

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K**

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

November 10, 2020
Date of Report (date of earliest event reported)

StepStone Group Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
450 Lexington Avenue, 31st Floor
(Address of Principal Executive Offices)

001-39510
(Commission File Number)
New York, NY

84-3868757
(I.R.S. Employer Identification No.)
10017
(Zip Code)

(212) 351-6100
Registrant's telephone number, including area code

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Class A common stock, par value \$0.001 per share | STEP | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On November 10, 2020, StepStone Group Inc. issued a press release and detailed presentation announcing its financial results for the second fiscal quarter ended September 30, 2020. A copy of the press release and presentation are furnished as Exhibit 99.1 to this Current Report on Form 8-K and are incorporated by reference into this Item 2.02 as if fully set forth herein.

The information included in, or furnished with, this report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|---|
| 99.1 | Press Release of StepStone Group Inc. dated November 10, 2020 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STEPSTONE GROUP INC.

Date: November 10, 2020

By: /s/ Johnny Randel
Johnny Randel
Chief Financial Officer
(Principal Financial Officer and Authorized Signatory)

STEPSTONE GROUP REPORTS SECOND QUARTER FISCAL 2021 RESULTS

NEW YORK, November 10, 2020 – StepStone Group Inc. (Nasdaq: STEP), a global private markets investment firm focused on providing customized investment solutions and advisory and data services, today reported results for the second fiscal quarter ended September 30, 2020. StepStone completed an initial public offering of its Class A common stock on September 18, 2020.

StepStone Co-CEO Scott Hart commented, “We are very excited by our strong results for our second fiscal quarter. We were also pleased to complete our successful transition to a public company during the quarter. I would like to thank all StepStone employees for their continued passion, commitment and hard work in supporting our journey. Looking ahead, we remain committed to leveraging the firm’s integrated platform to provide clients with customized portfolios across asset classes and geographies. Furthermore, we believe our approach, that leverages our proprietary data and technology, provides a durable competitive advantage to drive long-term value for our limited partners and shareholders.”

StepStone issued a full detailed presentation of its second quarter fiscal 2021 results, which can be accessed by clicking [here](#).

Webcast and Earnings Conference Call

Management will host a webcast and conference call on Tuesday, November 10, 2020 at 5:00 pm ET to discuss the Company’s results for the second fiscal quarter ended September 30, 2020. The conference call will also be made available in the Shareholders section of the Company’s website at <https://shareholders.stepstonegroup.com/>. To listen to a live broadcast, go to the site at least 15 minutes prior to the scheduled start time in order to register.

The conference call can be accessed by dialing 1-877-407-0784 (United States) or 1-201-689-8560 (international).

A replay of the call will also be available on the Company’s website approximately two hours after the live call through November 24, 2020. To access the replay, dial 1-844-512-2921 (United States) or 1-412-317-6671 (international). The replay pin number is 13712383. The replay can also be accessed on the shareholders section of the Company’s website at <https://shareholders.stepstonegroup.com/>.

About StepStone

StepStone Group Inc. (Nasdaq: STEP) is a global private markets investment firm focused on providing customized investment solutions and advisory and data services to its clients. As of September 30, 2020, StepStone oversaw \$313 billion of private markets allocations, including \$72 billion of assets under management. StepStone’s 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. StepStone partners with its 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.

Forward-Looking Statements

Some of the statements in this release may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the

Private Securities Litigation Reform Act of 1995. 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 in this release 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, global and domestic market and business conditions, successful execution of business and growth strategies and regulatory factors relevant to our business, 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 “Risk Factors” included in our prospectus dated September 15, 2020, filed with the U.S. Securities and Exchange Commission (“SEC”) on September 16, 2020, and in our quarterly report on Form 10-Q to be filed with the SEC, as such factors may be updated from time to time. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Contacts**Shareholder Relations:**

shareholders@stepstonegroup.com
1-212-351-6106

Media:

Brian Ruby / Chris Gillick, ICR
StepStonePR@icrinc.com
1-203-682-8268



Fiscal Year 2021 Second Quarter Earnings
Presentation

November 10, 2020



Today's presenters



Scott Hart
Co-CEO



Jason Ment
President & Co-COO



Mike McCabe
Head of Strategic Planning



Johnny Randel
Chief Financial Officer

2Q Fiscal Year 2021 overview

Key Business Drivers

- Total Assets Under Management ("AUM") increased by \$5.9 billion (or 9%) in the quarter to \$72.0 billion (+23% from prior year)
- Fee-Earning AUM ("FEAUM") increased \$2.6 billion (or 6%) in the quarter to \$44.3 billion (+22% from prior year)
- Undeployed fee-earning capital stands at \$16.4 billion
- Gross accrued carry increased \$157.5 million (or 48%) during the quarter to \$486.2 million (+22% from prior year)

Financial Highlights

- GAAP net income was \$108.4 million for the quarter
- GAAP net income attributable to StepStone Group Inc. was a loss of \$0.8 million for the period Sep 16 to Sep 30, 2020
- Management and advisory fee revenue was \$75.7 million for the quarter, an increase of 41% from the prior year
- Fee-Related Earnings ("FRE") was \$28.2 million for the quarter, an increase of 125% year-to-year; the results include approximately \$8.5 million in retroactive fees, net of costs, related to the final close for StepStone Real Estate Partners IV ("SREP IV")
- Adjusted Net Income ("ANI") was \$18.3 million (or \$0.19 per share) for the quarter, an increase of 59% year-to-year; the results include approximately \$4.4 million related to the final close for SREP IV
- Adjusted Revenues of \$86.6 million for the quarter, an increase of 30% from the prior year

Business Update

- IPO of 20.1 million shares of Class A common stock at \$18.00 per share
- Proceeds were used to pay down our Term Loan B with cash to the balance sheet to fund additional growth and general partner commitments to our funds
- Final close of SREP IV at \$1.4 billion, predecessor fund was \$0.7 billion
- First closing of StepStone Tactical Growth Fund III, currently in market
- First closing of StepStone Senior Corporate Lending Fund II, currently in market
- Initial closing and activation of Conversus StepStone Private Markets ("CPRIM") after quarter end
- Raised ~\$3 billion of new SMA capital



OVERVIEW

StepStone is a global private markets solutions and services provider...

StepStone is a global private markets investment firm focused on providing customized investment solutions and advisory data services to clients

\$313B
combined
AUM/AUA¹

\$72B
assets under
management¹

\$44B
fee-earning
assets under
management

\$40B+
annual private
market
allocations²

553
professionals



Focus on customization

Expertise in building customized portfolios designed to meet clients' specific objectives



Global-and-local approach

Global operating platform with strong local teams across 19 offices in 13 countries in five continents



Proprietary data and technology

Valuable information advantage generates enhanced private markets insight and improves operational efficiency



Multi-asset class expertise

Scaled presence across the private equity, infrastructure, private debt and real estate asset classes drives ability to execute tailored and complex investment solutions



Large and experienced team

200 investment professionals and more than 350 other employees dedicated to sourcing, executing, analyzing and monitoring private markets opportunities

As of September 30, 2020. All dollars are USD.

¹ \$313 billion includes \$72 billion in assets under management and \$241 billion in assets under advisement. Reflects data for the period ended June 30, 2020, adjusted for estimated net new client account activity through September 30, 2020. Does not include post-period investment valuation.

² For the twelve months ended December 31, 2019. Excludes legacy funds, feeder funds and research-only, non-advisory services.

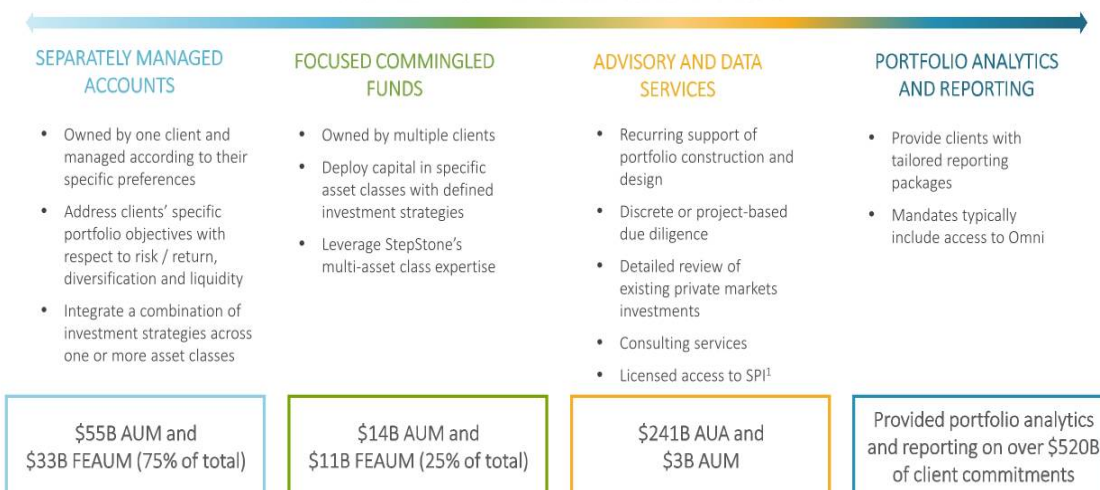
...and occupies a critical position within the GP & LP ecosystem



¹ Data reflecting twelve months ended December 31, 2019.
² Data reflecting the last twelve months ended September 30, 2020.

StepStone's platform provides the most complete private markets solutions

CUSTOMIZED SOLUTIONS ACROSS ASSET CLASSES



Note: As of September 30, 2020. Amounts may not sum to total due to rounding.
¹StepStone Private Markets Intelligence.

Comprehensive, full service model

~200
bespoke SMA accounts and
focused commingled funds

39%
of advisory clients also have an
AUM relationship

- Offers a comprehensive, full-service model to clients seeking a customized solution to private markets investing
- Each solution is offered across each of the private equity, infrastructure, private debt and real estate asset classes
- Empowered by industry-transforming technology capabilities that create a virtuous cycle of client engagement providing a significant data advantage

Customized solutions across all markets

Specifically tailored for each asset class

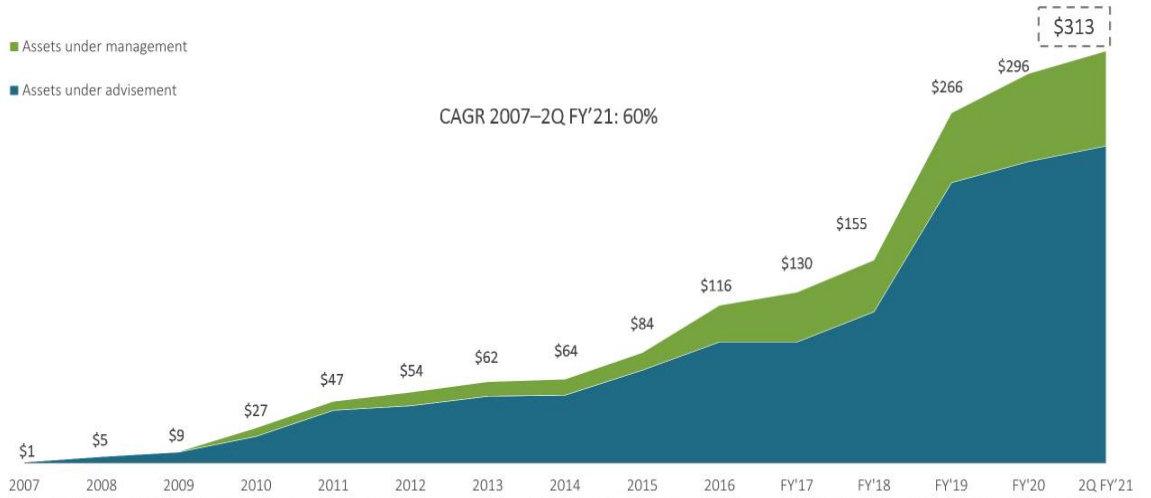
Industry-transforming technology capabilities



Note: Data presented as of September 30, 2020. AUM reflects data for the period ended June 30, 2020, adjusted for net new client account activity through September 30, 2020. Allocation of AUM by asset class is presented by underlying investment asset classification. Amounts may not sum to total due to rounding.
¹ Does not include post-period investment valuation.
² StepStone Portfolio Analytics & Reporting.

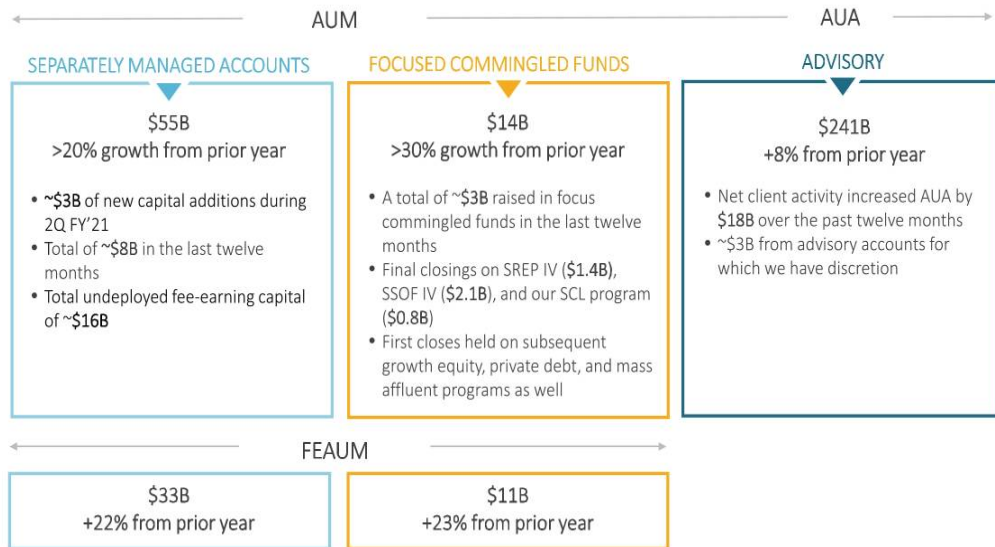
Robust growth profile since inception

TOTALS ASSETS UNDER MANAGEMENT AND ADVISEMENT (\$B)



Note: Fiscal 2017-2020 reflect AUM/AUA as of March 31 of each fiscal year then ended. Prior year amounts are reported on a calendar year basis. Strategic acquisitions contributed approximately \$5.6 billion, \$1.8 billion, \$0.9 billion, \$3.6 billion and \$2.4 billion of AUM and \$1.0 billion, \$0.0 billion, \$0.0 billion, \$1.0 billion and \$92.5 billion of AUA in calendar year 2010, 2012, 2013, 2016 and 2018, respectively. There was no incremental AUM/AUA associated with the 2014 acquisition. As of September 30, 2020, approximately \$0.9 billion, \$0.4 billion, \$0.1 billion, \$2.8 billion and \$2.2 billion of AUM and \$0.0 billion, \$0.0 billion, \$0.0 billion, \$0.2 billion and \$84.9 billion of AUA acquired in calendar year 2010, 2012, 2013, 2016 and 2018, respectively, remains.

StepStone's growth drivers



Note: As of September 30, 2020. Amounts may not sum to total due to rounding.

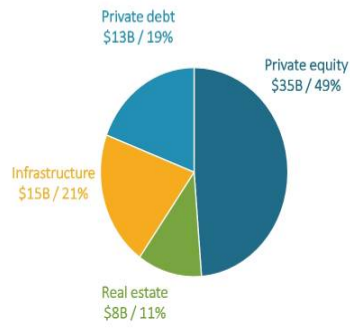
Investment expertise across all private markets asset classes

50%+ (\$160B+) combined AUM / AUA in non-PE asset classes

35% clients with exposure to more than one asset class

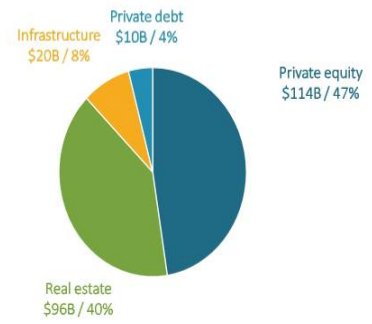
As of September 30, 2020

BY AUM¹



Total AUM: \$72B

BY AUA

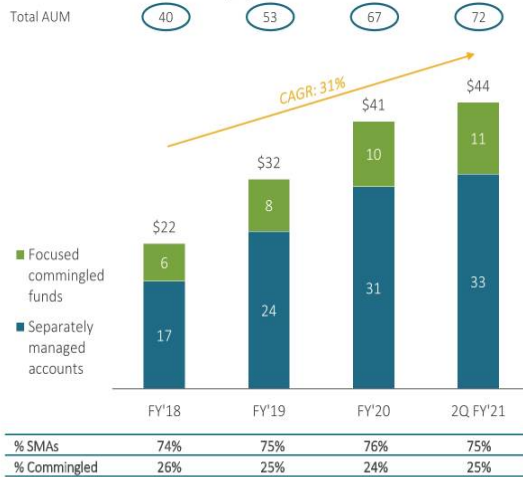


Total AUA: \$241B

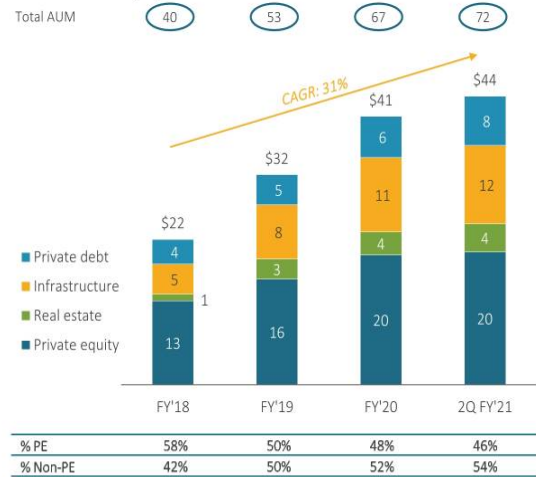
¹ Reflecting data for the period ended June 30, 2020, adjusted for net new client account activity through September 30, 2020. Amounts and percentages may not sum to total due to rounding. ² Does not include post-period investment valuation. Allocation of AUM by asset class is presented by underlying investment asset classification.

Fee-earning AUM evolution

BY COMMERCIAL STRUCTURE (\$B)



BY ASSET CLASS (\$B)

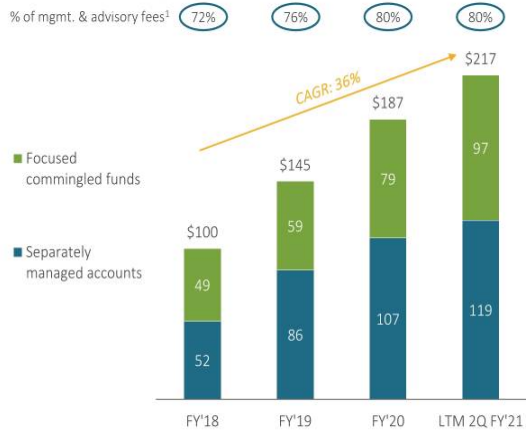


As of September 30, 2020, we had over \$16B of committed but undeployed fee-earning capital

Note: Amounts may not sum to total due to rounding

Trend in management and advisory fees

MANAGEMENT FEES (\$M)

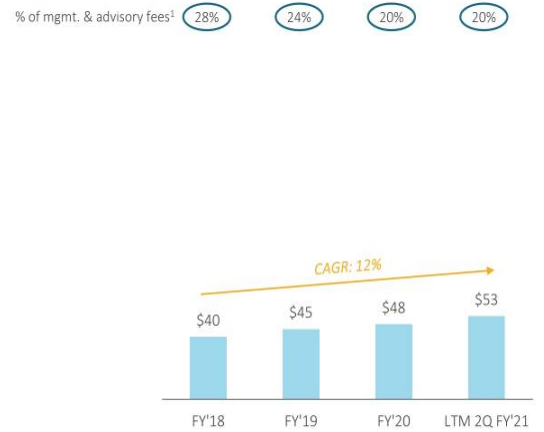


Blended mgmt. fee rates:

| | FY'18 | FY'19 | FY'20 | LTM 2Q FY'21 |
|------------|-------|-------|-------|--------------|
| Overall | 0.56% | 0.53% | 0.51% | 0.53% |
| SMAs | 0.42% | 0.41% | 0.39% | 0.39% |
| Commingled | 0.83% | 0.87% | 0.89% | 0.98% |

Note: Amounts may not sum to total due to rounding.
¹ Excludes fund reimbursement revenues.

ADVISORY FEES (\$M)



AUA (\$B)

| | FY'18 | FY'19 | FY'20 | LTM 2Q FY'21 |
|---------|-------|-------|-------|--------------|
| Overall | \$115 | \$213 | \$229 | \$241 |

Acquisition of Courtland Partners added ~\$90B of AUA



FINANCIAL UPDATE

Financial highlights

- FEAUM growth of 22% drove fee revenue increases of 41% for the quarter and 33% year-to-date
- Fee-Related Earnings increased 125% for the quarter and 89% year-to-date driven by fee revenue growth
- Adjusted Net Income per share increased 59% for the quarter and 43% year-to-date
- Results for the quarter include approximately \$9.0 million of revenue, \$8.5 million of FRE, and \$4.4 million of ANI related to the final close of SREP IV

FINANCIAL HIGHLIGHTS

| (\$M, unless otherwise mentioned) | Three Months Ended Sep 30 | | | Six Months Ended Sep 30 | | |
|---|---------------------------|---------|---------|-------------------------|---------|---------|
| | 2020 | 2019 | % Δ YTY | 2020 | 2019 | % Δ YTY |
| AUM (\$B) | \$ 72.0 | \$ 58.4 | 23% | | | |
| FEAUM (\$B) | 44.3 | 36.2 | 22% | | | |
| Undeployed Fee-Earning capital (\$B) ¹ | 16.4 | 13.1 | 25% | | | |
| Management & Advisory Fees, net | 75.7 | 53.8 | 41% | 139.2 | 104.8 | 33% |
| Fee-Related Earnings | 28.2 | 12.5 | 125% | 46.6 | 24.6 | 89% |
| Fee-Related Earnings Margin ² | 37% | 23% | | 33% | 23% | |
| Gross Realized Performance Fees ³ | 10.9 | 12.6 | (14%) | 21.7 | 27.2 | (20%) |
| Pre-tax Adjusted Net Income ("ANI") | 24.4 | 15.3 | 59% | 45.0 | 31.5 | 43% |
| Adjusted Net Income Per Share ⁴ | \$ 0.19 | \$ 0.12 | 59% | \$ 0.34 | \$ 0.24 | 43% |
| Adjusted Revenues | 86.6 | 66.4 | 30% | 160.8 | 131.9 | 22% |

¹ Undeployed fee-earning capital is defined as capital not yet invested on which we will earn fees once the capital is deployed or activated.

² Fee-Related Earnings margin is calculated by dividing Fee-Related Earnings by management and advisory fees, net.

³ Gross Realized Performance Fees include deferred incentive fees that are not included in our GAAP results: current quarter: \$1.2m, current YTD: \$4.7m, prior year quarter: \$0.8m, prior YTD: \$0.8m.

⁴ Reflects a 25% blended statutory effective tax rate applied to pre-tax adjusted net income and 98.0 million adjusted shares outstanding for all periods presented above. See Appendix for calculation of ANI per share and a reconciliation of adjusted shares.

Adjusted revenues



- FEAUM growth and client advisory activity drove revenue growth of 33% YTD and 31% LTM
- Advisory fees increased 23% and 17%, respectively, on a YTD and LTM basis
- YTD management fees increased 36% driven by strong FEAUM growth
 - SMA and Commingled Funds fees increased by 24% and 55%, respectively
- LTM management fees increased 35% driven by strong FEAUM growth
 - SMA and Commingled Funds fees increased by 21% and 58%, respectively

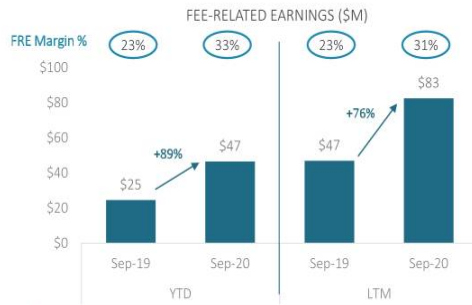


- YTD gross realized performance fees were down \$5 million due to lower realization activity
- LTM gross realized performance fees were up \$2 million due to higher realization activity

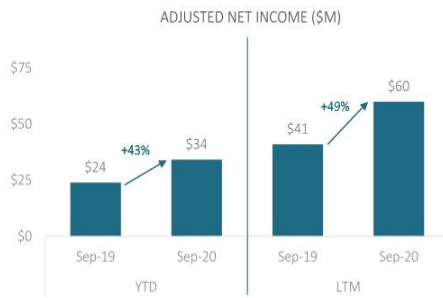


- Adjusted revenues increased 22% YTD and 26% LTM driven by higher Management and Advisory Fees, offset by lower realized performance fees for the YTD period

Profitability

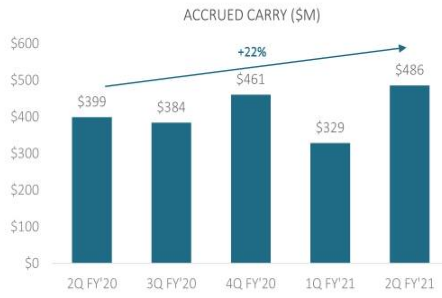


- FEaum growth, SREP IV retroactive fees and favorable expense environment driving FRE growth and margin improvement
- YTD FRE increased 89% and LTM increased 76%
- YTD FRE margins increased from 23% to 33% and LTM FRE margins increased from 23% to 31%

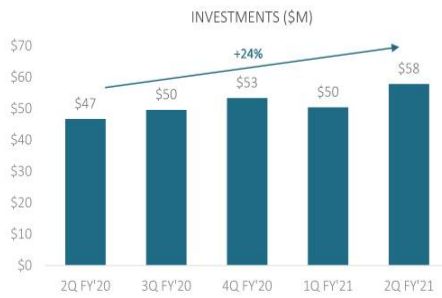


- Adjusted net income increased 43% YTD and 49% LTM driven by higher Fee-Related Earnings and higher net realized performance fees

Accrued carry and fund investments



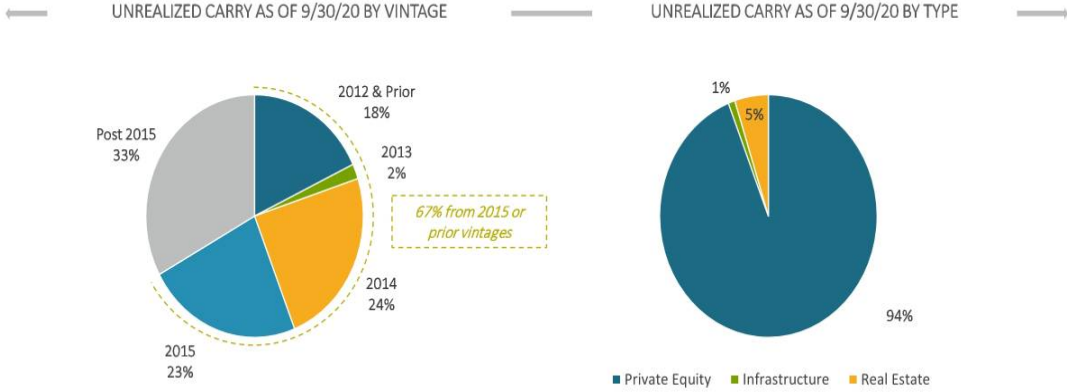
- Gross accrued carried interest of \$486 million, an increase of 22% from September 2019 driven by increases in the unrealized gains of underlying portfolios (note: valuations reported on a one quarter lag)
- ~120 carry programs are currently active:
 - Co-investment and Direct portfolio: \$13+ billion invested, 310 investments, 170 unique GPs
 - Secondary portfolio: over \$6 billion committed, 140+ transactions with 260+ underlying funds and structures



- The value of investments held by the firm increased to \$57.9 million, an increase of 24% from September 30, 2019
- Unfunded commitments stand at approximately \$61 million as of September 30, 2020

Unrealized carry

- Gross accrued carried interest of \$486 million as of 9/30/2020
- ~\$38 billion in performance fee-eligible capital as of 9/30/2020
- ~62% or ~\$300 million of gross accrued carried interest allocation balance is in SMAs or commingled funds that have American style (or deal-by-deal) carry waterfalls
- ~120 programs with carry or incentive fee structures, with over 80 programs in accrued carried interest positions as of 9/30/2020





APPENDIX

GAAP consolidated income statements

- GAAP net income was \$108.4 million for the quarter and \$56.0 million year-to-date. GAAP net income attributable to StepStone Group Inc. was a loss of \$0.8 million (or \$0.03 per share) for the period following the IPO, from Sep 16 to Sep 30, 2020, and was driven by the write-off of \$3.5 million in deferred debt issuance costs in connection with the full repayment of the previously outstanding senior secured term loan after the IPO.

(\$ in thousands, except per share amounts)

| | Quarter-to-Date | | | Year-to-Date | | |
|---|-----------------|------------------|---------------|----------------|------------------|---------------|
| | Sep '19 | Sep '20 | % Fav / Unfav | Sep '19 | Sep '20 | % Fav / Unfav |
| Revenues | | | | | | |
| Management and advisory fees, net | \$ 53,793 | \$ 75,652 | 41% | \$ 104,761 | \$ 139,152 | 33% |
| Performance fees: | | | | | | |
| Incentive fees | 775 | 1,196 | 54% | 2,397 | 4,785 | 100% |
| Carried interest allocation: | | | | | | |
| Realized allocation | 11,059 | 8,556 | -23% | 23,959 | 12,194 | -49% |
| Unrealized allocation | 66,245 | 157,509 | 138% | 100,334 | 25,369 | -75% |
| Total carried interest allocation | 77,304 | 166,065 | 115% | 124,293 | 37,563 | -70% |
| Total revenues | 131,872 | 242,913 | 84% | 231,451 | 181,500 | -22% |
| Expenses | | | | | | |
| Compensation and benefits: | | | | | | |
| Cash-based compensation | 30,927 | 37,473 | -21% | 60,595 | 77,126 | -27% |
| Equity-based compensation | 475 | 952 | -100% | 950 | 1,435 | -51% |
| Performance fee-related compensation: | | | | | | |
| Realized | 6,384 | 4,811 | 25% | 14,164 | 7,711 | 46% |
| Unrealized | 33,794 | 78,533 | -132% | 50,545 | 9,858 | 80% |
| Total performance fee-related compensation | 40,178 | 83,344 | -107% | 64,709 | 17,569 | 73% |
| Total compensation and benefits | 71,580 | 121,769 | -70% | 126,254 | 96,130 | 24% |
| General, administrative and other | 12,763 | 11,114 | 13% | 25,090 | 21,401 | 15% |
| Total expenses | 84,343 | 132,883 | -58% | 151,344 | 117,531 | 22% |
| Other income (expense) | | | | | | |
| Investment income | 1,944 | 4,325 | 122% | 3,212 | 1,147 | -64% |
| Interest income | 406 | 165 | -59% | 740 | 259 | -65% |
| Interest expense | (2,571) | (5,270) | -105% | (5,313) | (7,327) | -38% |
| Other income | 103 | - | -100% | 300 | - | -100% |
| Total other income (expense) | (118) | (780) | -561% | (1,061) | (5,921) | -458% |
| Income before income tax | 47,411 | 109,250 | 130% | 79,046 | 58,048 | -27% |
| Income tax expense | 1,051 | 881 | 16% | 1,677 | 2,039 | -22% |
| Net income | 46,360 | 108,369 | 134% | 77,369 | 56,009 | -28% |
| Less: Net income attributable to non-controlling interests in subsidiaries | 1,995 | 9,045 | -353% | 4,486 | 13,138 | -193% |
| Less: Net income attributable to non-controlling interests in the Partnership | 44,365 | 100,114 | -126% | 72,883 | 43,661 | 40% |
| Net loss attributable to StepStone Group Inc. | \$ - | \$ (790) | na | \$ - | \$ (790) | na |
| Net loss per share of Class A common stock | \$ - | \$ (0.03) | na | \$ - | \$ (0.03) | na |

Non-GAAP financial results

| (\$ in thousands, except per share amounts) | Quarter-to-Date | | | Year-to-Date | | |
|---|------------------|------------------|---------------|------------------|------------------|---------------|
| | Sep '19 | Sep '20 | % Fav / Unfav | Sep '19 | Sep '20 | % Fav / Unfav |
| Management and advisory fees, net | \$ 53,793 | \$ 75,652 | 41% | \$ 104,761 | \$ 139,152 | 33% |
| Less: | | | | | | |
| Cash-based compensation | 30,927 | 37,473 | -21% | 60,595 | 77,126 | -27% |
| General, administrative and other | 12,763 | 11,114 | 13% | 25,090 | 21,401 | 15% |
| Plus: | | | | | | |
| Amortization of intangibles | 1,343 | 835 | -38% | 2,686 | 1,670 | -38% |
| Non-core items ⁽¹⁾ | 1,096 | 264 | -76% | 2,845 | 4,269 | 50% |
| Fee-related earnings | 12,542 | 28,164 | 125% | 24,607 | 46,564 | 89% |
| Plus: | | | | | | |
| Realized carried interest allocations | 11,059 | 8,556 | -23% | 23,959 | 12,194 | -49% |
| Incentive fees | 775 | 1,196 | 54% | 2,397 | 4,785 | 100% |
| Deferred incentive fees | 799 | 1,154 | 44% | 799 | 4,700 | 488% |
| Realized investment income | 487 | 653 | 34% | 2,552 | 1,668 | -35% |
| Interest income | 406 | 165 | -59% | 740 | 259 | -65% |
| Write-off of unamortized deferred financing costs | - | 3,526 | na | - | 3,526 | na |
| Unrealized investment income (loss) attributable to non-controlling interests in subsidiaries | 95 | 62 | -35% | 148 | (531) | na |
| Other income | 103 | - | -100% | 300 | - | -100% |
| Less: | | | | | | |
| Realized performance fee-related compensation | 6,384 | 4,811 | 25% | 14,164 | 7,711 | 46% |
| Interest expense | 2,571 | 5,270 | -105% | 5,313 | 7,327 | -38% |
| Income attributable to non-controlling interests in subsidiaries | 1,995 | 9,045 | -353% | 4,486 | 13,138 | -193% |
| Pre-tax adjusted net income | 15,316 | 24,350 | 59% | 31,539 | 44,989 | 43% |
| Less: Income taxes ⁽²⁾ | 3,829 | 6,088 | -59% | 7,885 | 11,248 | -43% |
| Adjusted net income | \$ 11,487 | \$ 18,262 | 59% | \$ 23,654 | \$ 33,741 | 43% |
| ANI per share | \$ 0.12 | \$ 0.19 | 59% | \$ 0.24 | \$ 0.34 | 43% |

¹ Includes compensation paid to certain equity holders as part of an acquisition earn-out (\$0.3 million and \$1.4 million for the three and six months ended September 30, 2019, respectively), severance costs (\$0.1 million and \$4.1 million for the three and six months ended September 30, 2020, respectively, and \$0.1 million for the six months ended September 30, 2019), transaction costs (\$0.4 million and \$1.0 million for the three and six months ended September 30, 2019, respectively), and other non-core operating income and expenses.

² Represents corporate income taxes at a statutory effective tax rate of 25.0% applied to pre-tax adjusted net income for all periods presented. The 25.0% is based on a federal tax statutory rate of 21.0% and a combined state, local and foreign income tax rate net of federal benefits of 4.0%. As we were not subject to U.S. federal and state income taxes prior to the Reorganization and IPO, the blended statutory tax rate of 25.0% has been applied to all periods presented for comparability purposes.

Consolidated balance sheets

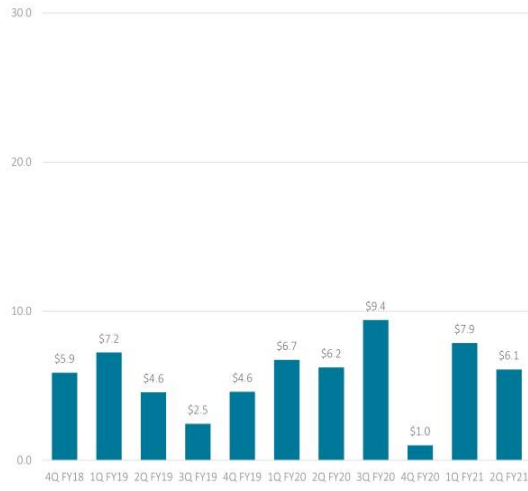
(\$ in thousands)

| | Sep '19 | Mar '20 | Sep '20 |
|---|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 61,638 | \$ 89,939 | \$ 156,908 |
| Restricted cash | - | - | 2,919 |
| Marketable securities | 43,679 | - | - |
| Fees and accounts receivable | 27,765 | 25,121 | 27,486 |
| Due from affiliates | 2,419 | 9,690 | 5,252 |
| Investments: | | | |
| Investments in funds | 46,691 | 53,386 | 57,870 |
| Accrued carried interest allocations | 399,352 | 460,837 | 486,206 |
| Deferred income tax assets | 626 | 732 | 44,283 |
| Other assets and receivables | 21,936 | 25,502 | 22,848 |
| Intangibles, net | 11,172 | 8,830 | 7,160 |
| Goodwill | 6,792 | 6,792 | 6,792 |
| Total assets | \$ 622,070 | \$ 680,829 | \$ 817,724 |
| Liabilities and stockholders' equity / partners' capital | | | |
| Accounts payable, accrued expenses and other liabilities | \$ 37,667 | \$ 36,222 | \$ 42,880 |
| Accrued compensation and benefits | 31,939 | 23,185 | 47,818 |
| Accrued carried interest-related compensation | 207,848 | 237,737 | 245,754 |
| Due to affiliates | 4,295 | 3,574 | 56,877 |
| Debt obligations | 143,497 | 143,144 | - |
| Total liabilities | 425,246 | 443,862 | 393,329 |
| Stockholders' equity / partners' capital | 179,580 | 216,051 | 119,583 |
| Accumulated other comprehensive income/(loss) | 259 | 178 | (22) |
| Non-controlling interests in subsidiaries | 16,985 | 20,738 | 20,729 |
| Non-controlling interests in the Partnership | - | - | 284,105 |
| Total stockholders' equity / partners' capital | 196,824 | 236,967 | 424,395 |
| Total liabilities and stockholders' equity / partners' capital | \$ 622,070 | \$ 680,829 | \$ 817,724 |

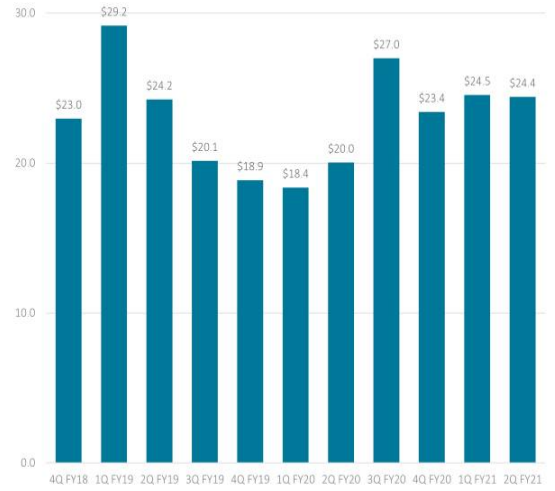
Net realized performance fees

(\$M, UNLESS OTHERWISE MENTIONED)

QUARTERLY NET REALIZED PERFORMANCE FEES



LTM NET REALIZED PERFORMANCE FEES



Note: Net Realized Performance Fees represent gross realized performance fees, less realized performance fee-related compensation. Gross realized performance fees include deferred incentive fees that are not included in GAAP revenues. See reconciliation of net realized performance fees on page 30.

FEAUM overview

- For the quarter, our FEAUM increased by approximately 6% to \$44.3 billion
- Deployed approximately \$0.8 billion of capital from our existing undeployed fee-earning capital during the quarter as well

| (SB, unless noted) | 2Q FY'21 | 2Q FY'20 | Fav / Unfav \$ | Change % |
|----------------------------|----------|----------|-------------------|-------------|
| SMAs | | | | |
| Beginning balance | \$ 31.6 | \$ 24.9 | \$ 6.7 | 27% |
| Contributions | 1.5 | 2.8 | (1.3) | -48% |
| Distributions | (0.0) | (0.3) | 0.2 | 90% |
| Market value, FX and other | 0.4 | (0.1) | 0.4 | na |
| Ending balance | \$ 33.4 | \$ 27.3 | \$ 6.1 | 22% |
| Management Fees (\$M) | \$ 31.2 | \$ 25.7 | \$ 5.5 | 22% |
| Average fee rate | 0.39% | 0.41% | -0.02% | -5% |
| Commingled Funds | | | | |
| Beginning balance | \$ 10.1 | \$ 8.1 | \$ 2.0 | 24% |
| Contributions | 1.0 | 0.8 | 0.2 | 24% |
| Distributions | (0.2) | (0.5) | 0.3 | 59% |
| Market value, FX and other | (0.0) | 0.4 | (0.4) | na |
| Ending balance | \$ 10.9 | \$ 8.9 | \$ 2.0 | 23% |
| Management Fees (\$M) | \$ 30.8 | \$ 17.4 | \$ 13.4 | 77% |
| Average fee rate | 0.98% | 0.80% | 0.18% | 23% |
| Total | | | | |
| Beginning balance | \$ 41.7 | \$ 33.0 | \$ 8.7 | 26% |
| Contributions | 2.4 | 3.6 | (1.1) | -32% |
| Distributions | (0.2) | (0.8) | 0.5 | 70% |
| Market value, FX and other | 0.4 | 0.4 | (0.0) | -6% |
| Ending balance | \$ 44.3 | \$ 36.2 | \$ 8.1 | 22% |
| Management Fees (\$M) | \$ 62.1 | \$ 43.1 | \$ 18.9 | 44% |
| Average fee rate | 0.53% | 0.51% | 0.02% | 5% |

Note: Amounts may not sum to total due to rounding.

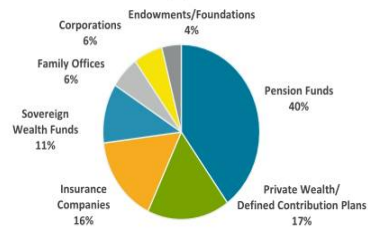
| Walk from AUM to FEAUM | \$B |
|---|----------------|
| Total AUM as of 9/30/20 | \$ 72.0 |
| Less: Non-Fee Earning AUM | (6.4) |
| Less: Market appreciation included in AUM | (4.9) |
| Less: Undeployed Fee-Earning Capital (capital not yet invested on which we will earn fees once capital is deployed) | (16.4) |
| Fee-Earning AUM as of 9/30/20 | \$ 44.3 |

Blue-chip, sophisticated, global clientele

As of September 30, 2020

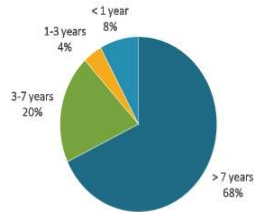
BY TYPE

LTM MANAGEMENT AND ADVISORY FEES (%)



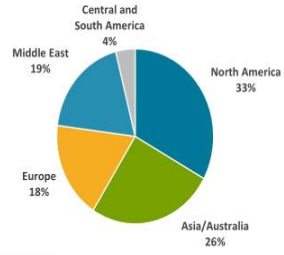
BY ACCOUNT TENOR

LTM MANAGEMENT FEES (%)



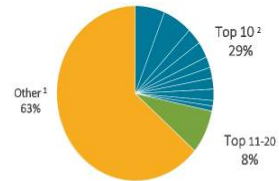
BY GEOGRAPHY

LTM MANAGEMENT AND ADVISORY FEES (%)



BY CLIENT

LTM MANAGEMENT AND ADVISORY FEES (%)



¹ Includes ~36% of management and advisory fee contribution from focused commingled funds.
² Represents more than 4x the number of separate mandates and commitments to commingled funds.

StepStone's diversified platform spans private markets solutions

PRIVATE EQUITY

- Total AUM: \$35B
 - SMA AUM: \$27B
 - FCF AUM: \$8B
- Advisory AUA: \$114B
- \$21B+ Approved in 2019

| INVESTMENT STRATEGY ^{2,4} | NET IRR ³ | NET TVM ³ |
|------------------------------------|----------------------|----------------------|
| PRIMARIES | 14.0% | 1.4x |
| SECONDARIES | 16.0% | 1.4x |
| CO-INVESTMENTS | 17.9% | 1.5x |

REAL ESTATE

- Total AUM: \$8B
 - SMA AUM: \$3B
 - FCF AUM: \$3B
 - Advisory AUM: \$2B
- Advisory AUA: \$96B
- ~\$13B Approved in 2019¹

| INVESTMENT STRATEGY ^{4,5} | NET IRR ³ | NET TVM ³ |
|--|----------------------|----------------------|
| CORE/CORE+ FUND INVESTMENTS | 7.9% | 1.4x |
| VALUE-ADD/OPPORTUNISTIC FUND INVESTMENTS | 8.8% | 1.3x |
| REAL ESTATE DEBT FUND INVESTMENTS | 4.8% | 1.1x |
| VALUE-ADD/OPPORTUNISTIC SECONDARIES & CO-INVESTMENTS | 15.9% | 1.2x |

INFRASTRUCTURE

- Total AUM: \$15B
 - SMA AUM: \$15B
 - FCF AUM: --
- Advisory AUA: \$20B
- ~\$8B Approved in 2019

| INVESTMENT STRATEGY ^{4,6} | NET IRR ³ |
|------------------------------------|----------------------|
| PRIMARIES | 6.8% |
| SECONDARIES | 12.1% |
| CO-INVESTMENTS ⁷ | 7.9% |

PRIVATE DEBT

- Total AUM: \$13B
 - SMA AUM: \$10B
 - FCF AUM: \$2B
 - Advisory AUM: \$1B
- Advisory AUA: \$10B
- \$6B+ Approved in 2019

| INVESTMENT STRATEGY ^{8,8} | IRR ⁸ |
|--|------------------|
| DIRECT LENDING (GROSS) ⁹ | 5.8% |
| DISTRESSED DEBT (GROSS) ⁹ | 7.4% |
| OTHER (GROSS) ^{8,10} | 7.3% |
| PRIVATE DEBT GROSS TRACK RECORD⁹ | 6.5% |
| PRIVATE DEBT NET TRACK RECORD | 5.8% |

Note: As of June 30, 2020. Amounts may not sum to total due to rounding. SMA – Separately Managed Accounts. FCF – Focused Commingled Funds. Please see next slide for performance footnote references. Past performance is not necessarily indicative of future results and there can be no assurance that the fund will achieve comparable results or avoid substantial losses.

Track record disclosures

Note: Descriptions for certain terms can be found on the definitions page starting on slide 31 of this presentation.

¹ Approved amount included approximately \$2 billion in Real Estate debt.

² Private Equity includes 1,014 investments totaling \$93.6 billion of capital commitments and excludes (i) 2 advisory co-investments and 96 client-directed investments, totaling \$100.0 million and \$8.1 billion, respectively, of capital commitments, (ii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment. Investment returns are calculated on a constant currency adjusted reporting basis converting non-USD investment cash flows and NAVs to USD using the foreign currency exchange rate corresponding to each client's first cash flow date.

³ Net IRR and Net TVM are presented solely for illustrative purposes and do not represent actual returns received by any investor in any of the StepStone Funds represented above. StepStone fees and expenses are based on the following assumptions (management fees represent an annual rate): (i) Primaries: 25 basis points of net invested capital for management fee, 5 basis points of capital commitments for fund expenses, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs. (ii) Secondaries: 125 basis points (60 basis points for Infrastructure) on capital commitments in years 1 through 4 for management fee. In year 5, management fees step down to 90% of the previous year's fee. Secondaries also include 5 basis points of capital commitments for fund expenses, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs. Secondaries also include 12.5% of paid and unrealized carry (15.0% of paid and unrealized carry for Real Estate), with an 8% preferred return hurdle. (iii) Co-investments: 100 basis points on net committed capital for management fee, 5 basis points of capital commitments for fund expenses, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs. Co-investments also include 10.0% of paid and unrealized carry (15.0% of paid and unrealized carry for Real Estate), with an 8% preferred return hurdle. Net IRR and Net TVM for certain investments may have been impacted by StepStone's or the underlying fund manager's use of subscription backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital.

⁴ Investments of former clients are included in performance summary past the client termination date until such time as StepStone stops receiving current investment data (quarterly valuations and cash flows) for the investment. At that point, StepStone will then terminate the fund's contribution to the track record by entering a distribution amount equal to the last reported NAV. Historical performance contribution is maintained up until this termination date. At that point, StepStone will then "liquidate" the fund by entering a distribution amount equal to the last reported NAV, thus ending its contribution to the track record as of that date. Historical performance contribution will be maintained up until the "liquidation" date.

⁵ Real Estate includes 379 investments totaling \$56.1 billion of capital commitments and excludes (i) 22 client-directed investments, totaling \$2.4 billion of capital commitments, (ii) 3 secondary core/core+ investments, totaling \$234.1 million, and (iii) investments for which

StepStone does not provide monitoring and reporting services to the client that made the investment. Investment returns are calculated on a constant currency adjusted reporting basis converting non-USD investment cash flows and NAVs to USD using the foreign currency exchange rate corresponding to each client's first cash flow date. Includes the discretionary track record of Courtland Partners, L.L.P., which StepStone acquired on April 1, 2018 (the "Courtland acquisition").

⁶ Infrastructure includes 105 investments totaling \$19.8 billion of capital commitments and excludes (i) approximately 12 infrastructure investments made by the Partnership prior to the formation of the Infrastructure subsidiary in 2013 or made prior to the Courtland acquisition, and 8 client-directed investments, totaling \$806.9 million and US\$543.5 million, respectively, of capital commitments, and (ii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment. Investment returns are calculated on a constant currency adjusted reporting basis converting non-USD investment cash flows and NAVs to USD using the foreign currency exchange rate corresponding to each client's first cash flow date.

⁷ Includes asset management investments.

⁸ Private Debt includes 422 investments totaling \$18.2 billion of capital commitments and excludes (i) 21 client-directed investments, totaling \$1.4 billion of capital commitments, and (ii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment. Investment returns are calculated on a constant currency adjusted reporting basis converting non-USD investment cash flows and NAVs to USD using the foreign currency exchange rate corresponding to each client's first cash flow date. IRR is presented solely for illustrative purposes and does not represent actual returns received by any investor in any of the StepStone Funds represented above. StepStone fees and expenses are based on the following assumptions (management fees represent an annual rate): Private Debt fund investments include 65 basis points on the quarterly net asset value for management fee. Net IRR for certain investments may have been impacted by StepStone's or the underlying fund manager's use of subscription backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital.

⁹ Subset performance is presented net of fees and expenses charged by the underlying fund manager only (performance results do not reflect StepStone fees and expenses).

¹⁰ Other includes mezzanine debt, infrastructure debt, collateralized loan obligations, private performing debt, senior debt, fund of funds, leasing, regulatory capital, trade finance and intellectual property/royalty.

Past performance is not necessarily indicative of future results and there can be no assurance that the fund will achieve comparable results or avoid substantial losses.

Reconciliation of GAAP to ANI and FRE

(\$ in thousands)

| | Quarter-to-Date | | Year-to-Date | | Last Twelve Months | |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| | Sep '19 | Sep '20 | Sep '19 | Sep '20 | Sep '19 | Sep '20 |
| Income before income tax | \$ 47,411 | \$ 109,250 | \$ 79,046 | \$ 58,048 | \$ 96,218 | \$ 127,742 |
| Net income attributable to non-controlling interests in subsidiaries | (1,995) | (9,045) | (4,486) | (13,138) | (9,085) | (21,521) |
| Unrealized carried interest allocation revenue | (66,245) | (157,509) | (100,334) | (25,369) | (97,352) | (86,854) |
| Unrealized performance fee-related compensation | 33,794 | 78,533 | 50,545 | 9,858 | 47,287 | 42,014 |
| Unrealized investment (income) loss | (1,457) | (3,672) | (660) | 521 | 358 | (1,692) |
| Deferred incentive fees | 799 | 1,154 | 799 | 4,700 | 790 | 4,700 |
| Equity-based compensation | 475 | 952 | 950 | 1,435 | 2,581 | 2,400 |
| Amortization of intangibles | 1,343 | 835 | 2,686 | 1,670 | 5,837 | 4,012 |
| Unrealized investment income (loss) attributable to non-controlling interests in subsidiaries | 95 | 62 | 148 | (531) | 203 | 138 |
| Write-off of unamortized deferred financing costs | - | 3,526 | - | 3,526 | - | 3,526 |
| Non-core items ⁽¹⁾ | 1,096 | 264 | 2,845 | 4,269 | 7,210 | 5,843 |
| Pre-tax adjusted net income | 15,316 | 24,350 | 31,539 | 44,989 | 54,047 | 80,308 |
| Income taxes ⁽²⁾ | (3,829) | (6,088) | (7,885) | (11,248) | (13,513) | (20,078) |
| Adjusted net income | 11,487 | 18,262 | 23,654 | 33,741 | 40,534 | 60,230 |
| Income taxes ⁽²⁾ | 3,829 | 6,088 | 7,885 | 11,248 | 13,513 | 20,078 |
| Realized carried interest allocation revenue | (11,059) | (8,556) | (23,959) | (12,194) | (39,248) | (34,412) |
| Realized performance fee-related compensation | 6,384 | 4,811 | 14,164 | 7,711 | 22,527 | 20,505 |
| Realized investment income | (487) | (653) | (2,552) | (1,668) | (4,257) | (3,169) |
| Incentive fees | (775) | (1,196) | (2,397) | (4,785) | (2,600) | (5,798) |
| Deferred incentive fees | (799) | (1,154) | (799) | (4,700) | (790) | (4,700) |
| Interest income | (406) | (165) | (740) | (259) | (1,481) | (955) |
| Interest expense | 2,571 | 5,270 | 5,313 | 7,327 | 10,636 | 12,225 |
| Other income | (303) | - | (300) | - | (942) | 677 |
| Write-off of unamortized deferred financing costs | - | (3,526) | - | (3,526) | - | (3,526) |
| Unrealized investment (income) loss attributable to non-controlling interests in subsidiaries | (95) | (62) | (148) | 531 | (203) | (138) |
| Net income attributable to non-controlling interests in subsidiaries | 1,995 | 9,045 | 4,486 | 13,138 | 9,085 | 21,521 |
| Fee-related earnings | \$ 12,542 | \$ 28,164 | \$ 24,607 | \$ 46,564 | \$ 46,774 | \$ 82,538 |
| Total revenues | \$ 131,872 | \$ 242,913 | \$ 231,451 | \$ 181,500 | \$ 345,631 | \$ 396,660 |
| Unrealized carried interest allocations | (66,245) | (157,509) | (100,334) | (25,369) | (97,352) | (86,854) |
| Deferred incentive fees | 799 | 1,154 | 799 | 4,700 | 790 | 4,700 |
| Adjusted revenues | \$ 66,426 | \$ 86,558 | \$ 131,916 | \$ 160,831 | \$ 249,069 | \$ 314,506 |

¹ Includes compensation paid to certain equity holders as part of an acquisition earn-out (\$0.3 million and \$1.4 million for the three and six months ended September 30, 2019, respectively), severance costs (\$0.1 million and \$4.1 million for the three and six months ended September 30, 2020, respectively), and \$0.1 million for the six months ended September 30, 2019), transaction costs (\$0.4 million and \$1.0 million for the three and six months ended September 30, 2019, respectively), and other non-core operating income and expenses.

² Represents corporate income taxes at a blended effective tax rate of 25.0% applied to pre-tax adjusted net income for all periods presented. The 25.0% is based on a federal tax statutory rate of 21.0% and a combined state, local and foreign income tax rate net of federal benefits of 4.0%. As we were not subject to U.S. federal and state income taxes prior to the Reorganization and IPO, the blended statutory tax rate of 25.0% has been applied to all periods presented for comparability purposes.

Reconciliation of adjusted net income per share

(\$ in thousands, except share and per share amounts)

| | Quarter-to-Date | | Year-to-Date | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Sep '19 | Sep '20 | Sep '19 | Sep '20 |
| Adjusted net income | \$ 11,487 | \$ 18,262 | \$ 23,654 | \$ 33,741 |
| Weighted-average shares of Class A common stock outstanding - Diluted ⁽¹⁾ | 29,237,500 | 29,237,500 | 29,237,500 | 29,237,500 |
| Assumed vesting of RSUs ⁽¹⁾ | 745,347 | 745,347 | 745,347 | 745,347 |
| Assumed vesting and exchange of Class B units ⁽¹⁾ | 2,411,318 | 2,411,318 | 2,411,318 | 2,411,318 |
| Exchange of Class B units in the Partnership ⁽¹⁾⁽²⁾ | 65,578,831 | 65,578,831 | 65,578,831 | 65,578,831 |
| Adjusted shares ⁽¹⁾ | <u>97,972,996</u> | <u>97,972,996</u> | <u>97,972,996</u> | <u>97,972,996</u> |
| Adjusted net income per share | \$ 0.12 | \$ 0.19 | \$ 0.24 | \$ 0.34 |

¹ As Class A common stock did not exist prior to the Reorganization and IPO, the computation of ANI per share assumes the same number of adjusted shares outstanding for all periods presented for comparability purposes.
² Assumes the full exchange of Class B units in StepStone Group LP for Class A common stock of SSG pursuant to the exchange agreement.

Reconciliation of gross and net realized performance fees

(\$ in million)

| | Quarter-to-Date | | | | | | | | | | |
|---|-----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 4Q, FY18 | 1Q, FY19 | 2Q, FY19 | 3Q, FY19 | 4Q, FY19 | 1Q, FY20 | 2Q, FY20 | 3Q, FY20 | 4Q, FY20 | 1Q, FY21 | 2Q, FY21 |
| Realized carried interest revenue | \$ 9.9 | \$ 11.3 | \$ 10.1 | \$ 5.4 | \$ 9.9 | \$ 12.9 | \$ 11.1 | \$ 19.6 | \$ 2.6 | \$ 3.6 | \$ 8.6 |
| Incentive fees | 0.1 | 1.2 | 0.1 | 0.1 | 0.1 | 1.6 | 0.8 | 0.2 | 0.8 | 3.6 | 1.2 |
| Deferred incentive fees | 0.6 | 1.0 | - | - | - | - | 0.8 | - | - | 3.5 | 1.2 |
| Gross realized performance fees | 10.7 | 13.5 | 10.2 | 5.5 | 10.0 | 14.5 | 12.6 | 19.8 | 3.4 | 10.8 | 10.9 |
| Realized performance fee-related compensation | (4.8) | (6.3) | (5.6) | (3.0) | (5.4) | (7.8) | (6.4) | (10.4) | (2.4) | (2.9) | (4.8) |
| Net realized performance fees | \$ 5.9 | \$ 7.2 | \$ 4.6 | \$ 2.5 | \$ 4.6 | \$ 6.7 | \$ 6.2 | \$ 9.4 | \$ 1.0 | \$ 7.9 | \$ 6.1 |

| | Last Twelve Months | | | | | | | | | | |
|---|--------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 4Q, FY18 | 1Q, FY19 | 2Q, FY19 | 3Q, FY19 | 4Q, FY19 | 1Q, FY20 | 2Q, FY20 | 3Q, FY20 | 4Q, FY20 | 1Q, FY21 | 2Q, FY21 |
| Realized carried interest revenue | \$ 30.1 | \$ 39.7 | \$ 36.8 | \$ 36.6 | \$ 36.6 | \$ 38.3 | \$ 39.2 | \$ 53.4 | \$ 46.2 | \$ 36.9 | \$ 34.4 |
| Incentive fees | 1.5 | 2.7 | 3.2 | 1.6 | 1.5 | 1.9 | 2.6 | 2.7 | 3.4 | 5.4 | 5.8 |
| Deferred incentive fees | 2.8 | 3.6 | 3.0 | 1.6 | 1.0 | - | 0.8 | 0.8 | 0.8 | 4.3 | 4.7 |
| Gross realized performance fees | 34.4 | 46.0 | 42.9 | 39.9 | 39.2 | 40.2 | 42.6 | 57.0 | 50.4 | 46.6 | 44.9 |
| Realized performance fee-related compensation | (11.4) | (16.8) | (18.7) | (19.7) | (20.3) | (21.8) | (22.6) | (30.0) | (27.0) | (22.1) | (20.5) |
| Net realized performance fees | \$ 23.0 | \$ 29.2 | \$ 24.2 | \$ 20.1 | \$ 18.9 | \$ 18.4 | \$ 20.0 | \$ 27.0 | \$ 23.4 | \$ 24.5 | \$ 24.4 |

Note: Amounts may not sum to total due to rounding.

Definitions

- **StepStone Group Inc.** or “SSG” refers solely to StepStone Group Inc., a Delaware corporation, and not to any of its subsidiaries.
- **Partnership** refers solely to StepStone Group LP, a Delaware limited partnership, and not to any of its subsidiaries.
- **Reorganization** refers to the series of transactions immediately before the Company's initial public offering (“IPO”), which was completed on September 18, 2020.
- **Assets Under Management**, or “AUM”, primarily reflects the assets associated with our SMAs and focused commingled funds. We classify assets as AUM if we have full discretion over the investment decisions in an account or have responsibility or custody of assets. Although management fees are based on a variety of factors and are not linearly correlated with AUM, we believe AUM is a useful metric for assessing the relative size and scope of our asset management business.

Our AUM is calculated as the sum of (i) the net asset value (“NAV”) of client portfolio assets, including the StepStone Funds and (ii) the unfunded commitments of clients to the underlying investments and the StepStone Funds. Our AUM reflects the investment valuations in respect of the underlying investments of our funds and accounts on a three-month lag, adjusted for new client account activity through the period end.

- **Assets Under Advisement**, or “AUA”, consists of client assets for which we do not have full discretion to make investment decisions but play a role in advising the client or monitoring their investments. We generally earn revenue for advisory-related services on a contractual fixed fee basis. Advisory-related services include asset allocation, strategic planning, development of investment policies and guidelines, screening and recommending investments, legal negotiations, monitoring and reporting on investments, and investment manager review and due diligence. Advisory fees vary by client based on the scope of services, investment activity and other factors. Most of our advisory fees are fixed, and therefore, increases or decreases in AUA do not necessarily lead to proportionate changes in revenue.

Our AUA is calculated as the sum of (i) the NAV of client portfolio assets for which we do not have full discretion and (ii) the unfunded commitments of clients to the underlying investments. Our AUA reflects the investment valuations in respect of the underlying investments of our client accounts on a three-month lag, adjusted for new client account activity through the period end.

- **Fee-Earning AUM**, or “FEAUM”, reflects the assets from which we earn management fee revenue (i.e., fee basis) and includes assets in our SMAs, focused commingled funds and assets held directly by our clients for which we have fiduciary oversight and are paid fees as the manager of the assets. Our SMAs and focused commingled funds typically pay management fees based on capital commitments, net invested capital and, in certain cases, NAV, depending on the fee terms. Management fees are only marginally affected by market appreciation or depreciation because substantially all of the StepStone Funds pay management fees based on capital commitments or net invested capital. As a result, management fees and FEAUM are not materially affected by changes in market value.
- **Undeployed Fee-Earning Capital** represents the amount of capital commitments to StepStone Funds that has not yet been invested or considered active, and as this capital is invested or activated, will generate management fee revenue.

Definitions (continued)

- **Adjusted net income**, or "ANI", is a non-GAAP performance measure that we present on a pre-tax and after-tax basis used to evaluate profitability. ANI represents the after-tax net realized income attributable to us. The components of revenues used in the determination of ANI ("**Adjusted Revenues**") comprise net management and advisory fees, incentive fees (including the deferred portion) and realized carried interest allocations. In addition, ANI excludes: (a) unrealized carried interest allocation revenues and related compensation, (b) unrealized investment income, (c) equity-based compensation for awards granted prior to and in connection with our IPO, (d) amortization of intangibles and (e) certain other items that we believe are not indicative of our core operating performance, including charges associated with acquisitions and corporate transactions, contract terminations and employee severance. ANI is income before taxes fully taxed at our blended statutory effective tax rate. We believe ANI and adjusted revenues are useful to investors because they enable investors to evaluate the performance of our business across reporting periods.
- **ANI Per Share** measures our per-share earnings assuming all Class B units in the Partnership were exchanged for Class A common stock in SSG. ANI per share is calculated as ANI divided by adjusted shares outstanding. We believe ANI per share is useful to investors because it enables them to better evaluate per-share operating performance across reporting periods.
- **Fee-Related Earnings**, or "FRE", is a non-GAAP performance measure used to monitor our baseline earnings from recurring management and advisory fees. FRE is a component of ANI and comprises net management and advisory fees, less operating expenses other than performance fee-related compensation, equity-based compensation for awards granted prior to and in connection with our IPO, amortization of intangibles and other non-core operating items. FRE is presented before income taxes. We believe FRE is useful to investors because it provides additional insight into the operating profitability of our business and our ability to cover direct base compensation and operating expenses from total fee revenues.
- **Gross Realized Performance Fees** represents realized carried interest allocations and incentive fees, including the deferred portion.
- **Net Realized Performance Fees** represents gross realized performance fees, less realized performance fee-related compensation.
- **Invested Capital** refers to the total amount of all investments made by a fund, including commitment-reducing and non-commitment-reducing capital calls.
- "IRR", refers to the annualized internal rate of return for all investments within the relevant investment strategy on an inception-to-date basis as of June 30, 2020 (except as noted otherwise on pages 26 and 27), based on contributions, distributions and unrealized value.
- "Net IRR" refers to IRR, net of fees and expenses charged by both the underlying fund managers and StepStone.
- **Net Asset Value**, or "NAV", refers to the estimated fair value of unrealized investments plus any net assets or liabilities associated with the investment as of June 30, 2020.
- "Net TVM" refers to the total value to paid-in capital or invested capital expressed as a multiple. Net TVM is calculated as distributions plus unrealized valuations divided by invested capital (including all capitalized costs).

Disclosure

Some of the statements in this release may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. 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 in this release 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, global and domestic market and business conditions, successful execution of business and growth strategies and regulatory factors relevant to our business, 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 “Risk Factors” included in our prospectus dated September 15, 2020, filed with the U.S. Securities and Exchange Commission (“SEC”) on September 16, 2020, and in our quarterly report on Form 10-Q to be filed with the SEC, as such factors may be updated from time to time. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

The non-GAAP financial measures contained in this presentation (including, without limitation, Adjusted Revenues, Adjusted Net Income (on both a pre-tax and after-tax basis), Adjusted Net Income per share and Fee-Related Earnings) are not GAAP measures of the Company’s financial performance or liquidity and should not be considered as alternatives to net income (loss) as a measure of financial performance or cash flows from operations as measures of liquidity, or any other performance measure derived in accordance with GAAP. A reconciliation of such non-GAAP measures to their most directly comparable GAAP measure is included on pages 28-30 of this presentation. You are encouraged to evaluate each adjustment to non-GAAP financial measures and the reasons management considers it appropriate for supplemental analysis. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. In addition, these measures may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

