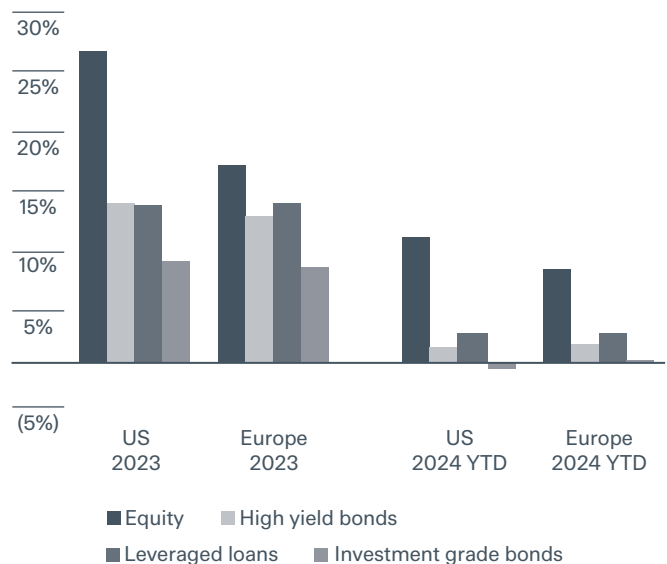
- Priced for perfection**—Public markets rallied in 2H23, driven by the expectation of early monetary easing. This momentum extended into early 2024, particularly in equity markets, reflecting investor optimism for continued economic resilience and growth. However, this optimism may be prematurely pricing a near-perfect macroeconomic scenario for 2024, potentially vulnerable to geopolitical tensions, persistently high inflation and sustained high interest rates.
- Spreads & lending terms**—Direct lending showcased strong returns and stable yields through 2023, supported by higher base rates and favorable lending terms. While spreads slightly compressed at the end of the year, total leverage and interest coverage ratios seem to have stabilized. Middle-market companies exhibited strong earnings, especially toward year end, suggesting resilience despite macroeconomic uncertainties.
- Transaction activity**—Despite a slowdown in private equity activity due to macroeconomic challenges, late 2023 saw an uptick in transactions for direct lending loans towards LBOs, likely driven by the need for private equity firms to deploy capital. This resurgence aligns with increased M&A activity observed early in 2024, offering promising deployment opportunities for direct lenders going forward.
- US exceptionalism**—The US economy’s resilience contrasts with Europe’s minimal growth, underpinning regional disparities. Inflation has decreased faster than anticipated for most regions, leading to revised interest rate expectations. Central banks are now expected to cut rates in 2024, reflecting a more dovish monetary policy outlook. At the same time, however, the number of rate cuts from Fed have been continuously lowered since the start of 2024, likely correlating with the unexpected strength of the US economy.
- Relative value**—While the rally in public markets signals investor optimism for 2024, it carries the potential for significant risks around overly optimistic valuations. By comparison, direct lending presents a compelling investment opportunity, underscored by attractive risk-adjusted returns. Direct lending usually performs better than many asset classes in times of financial stress while still offering attractive returns in normal times.

Public markets

STRONG RALLY DRIVEN BY POTENTIALLY OVERLY OPTIMISTIC SENTIMENT

The second half of 2023 began rather muted for public markets, but the dynamic reversed significantly with a strong rally in the last two months across all asset classes, likely spurred by the anticipation of earlier-than-expected monetary easing. This shift in market dynamics suggested a growing optimism among investors about the potential for cheaper borrowing costs to stimulate growth. This enthusiasm has continued through the start of 2024 as most asset classes built further on their gains, especially in the equity markets. Buoyed by expectations of continued positive economic and financial conditions, investors appear ready to embrace higher risks in pursuit of greater returns (**Figure 1**).

FIGURE 1: 2023 TOTAL RETURNS ACROSS ASSET CLASSES



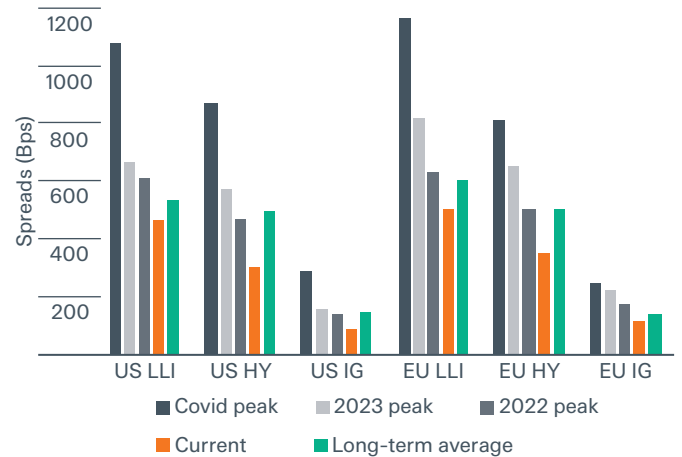
Sources: Leveraged loans: LCD Morningstar Leveraged Loans Indices; High yield: Bloomberg High Yield Indices; Investment grade: Bloomberg High Yield indices; Equity: S&P 500 and MSCI Europe, as of March 2024.

A “PRICED FOR PERFECTION” SITUATION IN PUBLIC MARKETS IN EARLY 2024

However, the recent rally in public markets may carry significant risks for investors as markets are expecting a near-perfect macroeconomic landscape in 2024. This sentiment is directly related to the assumption that developed economies will achieve a “soft landing,” where growth stays resilient and inflation decreases towards central banks’ targets. While there is certainly potential for a cycle of monetary easing, the recent rally in public markets may be vulnerable to geopolitical and inflationary risks. For instance, central banks may be forced to maintain high interest rates for a longer period, in turn pressuring company earnings and financial health. Put simply, a “soft landing” leaves little room for error, with adverse shocks potentially leading to material losses as possibly too low risk compensations are priced in.

An early indicator of those potentially too optimistic market expectations is the current level of spreads in the public debt markets. As of March 2024, the spreads are even lower than their long-term average (**Figure 2**). However, the uncertainty has not disappeared, and unexpected economic shocks could still upset the macroeconomic environment. With the market potentially underestimating the possibility for downside risks, it may be too soon to drive spreads below their long-term average.

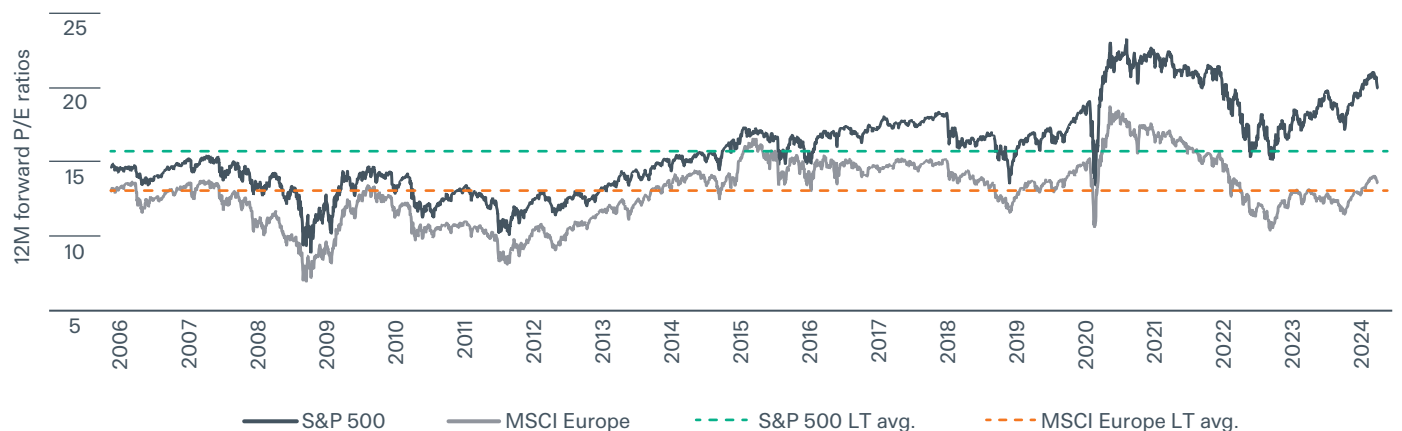
FIGURE 2: SECONDARY SPREADS ACROSS ASSET CLASSES



Sources: Leveraged loans: LCD Morningstar Leveraged Loans Indices; High yield: Bloomberg High Yield Indices; Investment grade: Bloomberg Investment Grade indices; Equity: S&P 500 and MSCI Europe, as of March 2024.

A close look at 12-month forward P/E ratios in the US reveals a comparable trend in the equity market. The ratio was on a near constant rise throughout the latter half of 2023, with a notable surge in the final quarter. The current ratio is approaching levels last observed in 2021, indicating a return to the heightened valuations experienced during that period (**Figure 3**). If a mild recession were to happen and companies’ earnings were to decrease, investors could face substantial losses as markets reprice equities.

FIGURE 3: EQUITY VALUATIONS



Source: Bloomberg, as of March 2024.

DIRECT LENDING DID NOT EXPERIENCE COMPARABLE SPREAD COMPRESSION AND CONSEQUENTLY PROVIDES A BETTER BUFFER AGAINST POTENTIAL DOWNTURNS

The current market landscape highlights why direct lending, which can be considered an “all-weather” asset class, may be

beneficial for investors. During financial turmoil, direct lending often outperforms most, if not all, other asset classes under consideration in **Figure 4**. In more stable economic conditions, it offers steady and comparatively strong risk-adjusted returns, particularly given its low volatility.

FIGURE 4: HISTORICAL TOTAL RETURN ACROSS ASSET CLASSES

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Ann-ualized	Volatility
			EU HY 84.4%																
			US HY 58.2%																
			US LL 51.6%														US EQ 26.3%		
			EU LL 43.4%										US EQ 31.5%				EU EQ 16.6%		
			EU EQ 32.6%			EU HY 27.9%							EU EQ 26.9%				EU LL 13.5%		
			US EQ 26.5%			EU EQ 18.1%							US IG 14.5%	US EQ 18.4%			US HY 13.4%		
EU EQ 20.2%		US IG -4.9%	US IG 18.7%			US EQ 16.0%	US EQ 32.4%			US HY 17.1%"	US EQ 21.8%"		US HY 14.3%	US IG 9.9%	US EQ 28.7%		US LL 13.3%		
US EQ 15.8%		EU IG -5.6%	EU IG 15.5%			US HY 15.8%	EU EQ 20.5%	US EQ 13.7%	EU EQ 8.8%	US EQ 12.0%"	EU EQ 10.9%"		EU HY 11.4%	US HY 7.1%	EU EQ 25.8%		EU HY 12.3%	US EQ 9.9%	
US DL 13.7%	US DL 10.2%	US DL -6.5%	US DL 13.2%	US DL 15.8%	US DL 9.8%	US DL 14.0%	US DL 12.7%	US DL 9.6%	US DL 5.5%	US DL 11.2%	US DL 8.6%	US DL 8.1%	US DL 9.0%	US DL 5.5%	US DL 12.8%	US DL 6.3%	US DL 12.1%	US DL 9.5%	US DL 3.5%
US HY 11.8%	USEQ 5.5%	US HY -26.2%		EU HY 15.3%	US IG 8.1%	EU IG 13.7%	EU HY 10.2%	EU IG 9.1%	EU LL 5.5%	US LL 10.2%"	US HY 7.5%	EU LL 1.3%	US LL 8.6%	EU IG 3.7%	US HY 5.3%	US LL -0.8%	US IG 8.5%	US HY 6.5%	EU IG 5.3%
EU HY 11.0%	EU EQ 3.2%	US LL -29.1%		US HY 15.1%	US HY 5.0%	US IG 9.8%	EU LL 8.6%	US IG 7.5%	EU HY 1.7%	EU HY 9.0%	EU HY 6.8%	US LL 0.4%	EU IG 6.7%	US LL 3.1%	US LL 5.2%	EU LL -3.5%	EU IG 8.2%	EU EQ 6.5%	US IG 6.8%
US LL 6.7%	US IG 4.6%	EU LL -30.0%		US EQ 15.1%	EU IG 2.6%	US LL 9.7%"	US HY 7.4%	EU EQ 7.4%	US EQ 1.4%	US IG 6.1%	US IG 6.4%	EU IG -1.6%	EU LL 4.9%	EU LL 2.4%	EU LL 5.2%	EU EQ -8.9%		EU HY 6.5%	US LL 9.7%
EU LL 6.4%	US LL 2.1%	EU HY -32.1%		EU EQ 11.7%	US EQ 2.1%"	EU LL 9.7%	US LL 5.3%	EU HY 5.7%	EU IG -0.3%	EU IG 5.9%	US LL 4.1%	US HY -2.1%		EU HY 2.3%	EU HY 3.5%	EU HY -10.7%		US LL 4.8%	EU LL 9.9%
"US IG 4.3%	US HY 1.9%	US EQ -37.0%"		US LL 10.1%	US LL 1.5%		EU IG 2.1%	EU LL 4.5%	US IG -0.7%	EU LL 3.8%	EU LL 3.6%	US IG -2.5%		EU EQ -2.8%	US IG -1.0%	US HY -11.2%		US IG 4.2%	US HY 10.7%
EU IG 0.1%	"EU IG -0.3%	EU EQ -43.3%		EU EQ 9.8%	EU LL 0.7%		US IG -1.5%	US HY 2.5%	US LL -0.7%	EU EQ 3.2%	EU IG 2.7%	EU HY -3.6%			EU IG -1.5%	EU IG -14.6%		EU LL 4.2%	EU HY 13.3%
	EU LL -0.6%			US IG 9.0%	EU HY -2.8%			US LL 1.6%"	US HY -4.5%				US EQ -4.4%				US IG -15.8%	EU IG 2.7%	EU EQ 16.2%
	EU HY -3.0%			"EU IG 5.5%	EU EQ -7.5%								EU EQ -10.0%			US EQ -18.1%			US EQ 16.3%

Sources: Bloomberg, Cliffwater and LCD Morningstar, as of December 2023.

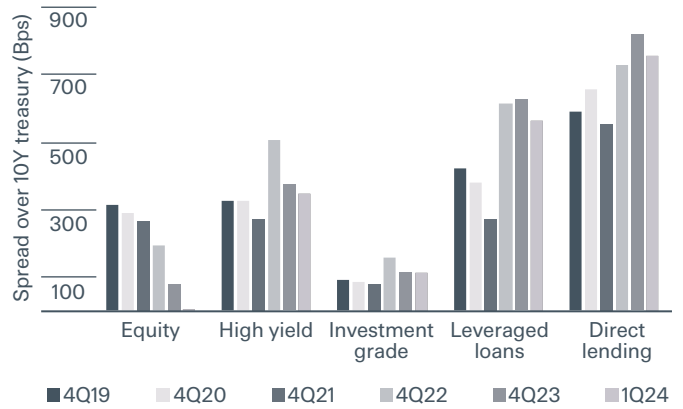
The spread over a 10-year treasury bond yield may be a reliable metric in evaluating the risks for which investors are compensated. (For stocks, the spread over the earnings yield is used). Recent years have seen a notable decrease in the risk premium for US equities, meaning the extra return investors require to hold those stocks over risk-free government bonds has diminished. Conversely, the risk premium for direct lending and other debt instruments has seen a material increase (Figure 5). This indicates that investors may be well compensated, or even over-compensated, for the risks they take by ultimately receiving higher risk-adjusted returns.

Direct lending

STRONG RETURNS AND ATTRACTIVE YIELDS

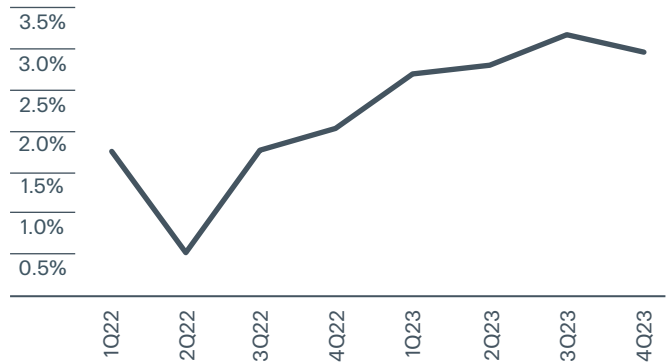
Throughout 2023, returns from direct lending continued to rise (Figure 6), ending at an attractive 12.1% for the full year. This positive performance can be attributed to several factors including higher base rates, relatively stable spreads for most of the year and favorable lending terms that gave lenders greater control over loan agreements. The increase in base rates since 2022 played a significant role in enhancing the gross asset yield, a trend that persisted into 2023 (Figure 7).

FIGURE 5: US RISK PREMIUM



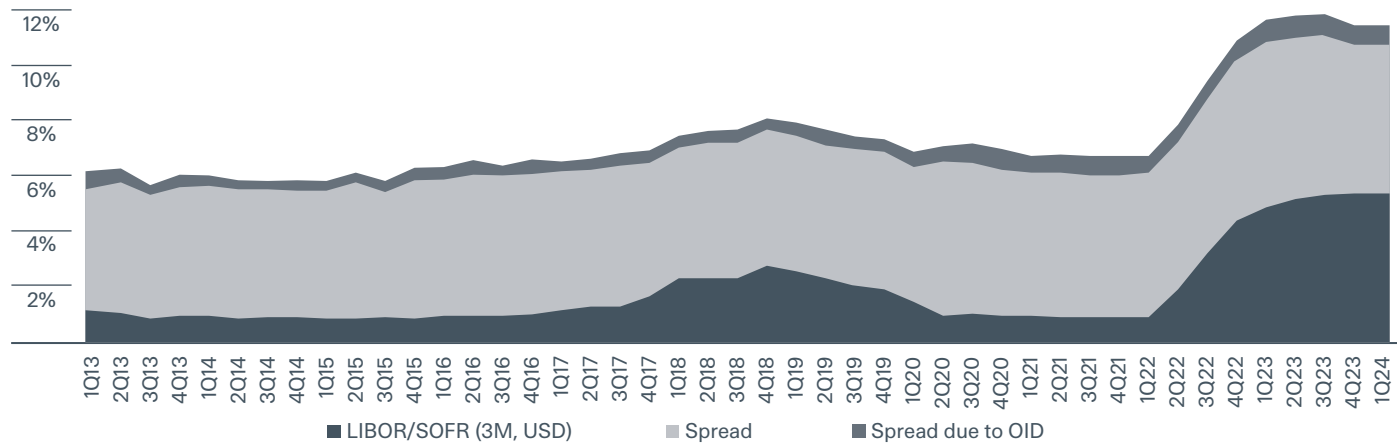
Sources: LCD Morningstar, Bloomberg and Refinitiv LPC, as of March 2024. Gross of fees and losses.

FIGURE 6: US DIRECT LENDING QUARTERLY RETURNS



Source: Cliffwater, as of December 2023.

FIGURE 7: US FIRST-LIEN GROSS ASSET YIELDS



Source: Refinitiv LPC, as of March 2024.

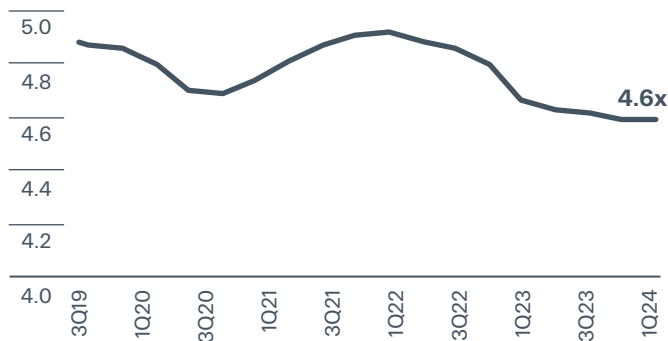
REVERSAL OF 2023 SPREAD WIDENING, PRIMARILY IN THE UPPER MIDDLE-MARKET

While spreads remained stable for much of the year, there was a slight compression which primarily occurred towards the end of 2023 and appears to continue in 2024 (Figure 8). The spread compression also varied depending on the market segment. This spread tightening was largely confined to the upper-middle market, where heightened competition from banks and the leveraged loans market forced GPs to adopt more aggressive pricing strategies. However, this compression seems to only have brought spreads back to levels close to those seen during 2022. This indicates less aggressive pricing than what would typically bring spreads to historically low levels.

CREDIT METRICS SEEM TO HAVE MOSTLY STABILIZED

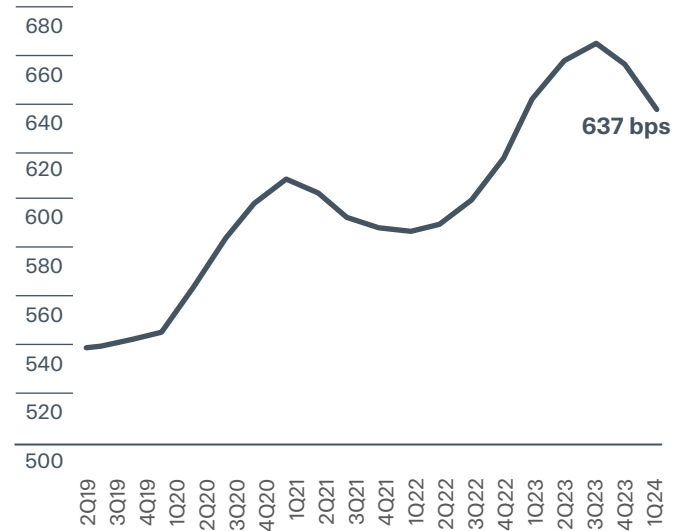
Total leverage has been on a decline since the highs of 2022. This downward trend persisted through 2023, reaching approximately 4.6x by 1Q24 (Figure 9). One possible explanation is that high borrowing costs limited borrowers' capacity to sustain higher leverage.

FIGURE 9: US NEW DIRECT LENDING LOANS TOTAL LEVERAGE



Sources: Refinitiv LPC and StepStone Group, as of March 2024.

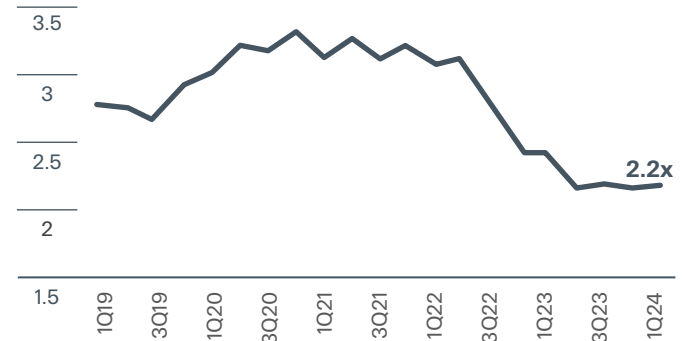
FIGURE 8: US DIRECT LENDING GROSS SPREAD



Source: Refinitiv LPC, as of March 2024.

Interest coverage ratios appear to have stabilized in the last few quarters, hovering around 2.2x (Figure 10). This suggests that the impact of rising interest rates has been close to fully incorporated, reflecting a comprehensive adjustment to the cost of borrowing.

FIGURE 10: US NEW DIRECT LENDING LOANS INTEREST COVERAGE RATIO

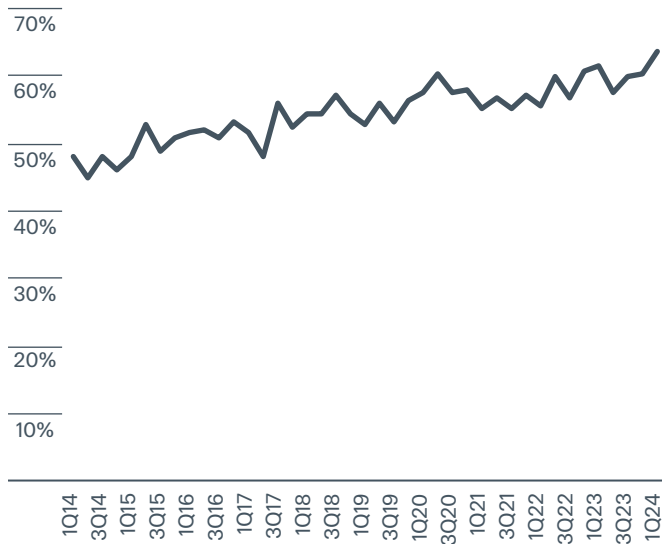


Source: Refinitiv LPC, as of March 2024.

EQUITY CONTRIBUTION IN LBO TRANSACTIONS HAVE BEEN ON THE RISE

Lenders are also gaining more security in their loans as a result of higher equity contributions provided in LBO transactions, offering lenders with a growing buffer in the event of a borrower’s default (Figure 11). This trend also implies that sponsors or borrowers are more committed to the success of the company, and therefore more aligned with the interests of the lender.

FIGURE 11: US LBO EQUITY CONTRIBUTION IN DIRECT LENDING

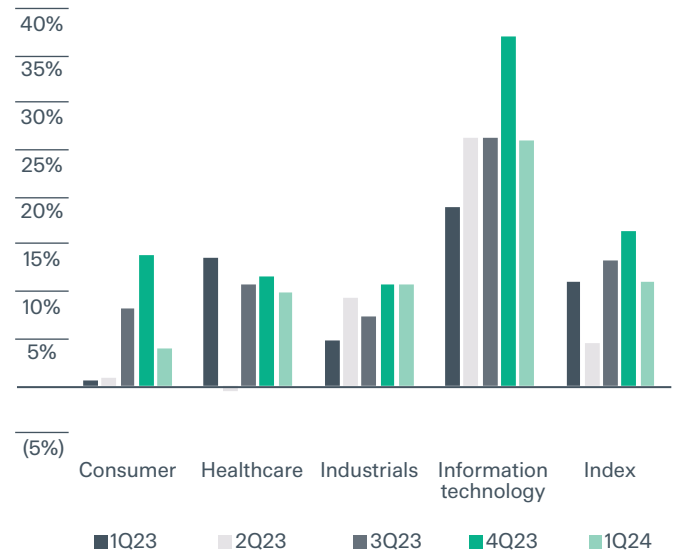


Source: Refinitiv LPC, as of March 2024.

STRONG MIDDLE-MARKET EARNINGS THROUGH 2023 AND EARLY 2024

Middle-market companies have shown remarkable resilience over the past few quarters, achieving strong earnings overall that reached 11% in 1Q2024. As shown in Figure 12, this robust performance is most notable in the information technology sector, which experienced strong earnings growth throughout 2023 and into 2024, with more than 16% earnings growth in the last quarter. Meanwhile, even sectors most exposed to inflation headwinds such as consumer and healthcare performed relatively well as good prices and wage pressures eased.

FIGURE 12: US MIDDLE-MARKET EARNINGS



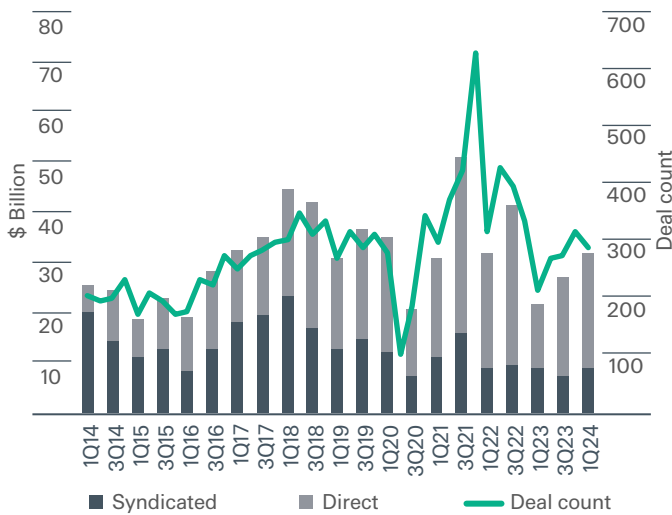
Source: Golub Capital Altman Index.

MIDDLE-MARKET TRANSACTION VOLUMES PICKED UP AT THE END OF 2023

Direct lending activity was quite low at the start of 2023, as concerns about a potential recession and a noticeable decrease in private equity deals made investors cautious. However, as the year progressed, transaction volumes began to increase, improving significantly by the last quarter of 2023 and into early 2024. This late-year recovery brought direct lending volumes close to levels not seen since before the pandemic (**Figure 13**).

Notably, activity in the leveraged loan market remained quiet throughout the year, allowing private lenders to grab market shares in the high-end of the upper middle-market, usually the turf of the broadly syndicated loan market.

FIGURE 13: US SPONSORED MIDDLE-MARKET VOLUME

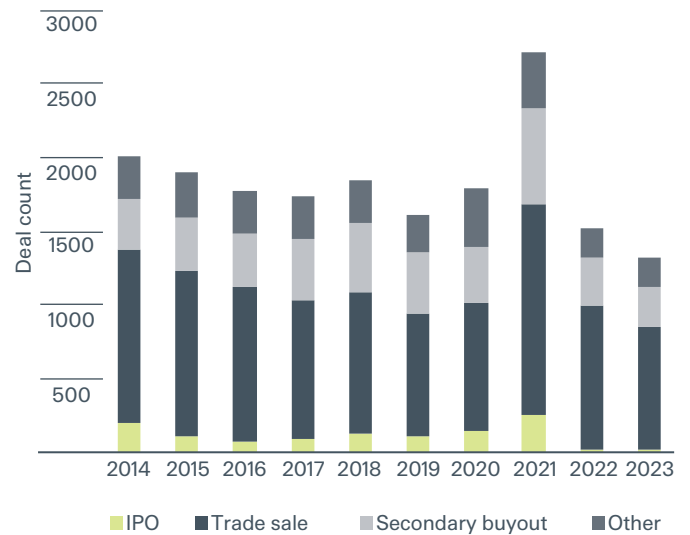


Source: Refinitiv LPC, as of March 2024.

MUTED PRIVATE EQUITY ACTIVITY

Throughout last year, private equity activity was relatively subdued, influenced by macroeconomic uncertainty and high interest rates that negatively affected the valuations of portfolio companies. These factors limited exit opportunities for private equity firms. With very few deals since 2022, the IPO market was virtually closed (**Figure 14**). In addition, a valuation gap between buyers and sellers meant that private equity shops were hesitant to sell at lower prices for fear of adverse effects on returns.

FIGURE 14: PRIVATE EQUITY EXIT VOLUMES



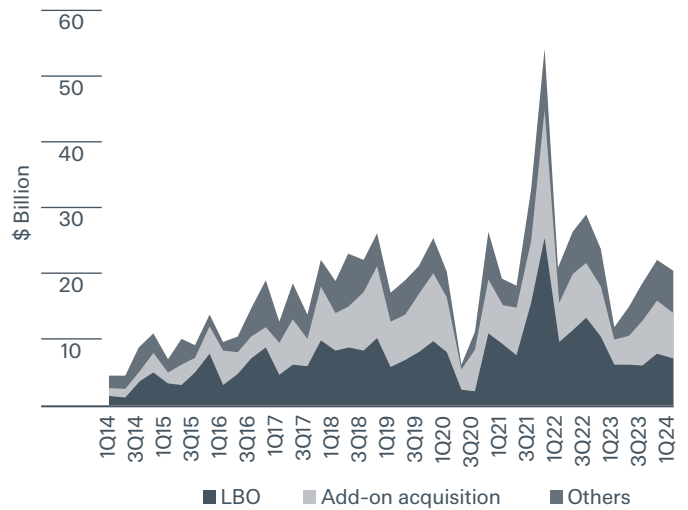
Source: Preqin, as of March 2024.

This situation led to a reduction in direct lending loans—a key source of financing for LBOs. However, the latter part of the year saw a rise in both LBOs and add-on acquisitions (Figure 15) as private equity firms began to realize some of their investments in order to distribute back LP's capital and execute on new attractive opportunities.

POTENTIAL PICK-UP IN M&A ACTIVITY

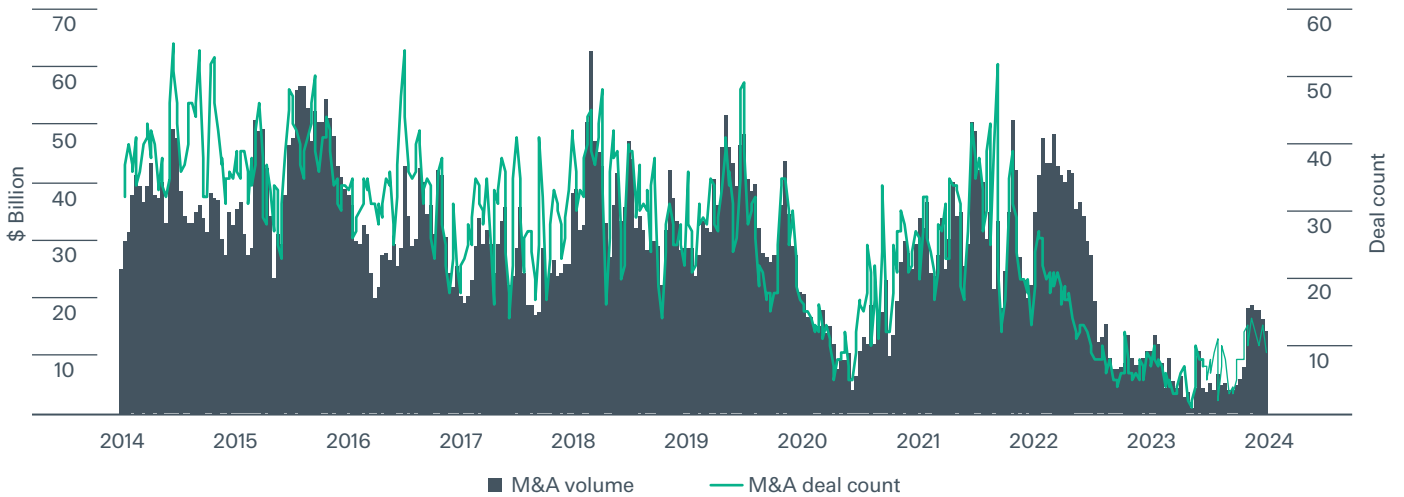
The quiet private equity activity was most noticeable in the low number of M&A deals throughout 2023. Deal volumes started to pick up in early 2024 as the M&A forward calendar displayed increased activity both in terms of dollar value and number of deals (Figure 16). This could indicate a pick up in activity for 2024 as more deployment opportunities for direct lenders emerge and demand for LBO loans rises.

FIGURE 15: US SPONSORED MIDDLE-MARKET VOLUME BY DEAL TYPE



Source: Refinitiv LPC, as of March 2024.

FIGURE 16: M&A FORWARD CALENDAR



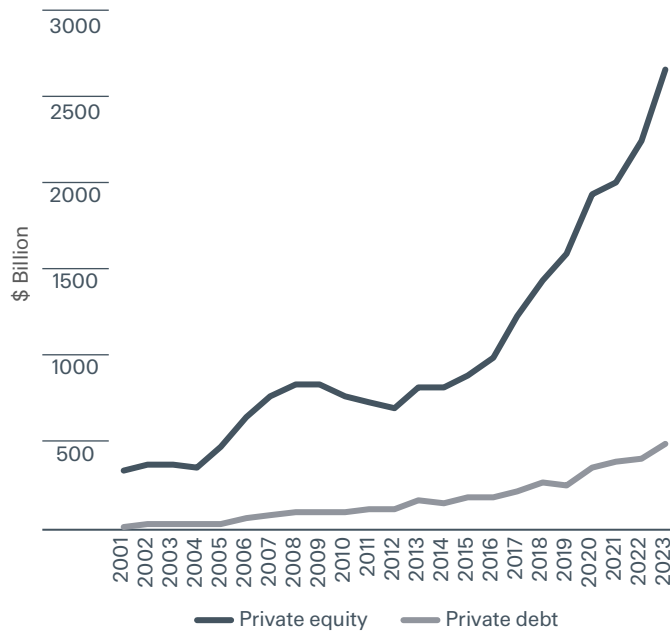
Source: LCD, as of April 2024.

Note: Comprises transactions which arrangers are still working on or that arrangers have announced but not yet launched.

GROWING PRESSURE ON PRIVATE EQUITY TO TRANSACT

The current downturn in private equity volumes is not anticipated to persist, as private equity firms face growing pressure from LPs to deploy dry powder and return capital before committing to new funds (Figure 17). Consequently, the recent uptick in transaction volumes is expected to be sustained, with private equity firms likely ramping up their activity through 2024.

FIGURE 17: PRIVATE EQUITY AND PRIVATE DEBT DRY POWDER

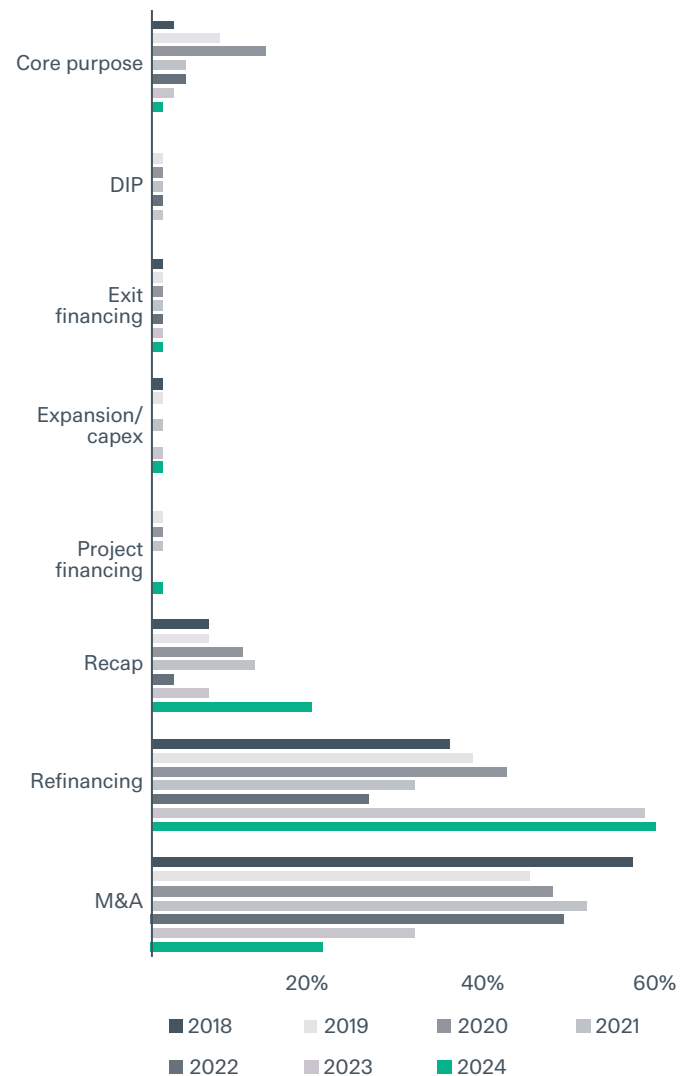


Source: Preqin, as of March 2024.

REVERSAL OF 2023 TREND: SIGNS THAT LARGE CAP COMPANIES MAY BE REFINANCING PRIVATE CREDIT WITH LEVERAGED LOANS

At the start of 2024, there was a notable revival in the leveraged loan market activity. Some large companies that had previously secured loans from private lenders started refinancing under more favorable conditions in the leveraged loan market (Figure 18). It's possible that part of the market share gained by direct lenders with large cap firms in the last year might be reversed as companies revert to cheaper public debt.

FIGURE 18: LEVERAGED LOANS VOLUME BY DEAL TYPE

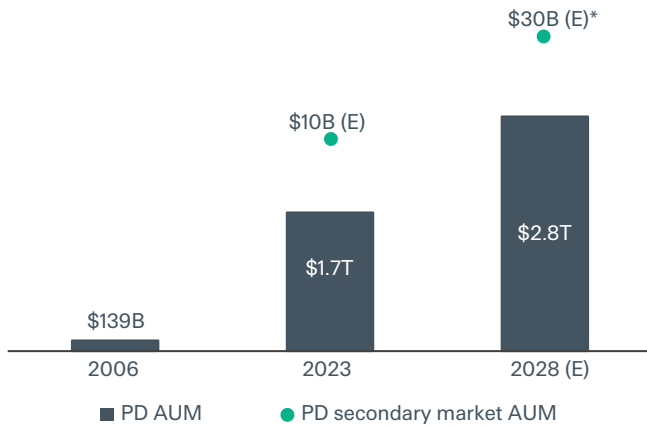


Source: LCD, as of March 2024.

DEPLOYMENT THROUGH SECONDARIES

In 2023, while the primary market experienced a downturn, the secondary market thrived, enabling buyers to purchase mature portfolios at potentially appealing discounts. This robust activity in the secondary market is expected to continue expanding in the upcoming years, suggesting a promising outlook for investors looking to capitalize on these opportunities (Figure 19). Secondaries may be attractive because they help to provide further deployment avenues, offer diversification benefits and the potential for outsized returns.

FIGURE 19: PRIVATE DEBT SECONDARY VOLUME



For illustrative purposes only.

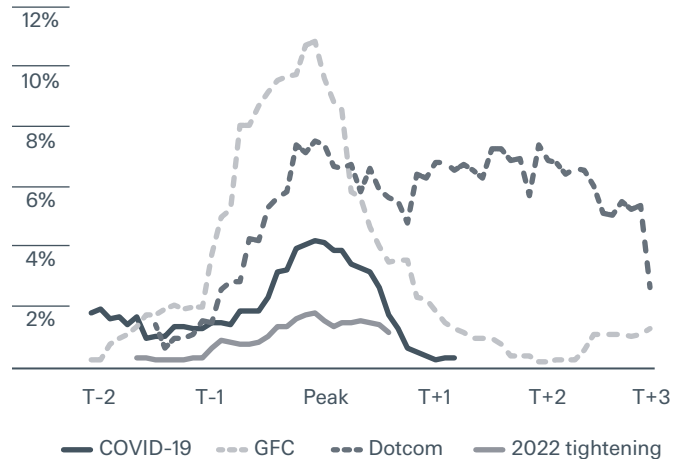
Sources: Preqin Global Report: Private Debt, 2024 and PJT Park Hill Secondary Market Insight, 1H 2023.

*\$30B represents a 2030 estimate for the PD secondary market AUM.

DEFAULT RATES REMAIN UNDER CONTROL

Default rates in the leveraged loan market, which serve as an indicator for direct lending, have been steadily lower than the rates observed during previous crises. This stability could suggest a resilient direct lending market despite broader economic challenges. So far, expectations are for more gradual defaults over a longer period rather than a sudden surge as experienced in previous default cycles (Figure 20). Those expectations are underpinned by ratings changes as well as the maturity profile of borrowers.

FIGURE 20: LEVERAGED LOANS DEFAULT RATES

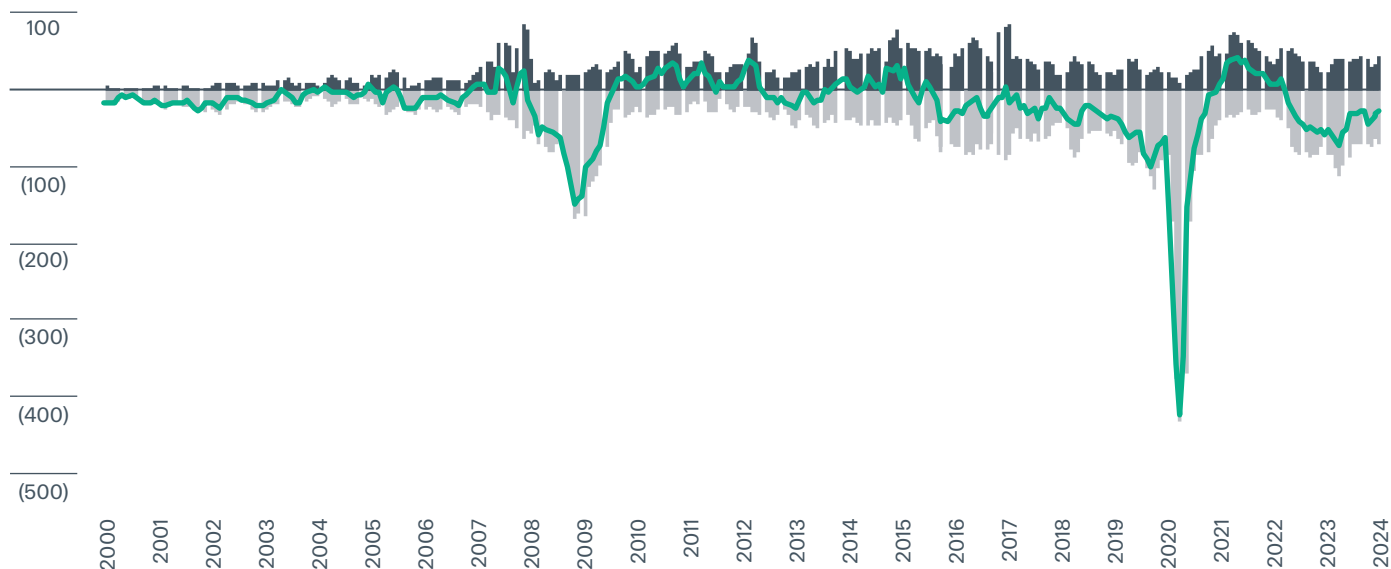


Source: PitchBook LCD, as of March 2024. The chart displays default cycles in the syndicated loan market.

Note: The peak shows the highest default rate of a particular cycle while showing the default rate development 2 years prior and 3 years after the peak (e.g., T+1 shows the default rate 1 year after the peak).

The "2022 tightening" cycle is not yet over, and a new peak could be reached in the future. The currently shown peak represents the highest default rate in the current cycle but does not reflect StepStone expectations.

FIGURE 21: UP-AND DOWNGRADES IN THE LEVERAGED LOAN MARKET

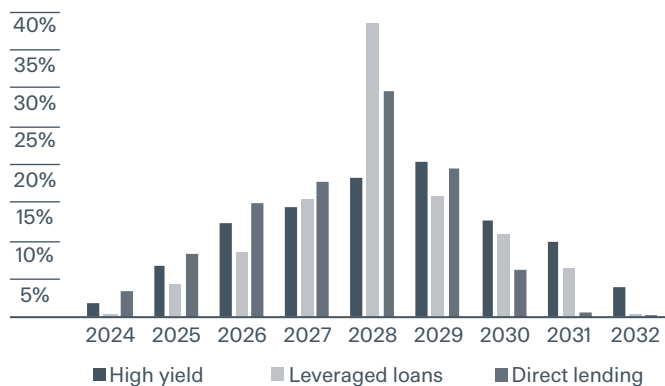


Source: LCD, as of March 2024.

Despite relatively stable default rates, more borrowers are being downgraded than upgraded (**Figure 21**). There are few indications of the ratio reverting to zero, suggesting a potential gradual increase in defaults as a result of firms entering payment default.

In addition, the maturity profile for direct lending closely mirrors that of leveraged loans. The majority of loans are scheduled to be repaid between 2026 and 2029, providing companies with ample time to plan for financial obligations (**Figure 22**). Therefore, a sudden spike in defaults driven by refinancing pressure over the next year—or even in 2025—appears unlikely.

FIGURE 22: MATURITY WALL



Source: LCD and StepStone Group calculations, as of December 2023.

Macroeconomy: regional disparities

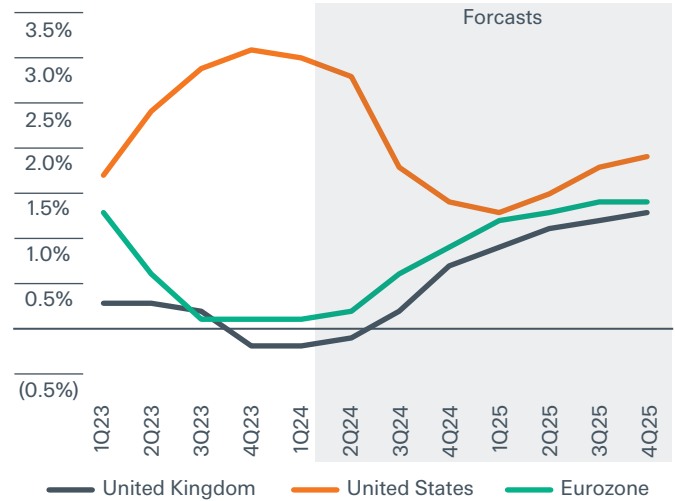
REAL GDP GROWTH HAS BEEN SURPRISINGLY RESILIENT WITH NOTICEABLE REGIONAL DISPARITIES

Real GDP growth in the US has shown surprising resilience, with strong data emerging in 2H23. This resilience has fueled optimistic views on the US economy, which is expected to grow by 1.4% in 2024, according to a Consensus Economics survey. In contrast, the eurozone narrowly avoided recession and the UK experienced a technical recession at the end of 2023. The disparity between these three regions is expected to persist into 2024 before narrowing as we approach 2025 (**Figure 23**).

UNCERTAINTY REMAINS AND SOFTNESS IS EXPECTED IN 2024 COMPARED TO 2023

As seen in **Figure 24**, the service PMI appears to have rebounded since mid-2023, potentially offering additional support for economic growth. Meanwhile, the manufacturing sector, which also hit its lowest point in mid-2023, has been

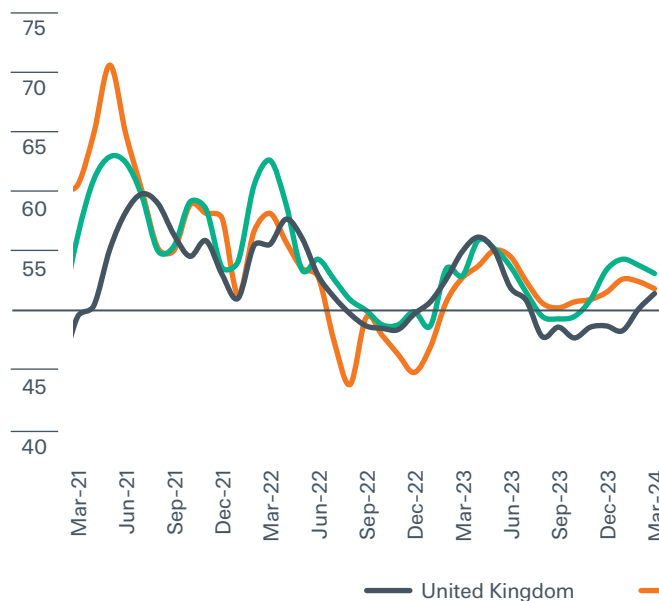
FIGURE 23:GDP FORECASTS (YOY %)



Source: Consensus Economics, as of March 2024.

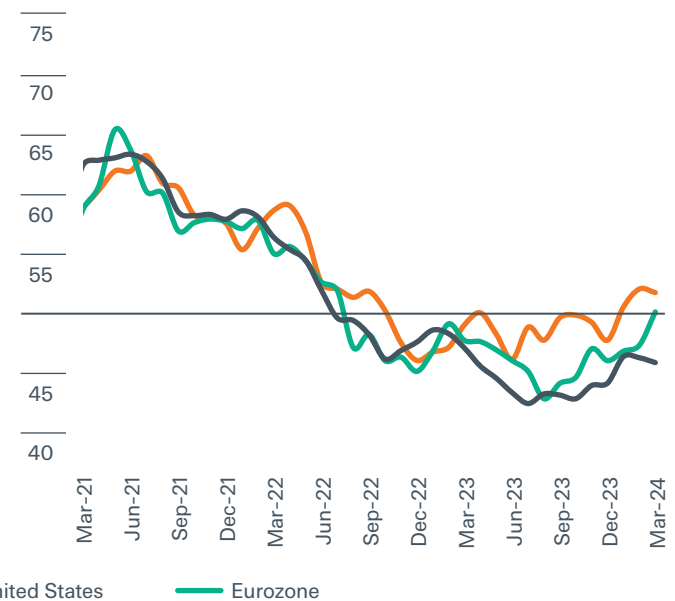
improving. The US and the UK edged above the boom-bust threshold in early 2024 and the eurozone also experienced a positive development since the middle of last, albeit remaining in contraction territory (**Figure 25**). This slight recovery in manufacturing could help all three regions avoid recession in 2024.

FIGURE 24: SERVICE PMI



Source: Bloomberg, as of March 2024.

FIGURE 25: MANUFACTURING PMI



INFLATION DECREASED FASTER THAN PREVIOUSLY EXPECTED

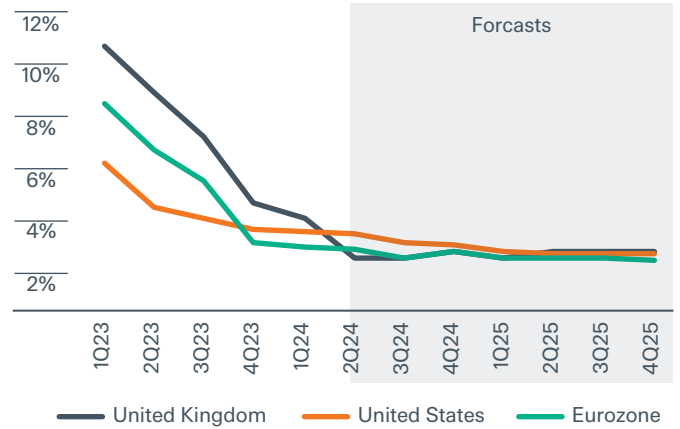
Inflation declined more rapidly than previously anticipated in 2H23 in all three regions as food and energy price pressures eased. While the labor market has remained resilient in most economies, it has recently shown some signs of cooling with lower wage growth, potentially paving the way for lower service inflation going forward (Figure 26). All combined, recent data raised hopes that inflation will reach or closely approach the target rate by the end of 2024.

MARKETS READJUST THEIR INTEREST RATE EXPECTATIONS

After central banks turned dovish at the end of 2023 and early 2024, markets priced in up to 150 bps of rate cuts by the end of 2024. However, recent data from the US have challenged this optimism: Inflation appears stickier than expected, and the economy keeps performing better than economists' forecasts.

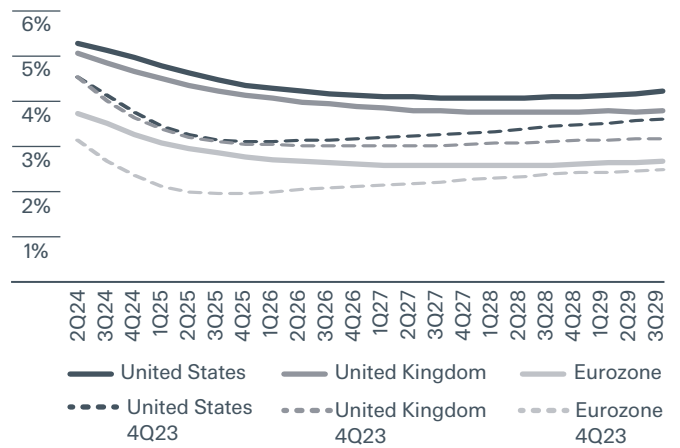
As a result, markets have since scaled back their rate cut expectations (Figure 27). They are now factoring a single 25 bps rate cut by the Fed in 2024 (Figure 28). By comparison, markets expect more rate cuts coming from the ECB (75 bps) and the BoE (50 bps) as European economies' growth remained more muted in recent quarters while inflation appears to be heading towards central banks' 2% target. However, the strength of the US economy and the risk of higher for longer rates from the Fed pushed markets to dial back rate cuts from the ECB and the BoE as well, due to the potential interest rate differential leading to a weakening of the local currencies. Perversely, this could undermine the ECB and BoE attempts to rein in inflation, as import prices would surge.

FIGURE 26: INFLATION FORECASTS (YOY%)



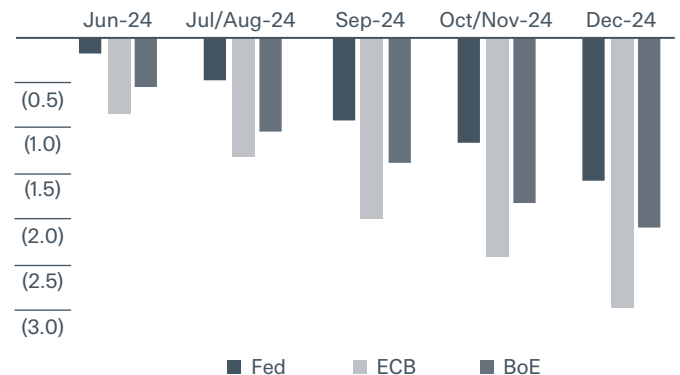
Source: Consensus Economics, as of March 2024.

FIGURE 27: FORWARD RATES



Source: Bloomberg, as of April 2024.

FIGURE 28: 25BPS PRICE RATE CUTS



Source: Bloomberg, as of April 2024.

This document is for informational purposes and is meant only to provide a broad overview for discussion purposes. This document does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide advisory or other services by StepStone Group LP, StepStone Group Real Assets LP, StepStone Group Real Estate LP, StepStone Group Private Wealth LLC, Swiss Capital Alternative Investments AG, StepStone Group Europe Alternative Investments Limited and StepStone Group Private Debt LLC, their subsidiaries or affiliates (collectively, "StepStone") in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The presentation is being made based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing in private market products. Information contained in this document should not be construed as financial or investment advice on any subject matter. StepStone expressly disclaims all liability in respect to actions taken based on any or all of the information in this document. This document is confidential and solely for the use of StepStone and the existing and potential investors or clients of StepStone to whom it has been delivered, where permitted. By accepting delivery of this presentation, each recipient undertakes not to reproduce or distribute this presentation in whole or in part, nor to disclose any of its contents (except to its professional advisors), without the prior written consent of StepStone.

Expressions of opinion are intended solely as general market commentary and do not constitute investment advice or a guarantee of returns. All expressions of opinion are as of the date of this document, are subject to change without notice and may differ from views held by other businesses of StepStone.

Some information used in the presentation has been obtained from third parties through various published and unpublished sources considered to be reliable. StepStone does not guarantee its accuracy or completeness and accepts no liability for any direct or consequential losses arising from its use. Thus, all such information is subject to independent verification by prospective investors.

All information provided herein is subject to change.

All valuations are based on current values calculated in accordance with StepStone's Valuation Policies and may include both realized and unrealized investments. Due to the inherent uncertainty of valuation, the stated value may differ materially from the value that would have been used had a ready market existed for the portfolio investments or a different methodology had been used. The long-term value of these investments may be lesser or greater than the valuations provided.

StepStone Group LP, its affiliates and employees are not in the business of providing tax, legal or accounting advice. Any tax-related statements contained in these materials are provided for illustration purposes only and cannot be relied upon for the purpose of avoiding tax penalties. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest. Please refer to the risks and conflicts disclosed herein or in relevant disclosure documents associated with potential investments.

Each of StepStone Group LP, StepStone Group Real Assets LP, StepStone Group Real Estate LP, StepStone Group Private Wealth LLC and StepStone Group Private Debt LLC is an investment adviser registered with the Securities and Exchange Commission ("SEC"). StepStone Group Europe LLP is authorized and regulated by the Financial Conduct Authority, firm reference number 551580. StepStone Group Europe Alternative Investments Limited ("SGEAIL") is an investment adviser registered with the SEC and an Alternative Investment Fund Manager authorized by the Central Bank of Ireland and Swiss Capital Alternative Investments AG ("SCAI") is an SEC Exempt Reporting Adviser and is licensed in Switzerland as an Asset Manager for Collective Investment Schemes by the Swiss Financial Markets Authority FINMA. Such registrations do not imply a certain level of skill or training and no inference to the contrary should be made.

In relation to Switzerland only, this document may qualify as "advertising" in terms of Art. 68 of the Swiss Financial Services Act (FinSA). To the extent that financial instruments mentioned herein are offered to investors by SCAI, the prospectus/offering document and key information document (if applicable) of such financial instrument(s) can be obtained free of charge from SCAI or from the GP or investment manager of the relevant collective investment scheme(s). Further information about SCAI is available in the SCAI Information Booklet which is available from SCAI free of charge.

All data is as of May 2024 unless otherwise noted.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. ACTUAL PERFORMANCE MAY VARY.

We are global private markets specialists delivering tailored investment solutions, advisory services, and impactful, data-driven insights to the world's investors. Leveraging the power of our platform and our peerless intelligence across sectors, strategies, and geographies, we help identify the advantages and the answers our clients need to succeed.

For more information regarding StepStone's research, please contact us at research@stepstonegroup.com.

