STEPSTONE PRIVATE WEALTH

SUMMARY

On November 3, 2022, StepStone Group Inc. announced that the Conversus platform and its associated retail funds are being rebranded as StepStone Private Wealth. StepStone also announced a new option agreement with the StepStone Private Wealth management team which is intended to enhance alignment with the broader StepStone platform. The FAQ below should be read in conjunction with the Form 8-K and related announcements by the Company, as well as the Company's reports on Form 10-K and Form 10-Q. See the cautionary language regarding forward-looking statements appearing at the end of this document.

FREQUENTLY ASKED QUESTIONS

What are you naming the Conversus brand?

We are excited to rebrand Conversus as StepStone Private Wealth and plan to rename CPRIM (Conversus StepStone Private Markets) to SPRIM and CSPRING (Conversus StepStone Private Venture and Growth) to SPRING.

As of November 1, total retail platform assets under management have surpassed $1 billion driven by continued strong subscriptions in SPRIM, the first close of SPRING, and closes across offshore parallel funds and feeder funds into SPRIM and SPRING, further expanding our private market strategies for individual investors globally. The new name consolidates our branding as we expand into new retail strategies and geographies, and we believe it more accurately reflects the focus of this platform on StepStone-powered products.

What is the scope of StepStone's current retail offerings?

StepStone Private Wealth manages SPRIM, designed as a core private markets holding, and SPRING, designed as a diversified venture and growth strategy holding, and provides distribution, governance, and administrative services for our retail funds.

Can you provide more details on the original arrangement when Conversus was first established on the StepStone platform?

When we established the private wealth platform, we and the Conversus founding team agreed to an open architecture model featuring top performing managers across all of our asset classes, hence the brand separation. We paid no upfront consideration when we partnered with the Conversus team and brought the platform under the StepStone umbrella. The Conversus team was offered the opportunity to participate in the equity value they were helping to create by providing them with an option to acquire the distribution, governance, and administration platform. If that option had been exercised, StepStone would have retained the investment management functions and associated revenue allocation for the Conversus funds.

How are you changing the arrangement with the StepStone Private Wealth team?

We are eliminating the buyout option for the Private Wealth management team. Going forward, the agreement with StepStone Private Wealth is performance based whereby the team will receive a profits interest equal to the ANI (adjusted net income) earned by StepStone Private Wealth after covering all expenses associated with the dedicated distribution, governance, and administration team with an allocated portion of the associated fee revenue. As part of the new arrangement, the StepStone Private Wealth senior leadership team has an exclusive right to put to us their profits interest in StepStone Private Wealth during the period beginning April 1, 2026 and ending June 30, 2027. In addition, we have the right to call, and the StepStone Private Wealth senior leadership team has the right to put, the profits interest on or after July 1, 2027.

How will the economics attributable to the team be calculated?

Fee revenue for SPRIM is allocated evenly (50/50) between StepStone Private Wealth and StepStone. Fee splits for future funds are expected to target a similar construct. The StepStone Private Wealth profits interest is calculated as the revenue from its products, less all StepStone revenue sharing, direct StepStone Private Wealth compensation, and direct G&A costs.

What can we expect in the future with respect to accounting for the 50/50 split of StepStone Private Wealth management fees, expenses and accumulated losses?

The profits interest is expected to be accounted for as liability-classified awards under GAAP, which requires remeasurement to fair value at each reporting date until settlement under the Option Agreement filed as an exhibit to our Form 8-K filed November 3, 2022. The change in fair value of the profits interest, as well as the profit attributable to StepStone Private Wealth, is expected to be presented within equity-based compensation expense in our GAAP consolidated income statements.

How will the new arrangements affect the Company's reported ANI and FRE (fee-related earnings) today?

We do not expect any immediate impact to our ANI or FRE. While we are thrilled with the progress and growth at Conversus, and while the asset management fees associated with CPRIM are additive to StepStone's ANI, the distribution, governance, and administration portion of the business is not currently turning a profit. We anticipate that it will start earning a profit in the short term, at which point we would start to see an effect similar to non-controlling interest for purposes of ANI. As noted above, we expect our GAAP results to reflect the impact of the profits interest within equity-based compensation expense in our consolidated income statements.

If the put or call is exercised, what is the nature and amount of the purchase price under the Option Agreement?

The purchase price will be based on a multiple of attributable adjusted net income. Attributable adjusted net income for this purpose will be based on the annualized run-rate of the adjusted net income of StepStone Private Wealth, subject to certain agreed adjustments described in the Option Agreement. The precise price will be based on StepStone's multiple relative to the peer group's multiple, subject to a 5% to 30% discount from StepStone's public multiple, with a cap at 20 times ANI. We believe this formula will result in the purchase being accretive to the Company at the time it is paid, irrespective of the market backdrop. Additional information as to the calculation of a potential price is set forth in the Option Agreement.

If the put or call is exercised, how will the Company finance the purchase price?

Up to 75% of the purchase price may be paid, at our election, in StepStone Group LP partnership units (to be exchangeable into StepStone Group Inc. Class A common stock), with the remainder in cash.

What is the rationale for the difference between the original Conversus structure relative to your real estate, infrastructure, and private debt teams?

Unlike our other asset classes, which operate their own standalone self-managed accounts and funds, Conversus revenues are inherently intertwined with StepStone's portfolio construction and investment capabilities. We believe structuring the equity integration today is the best mechanism to align incentives and allow the team to participate in the equity value they are helping to create.

What is the StepStone Private Wealth management team's current compensation structure?

The management team's current compensation arrangements reflected reduced cash compensation for the founders, predicated on their ability to eventually participate in the equity value they are helping to create. The new arrangement will continue into the future, and we expect this structure to continue to drive outperformance of the platform.

Forward-Looking Statements

Certain statements in this document constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. All statements other than statements of historical fact are forward-looking. Words such as "anticipate," "believe," "continue," "estimate," "expect," "future," "intend," "may," "plan" and "will" and similar expressions identify forward-looking statements. Forward-looking statements reflect management's current plans, estimates and expectations and are inherently uncertain. The inclusion of any forward-looking information herein should not be regarded as a representation that the future plans, estimates or expectations contemplated will be achieved. Forward-looking statements are subject to various risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, business conditions related to the global and domestic market or the StepStone Private Wealth business, successful execution of business and growth strategies, including with respect to the StepStone Private Wealth business, and regulatory factors, as well as assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity and the risks and uncertainties described in greater detail under the "Risk Factors" section of our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on May 31, 2022, as such factors may be updated from time to time. We undertake no obligation to revise or update any forward-looking statements after the date of this document, whether as a result of new information, future events or otherwise, except as may be required by law.