



The Quadrant Model & Real Estate Allocations

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All data is as of February 2021 unless otherwise noted.

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

StepStone Group Overview – What We Do

\$313B

in private capital allocations₁

\$72B

assets under management₁

\$40B+

annual commitments₂

560+

professionals



Private Markets Access

Comprehensive coverage across:

- Private Equity
- Infrastructure & Real Assets
- Private Debt
- Real Estate



Research Focused

StepStone annually conducts³:

- 4,000 manager meetings
- 340 investment committee approvals

Market intelligence on over:

- 14,000 GPs
- 36,000 funds
- 60,000 companies



RE Research Focused

Differentiated Market Access through³:

- 800+ manager meetings
- 50+ funds

RE market intelligence on over:

- 6,900+ funds
- 2,800+ GPs
- \$20B+ secondaries & co-investments screened³



Investment Strategies

Specialized teams covering:

- Fund Investments
- Secondaries
- Co-Investments



Sophisticated Client Base

Creating solutions for:

- Corporations
- Endowments/Foundations
- Family Offices
- Private Wealth/Defined Contribution Plans
- Insurance Companies
- Pension Funds
- Sovereign Wealth Funds

All dollars are USD.

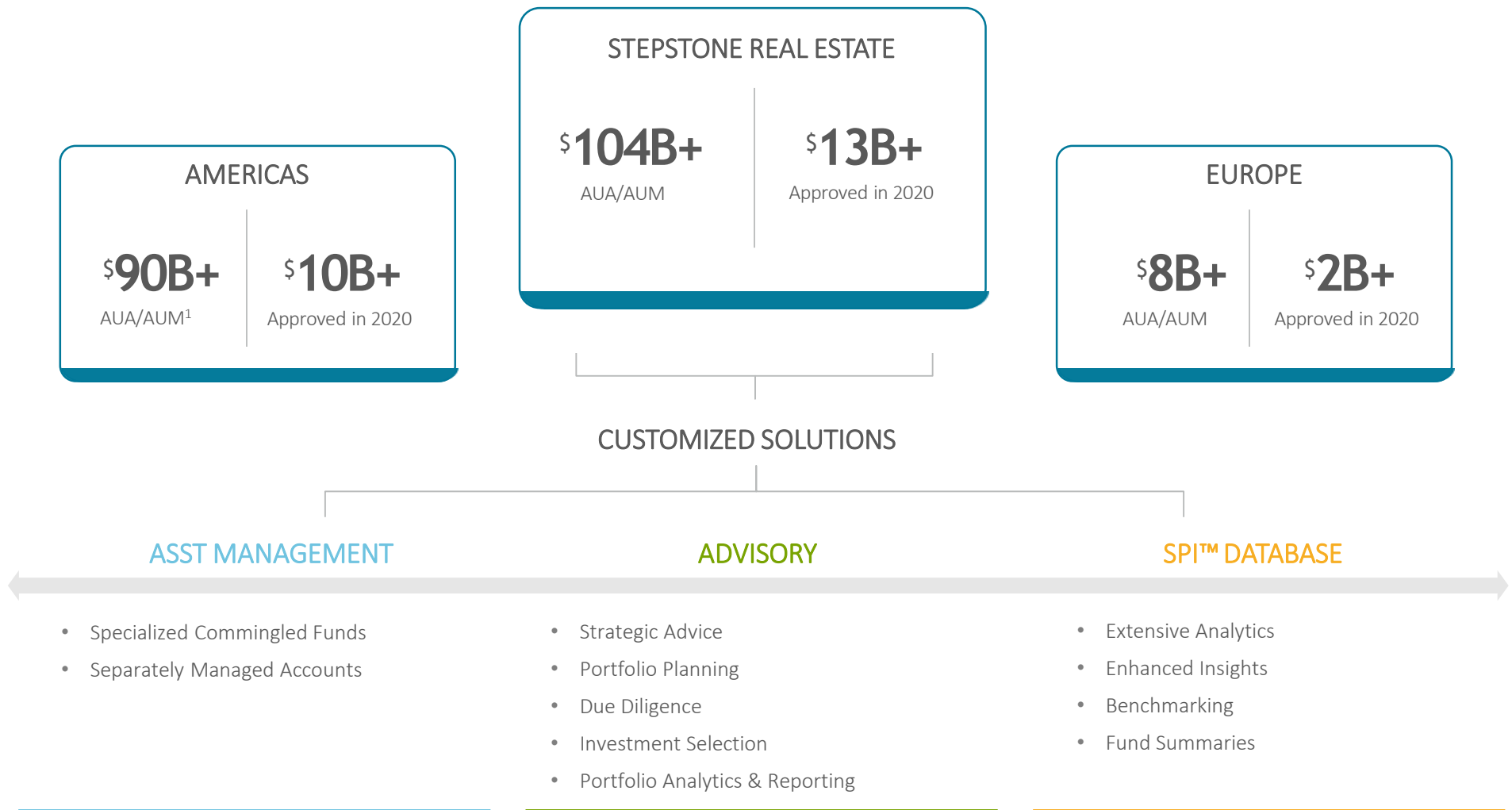
1. AUM/AUA as of December 31, 2020. Reflects final data for the prior period (September 30, 2020), adjusted for net new client account activity through December 31, 2020. Does not include post-period investment valuation or cash activity.

2. StepStone approved over \$40B+ in 2019. Represents StepStone-approved investment commitments on behalf of discretionary and non-discretionary advisory clients. Excludes clientele that receive research-only, non-advisory services. Ultimate client investment commitment figures may vary following completion of final GP acceptance/closing processes.

3. Last twelve months through September 30, 2020.

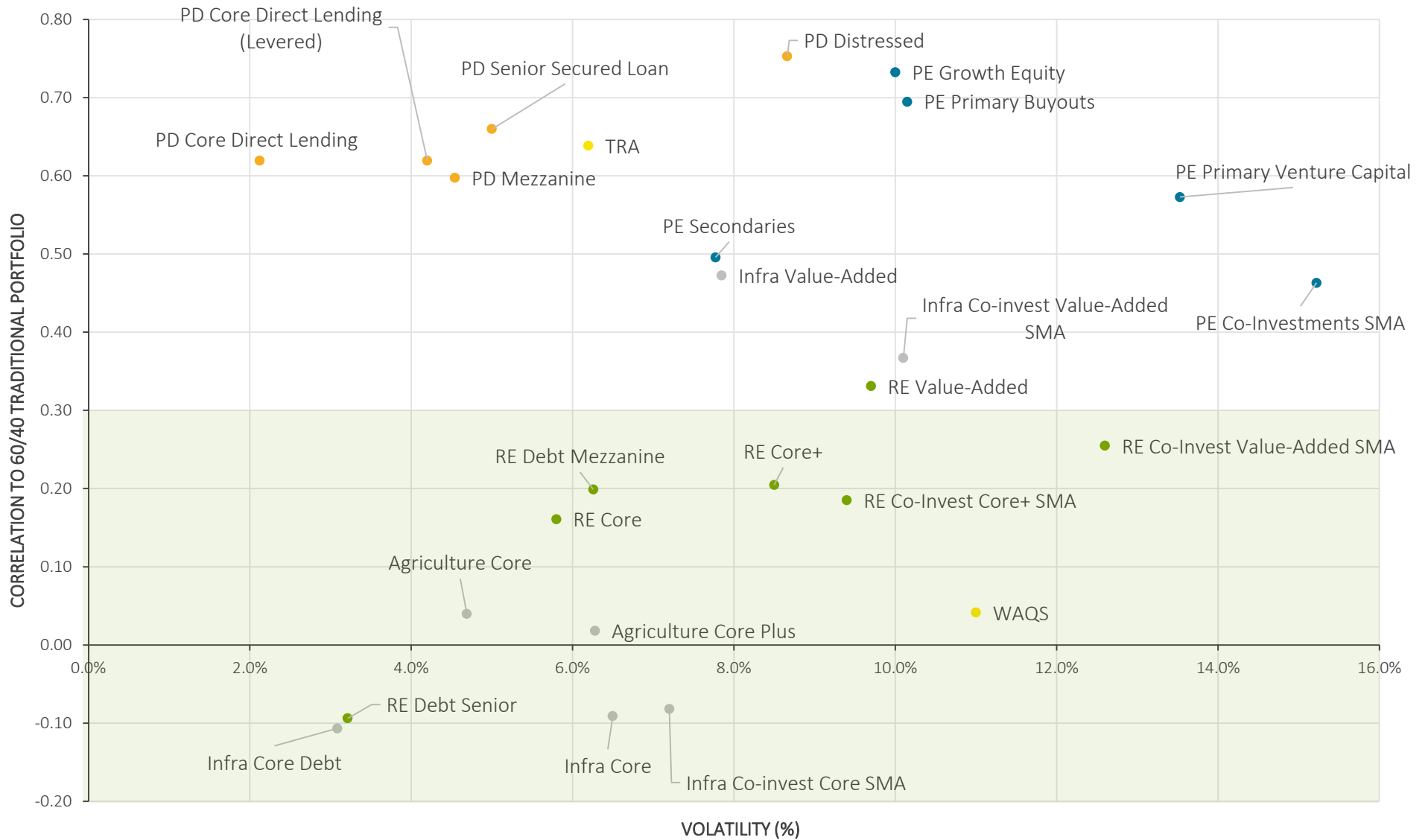
How We Do It In Real Estate

StepStone Real Estate (“SRE”) offers customized solutions built on a sophisticated technology platform, by investing in real estate **Funds, Secondaries** and **Co-Investments**, through **Commingled Funds, Separate Accounts** and **Advisory Services**



AUM/AUA as of December 31, 2020. Reflects final data for the prior period (September 30, 2020), adjusted for net new client account activity through December 31, 2020. Does not include post-period investment valuation or cash activity.
 1. Includes US, Canada, Latin America and South America

Mapping the Private Market Options



Sources: 60/40 LM: 60% S&P TR Index, 40% Bloomberg Barclays US Aggregate Bond
 Historic Returns: Based on quarterly returns from September 30, 2004 through December 31, 2019.

Real Estate Quadrants Introduction

LISTED

- Debt: Listed market real estate debt consists primarily of mortgage backed securities that are typically held in institutional bond portfolios
- Equity: Listed market real estate equity consists primarily of Real Estate Investment Trusts ('REITs') or operating companies whose core businesses focus on real estate construction, operation or investment

PRIVATE

- Debt: Private mortgage loans and mortgages are typically held by insurance companies or are a component of large institutional private credit portfolios
- Equity: Private equity real estate is the most common vehicle for institutional investors, can take the form of direct ownership, commingled funds, joint ventures and separate account structures

SIZE OF THE INSTITUTIONAL US COMMERCIAL REAL ESTATE MARKET

	LISTED	PRIVATE
DEBT	Fannie/Freddie, CMBS, CMO, Mortgage REITs, REIT Corp Bonds <i>1Q20 Size: US\$1,376 bn</i>	Senior/Whole Loans <i>1Q20 Size: US\$2,541bn</i>
EQUITY	REITs <i>1Q20 Size: US\$697bn</i>	Directly held assets, LPs, LLCs <i>1Q20 Size: US\$836bn</i>

Monitoring the Quadrants' Performance

LISTED

- Debt: Bloomberg Barclays Investment Grade US CMBS
- Equity: FTSE-NAREIT US All Equity REITs Index

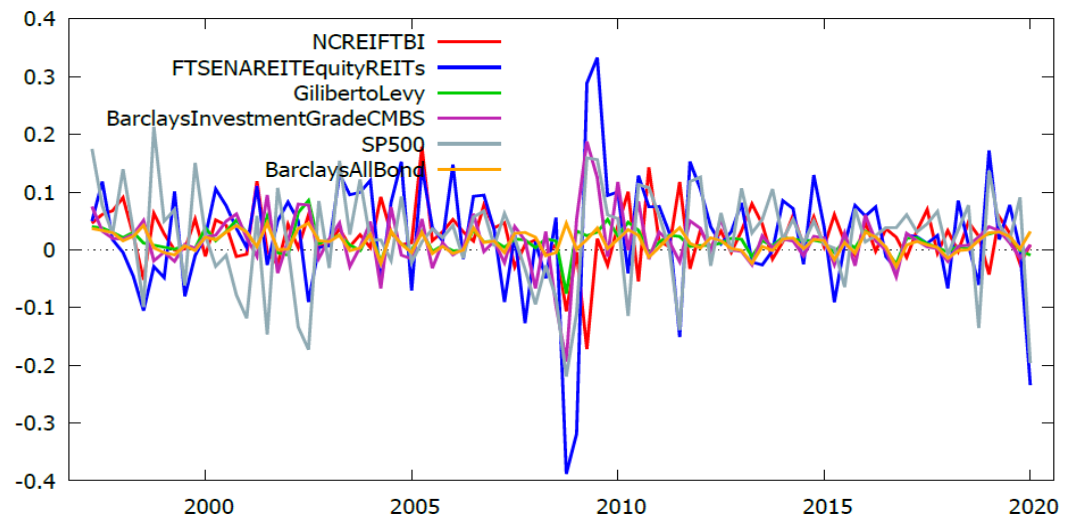
PRIVATE

- Debt: Giliberto-Levy Commercial Mortgage Performance Index
- Equity: NCREIF Transaction Based Index Fisher et al (2007)

CORRELATION MATRIX: 1Q97-1Q20

	PRIVATE REAL ESTATE EQUITY	PUBLIC REAL ESTATE EQUITY	PRIVATE REAL ESTATE DEBT	PUBLIC REAL ESTATE DEBT	ALL PUBLIC EQUITY	ALL PUBLIC BONDS
PRIVATE REAL ESTATE EQUITY	1					
PUBLIC REAL ESTATE EQUITY	0.003	1				
PRIVATE REAL ESTATE DEBT	0.073	0.293	1			
PUBLIC REAL ESTATE DEBT	-0.117	0.464	0.693	1		
ALL PUBLIC EQUITY	0.056	0.613	-0.087	0.185	1	
ALL PUBLIC BONDS	-0.121	0.022	0.563	0.447	-0.336	1

QUARTERLY TOTAL RETURNS



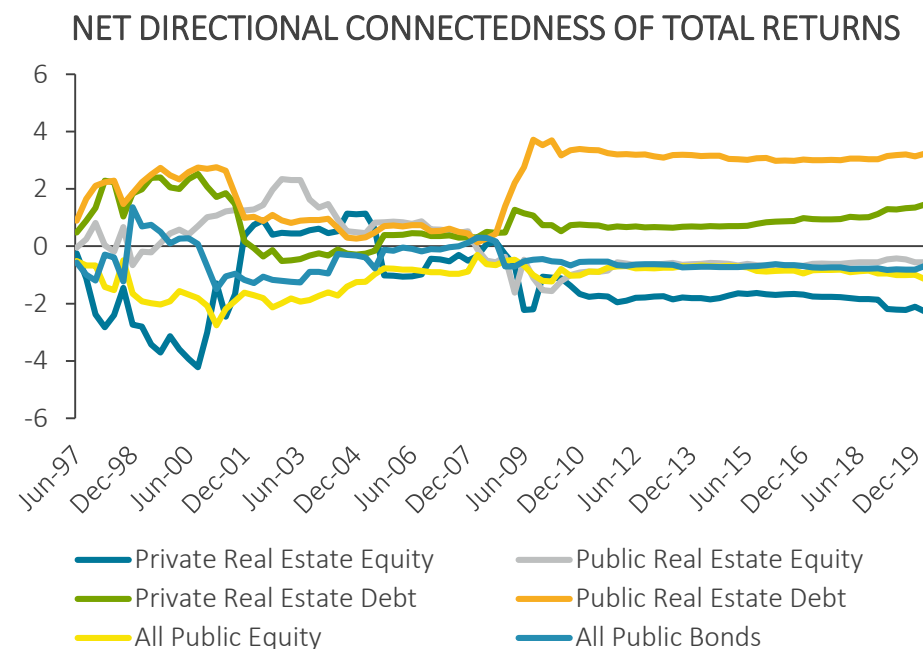
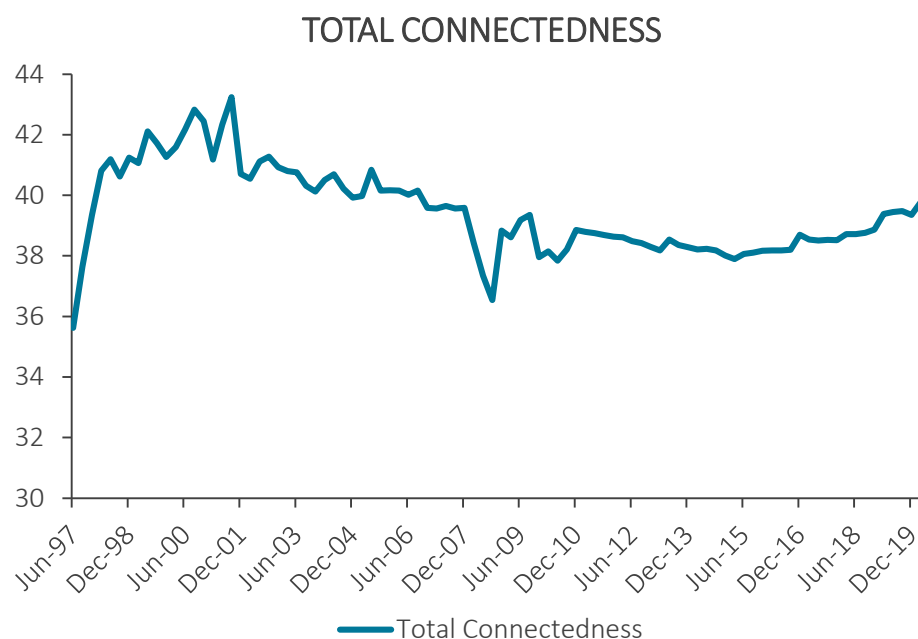
Current Academic Work: Dynamic Connectedness

- Dynamic Connectedness: methodology that builds-upon VAR modelling and is flexible enough to allow the calculation of pairwise and general connectedness/spill over indicators
- The aim of this study is to examine the extent and dynamic nature of performance spillovers across real estate and the main liquid asset classes. The extent of interconnectedness across asset classes has implications for portfolio diversification over time
- We utilize a methodology based on a time-varying parameter vector autoregressive model - Antonakakis et al (2020) –and the estimated results are based upon a 8-quarter ahead forecast error assumption

INITIAL SPILLOVER ESTIMATES

	NCREIF TBI	FTSE NAREIT EQUITY REITS	GILIBERTO LEVY	BARCLAYS INVESTMENT GRADE CMBS	S&P 500	BARCLAYS ALL BOND	FROM
RE PRIVATE EQUITY	86.13	3.14	1.83	3.40	2.48	3.03	13.87
RE PUBLIC EQUITY	0.50	58.22	5.22	16.47	19.07	0.52	41.78
RE PRIVATE DEBT	1.38	4.00	50.73	26.15	2.12	15.64	49.27
RE PUBLIC DEBT	1.25	11.11	24.83	50.87	1.27	10.68	49.13
ALL PUBLIC EQUITY	0.92	22.69	3.32	3.44	59.95	9.68	40.05
ALL BONDS	1.78	0.89	18.87	12.77	8.44	57.25	42.75
TO OTHERS	5.83	41.82	54.08	62.22	33.37	39.54	236.86
NET SPILL OVERS	-8.05	0.04	4.80	13.09	-6.68	-3.21	
TOTAL SPILL OVER INDEX	39.48						

Initial Results Discussion



- Spill overs between asset classes account for approximately 40% of the forecast error variance of the system and the level of connectiveness is relatively stable over time
- Own shocks account for a large share and largest spill overs between asset classes are amongst the performance publicly traded and debt investments
- Pre- and post-GFC-period connectivity dynamics evident especially at an asset class level
 - Real estate debt asset classes are more permanent transmitter of shocks post the GFC-period
 - Private real estate is a perennial receiver of shocks

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.