UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2023
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______________________ to __________________________

Commission file number 001-39510

STEPSTONE GROUP INC.
(Exact name of Registrant as specified in its charter)

Delaware	**84-3868757**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
450 Lexington Avenue., 31st Floor **New York, NY**	**10017**
(Address of principal executive offices)	(Zip Code)

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

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, $0.001 par value per share	**STEP**	**The Nasdaq Stock Market LLC**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of Class A common stock held by non-affiliates of the registrant on September 30, 2022, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $1,195.5 million, based on the closing price of $24.51 as reported by the Nasdaq Stock Market. As of May 23, 2023, there were 62,834,791 shares of the registrant's Class A common stock and 46,420,141 shares of the registrant's Class B common stock, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement relating to its 2023 annual meeting of stockholders (the "2023 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2023 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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This Annual Report on Form 10-K ("Form 10-K") includes certain information regarding the historical investment performance of our focused commingled funds and separately managed accounts. An investment in shares of our Class A common stock is not an investment in any StepStone Fund (as defined below). The StepStone Funds are separate, distinct legal entities that are not our subsidiaries. In the event of our bankruptcy or liquidation, you will have no claim against the StepStone Funds. In considering the performance information relating to the StepStone Funds contained herein, current and prospective Class A common stockholders should bear in mind that the performance of the StepStone Funds is not indicative of the possible performance of shares of our Class A common stock and also is not necessarily indicative of the future results of the StepStone Funds, even if fund investments were in fact liquidated on the dates indicated, and we cannot assure you that the StepStone Funds will continue to achieve, or that future StepStone Funds will achieve, comparable results.

Unless otherwise indicated or the context otherwise requires:

- "**StepStone Group Inc.**" or "**SSG**" refers solely to StepStone Group Inc., a Delaware corporation, and not to any of its subsidiaries;

- the "**Partnership**" refers solely to StepStone Group LP, a Delaware limited partnership, and not to any of its subsidiaries;

- "**General Partner**" refers to StepStone Group Holdings LLC, a Delaware limited liability company, and the sole general partner of the Partnership;

- "**we**," "**us**," "**our**," the "**Company**," "**our company**," "**StepStone**" and similar terms refer to SSG and its consolidated subsidiaries, including the Partnership, following the Reorganization and IPO (each as defined below) and to the Partnership and its consolidated subsidiaries prior to the Reorganization and IPO;

- "**StepStone Funds**" or "**our funds**" refer to our focused commingled funds and our separately managed accounts, including acquired Greenspring funds, for which we act as both investment adviser and general partner or managing member;

- references to the "**Greenspring acquisition**" refer to the acquisition of Greenspring Associates, Inc. and certain of its affiliates ("**Greenspring**") that was completed on September 20, 2021;

- references to "**FY**," "**fiscal**" or "**fiscal year**" are to the fiscal year ended March 31 of the applicable year;

- references to the "**Reorganization**" refer to the series of transactions immediately before the Company's initial public offering ("**IPO**"), which was completed on September 18, 2020;

- references to "**private markets allocations**" or "**total capital responsibility**" refer to the aggregate amount of our assets under management **("AUM")** and our assets under advisement **("AUA")**;

- references to "**high-net-worth**" individuals refer to individuals with net worth of over $5 million, excluding primary residence;

- references to "**mass affluent**" individuals refer to individuals with annual income over $200,000 or net worth between $1 million and $5 million, excluding primary residence; and

- references to "**Consolidated Funds**" refer to the StepStone Funds that we are required to consolidate as of the applicable reporting period.

TRADEMARKS, SERVICE MARKS AND TRADE NAMES

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are owned by us or licensed by us. We also own or have the rights to copyrights that protect the content of our solutions. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this Form 10-K are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks, trade names and copyrights.

FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations or financial position made in this Form 10-K are forward-looking. We use words such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “future,” “intend,” “may,” “plan” and “will” and similar expressions to 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 should not be regarded as a representation by us or any other person 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, our 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 Part I, Item 1A of this Form 10-K. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Form 10-K and in our other periodic filings. 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.

RISK FACTOR SUMMARY

The following is a summary of the risk factors associated with the Company. You should read this summary together with a more detailed description of these risks in the "Risk Factors" section of this Annual Report on Form 10-K and in other filings that we make from time to time with the SEC.

We are subject to risks related to our business, including risks related to: (i) the identification and availability of suitable investment opportunities for our clients; (ii) poor investment performance; (iii) investments we make on behalf of clients or we recommend to our clients not correlating with performance of an investment in our Class A common stock; (iv) competition for access to investment funds and other investments; (v) ability of third-party clients to remove us as the general partner and to terminate the investment period under certain circumstances; (vi) our ability to retain our senior leadership team and attract additional qualified investment professionals; (vii) our failure to appropriately manage conflicts of interest; (viii) obligations to clients and other third parties that may conflict with stockholders' interests; (ix) increases in interest rates or decreases in the availability of credit may affect the StepStone Funds' ability to achieve attractive rates of return due to dependence on leverage by certain funds and portfolio companies; (x) StepStone Funds clients with commitment-based structures not satisfying their contractual obligation to fund capital calls when requested; (xi) compliance with investment guidelines set by clients; (xii) subjective valuation methodologies; (xiii) our ability to maintain our desired fee structure; (xiv) having to pay back "clawback" or "contingent repayment" obligations if and when they are triggered under the governing agreements of our funds; (xv) investments in relatively high-risk, illiquid assets; (xvi) undiversified investments; (xvii) banking system volatility; (xviii) investments in funds and companies that we do not control; (xix) risk management strategies and procedures; (xx) due diligence we undertake in connection with investments; (xxi) restrictions on our ability to collect and analyze data regarding our clients' investments; (xxii) dependence on the reliability of our proprietary data and technology platforms and other data processing systems; (xxiii) a compromise or corruption of our systems or that of our vendors containing confidential information; (xxiv) cybersecurity risks; (xxv) employee misconduct; (xxvi) our professional reputation and legal liability; (xxvii) our non-U.S. operations; (xxviii) investments of the StepStone Funds in certain jurisdictions that may be subject to heightened risks relative to investments in other jurisdictions; (xxix) revenues from our real estate asset class being subject to the risks inherent in the ownership and operation of real estate and the construction and development of real estate; (xxx) the exposure of our real estate asset class to commercial real estate values and commercial real estate loans; (xxxi) investments we make on behalf of clients or we recommend to our clients in infrastructure assets; (xxxii) the substantial growth of our business in recent years that may be difficult to sustain; (xxxiii) entering into new lines of business; (xxxiv) acquisitions of new businesses or assets; (xxxv) current or future indebtedness; and (xxxvi) using custodians, counterparties, administrators and other agents.

We are subject to risks related to our industry, including risks related to: (i) intense competition; (ii) difficult or volatile market conditions; (iii) a major public health crisis, including a resurgence of the COVID-19 pandemic; (iv) operating in a heavily regulated industry; (v) evolving laws and government regulations; (vi) future changes to tax laws or our effective tax rate; (vii) potentially being required to pay additional taxes because of the new U.S. federal partnership audit rules and potentially also state and local tax rules; (viii) federal, state and foreign anti-corruption and sanctions laws; (ix) regulation of investment advisers outside the United States; and (x) increasing scrutiny from institutional clients with respect to environmental, social and governance ("ESG") costs of investments made by the StepStone Funds.

We are subject to risks related to our organizational structure, including risks related to: (i) relying on exemptions from certain governance requirements as a “controlled company” within the meaning of the Nasdaq Global Select Market listing standards and, therefore, not affording same protections to our stockholders as those afforded to stockholders of non-controlled companies; (ii) SSG’s dependence on distributions from the Partnership to pay any dividends, if declared, taxes and other expenses, including payments under the Tax Receivable Agreements; (iii) the IRS potentially challenging the tax basis step-ups and other tax benefits we receive in connection with our IPO and the related transactions and in connection with additional acquisitions of Partnership units; (iv) in certain circumstances, acceleration and/or significant excess of payments due under each Tax Receivable Agreement, as compared to the actual tax benefits, if any, that SSG actually realizes; (v) potentially substantial distributions to us and the existing partners of the Partnership that the Partnership will be required to make in certain circumstances; (vi) funding withholding tax upon certain exchanges of Class B units into shares of Class A common stock by non-U.S. holders; (vii) tax and other liabilities attributable to our pre-IPO investors as a result of certain reorganization transactions; (viii) SSG not being permitted to deduct its distributive share of compensation expense pursuant to regulations issued under Section 162(m) of the Code to the extent that the compensation was paid by the Partnership to certain of SSG’s covered employees; (ix) being deemed an “investment company” under the Investment Company Act of 1940 as a result of our ownership of the Partnership or the General Partner; (x) a change of control of our company, including the effect of a “Sunset” on our voting structure; (xi) conflicts arising from members of our senior leadership team holding their economic interest through other entities; (xii) our reliance on our equity ownership, governance rights and other contractual arrangements to control certain of our consolidated subsidiaries that are not wholly owned; (xiii) the disparity in the voting rights among the classes of our common stock and inability of the holders of our Class A common stock to influence decisions submitted to a vote of our stockholders; (xiv) distributions made by the Partnership and limits on our ability to use the cash we receive in such distributions; (xv) the dual class structure of our common stock; and (xvi) our ability to pay dividends to stockholders.

We are subject to general risks, including risks related to: (i) the fact that the market price of our Class A common stock has been volatile; (ii) anti-takeover provisions in our charter documents and under Delaware law; and (iii) our forum selection provisions.

PART I

Item 1. Business.

Our Company

We are a global private markets investment firm focused on providing customized investment solutions and advisory, data and administrative services to our clients. Our 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. We partner with our 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. These portfolios utilize several types of synergistic investment strategies with third-party fund managers, including commitments to funds ("primaries"), acquiring stakes in existing funds on the secondary market ("secondaries") and investing directly into companies ("co-investments"). As of March 31, 2023, we were responsible for $621 billion of total capital, including $138 billion of AUM and $482 billion of AUA.

We were founded in 2007 to address the evolving needs of investors focused on private markets, reflecting a number of converging themes:

- increasing investor desire for exposure and allocations to the private markets;
- rising complexity within private markets driven by proliferation of fund managers and specialized strategies;
- global nature of private markets asset classes and their participants; and
- need for customized solutions as investors' size, sophistication and allocations to private markets investments increased.

We set out to build a firm that would be tailored to meet this new market environment, and differentiated from the fund-of-funds and adviser-only models in existence at the time. We have focused on an integrated, full- service approach to private markets solutions with research depth as our core pillar of strength.

We believe our success and growth since our founding has been driven by our continued focus on providing a high level of service, tailored to our clients' evolving needs, through:

- *Our focus on customization*. By leveraging our expertise across the private markets asset classes, investment strategies and commercial structures, we help our clients build customized portfolios that are designed to meet their specific objectives in a cost effective way.
- *Our global-and-local approach*. With offices in 25 cities across 15 countries on five continents, we have built a global operating platform, organically and via acquisition, with strong local teams that possess valuable regional insights and deep-rooted relationships. This allows us to combine the advantages of having a knowledgeable on-the-ground presence with the benefits of operating as a global organization.
- *Our multi-asset class expertise*. We operate at scale across the private markets asset classes—private equity, infrastructure, private debt and real estate. We believe this multi-asset class expertise positions us well to compete for, win and execute tailored and complex investment solutions.

- *Our proprietary data and technology*. Our proprietary data and technology platforms, including StepStone Private Markets Intelligence ("SPI"), our private markets intelligence database, Omni, our performance monitoring software, and Pacing, our portfolio cash flow, investment allocation and liquidity forecasting tool provide valuable information advantages, enhance our private markets insight, improve operational efficiency and facilitate portfolio monitoring and reporting functions. These benefits accrue to our clients and to us.

- *Our large and experienced team*. Since our inception, we have focused on recruiting and retaining the best talent. As of March 31, 2023, 95 partners led the firm, with an average of nearly 20 years of investment or industry experience. As of March 31, 2023, we had 956 total employees, including 322 investment professionals and 634 employees across our operating team and implementation teams dedicated to sourcing, executing, analyzing and monitoring private markets opportunities.

We believe our scale and position in private markets provide us a distinct competitive advantage with our clients and fund managers. As we grow our client relationships, we are able to allocate additional capital, which allows us to expand our fund manager relationships, resulting in access to additional investment opportunities and data. This, in turn, helps us make better investment decisions and generate better returns, thereby attracting new clients and investment opportunities.

During the year ended March 31, 2023, we reviewed over 3,600 investment opportunities and conducted approximately 4,900 meetings with fund managers across multiple geographies and all four asset classes. During the 12 months ended December 31, 2022, we allocated approximately $80 billion in capital to private markets on behalf of our clients, excluding legacy funds, feeder funds and research-only, non-advisory services.

We have a flexible business model whereby many of our clients engage us for solutions across multiple asset classes and investment strategies. Our solutions are typically offered in the following commercial structures:

- *Separately managed accounts ("SMAs")*. Owned by one client and managed according to their specific preferences, SMAs integrate a combination of primaries, secondaries and co-investments across one or more asset classes. SMAs are meant to address clients' specific portfolio objectives with respect to return, risk tolerance, diversification and liquidity. SMAs, including directly managed assets, comprised $82 billion of our AUM as of March 31, 2023.

- *Focused commingled funds*. Owned by multiple clients, our focused commingled funds deploy capital in specific asset classes with defined investment strategies. Focused commingled funds comprised $43 billion of our AUM as of March 31, 2023.

- *Advisory, data and administrative services*. These services include one or more of the following for our clients: (i) recurring support of portfolio construction and design; (ii) discrete or project-based due diligence, advice and investment recommendations; (iii) detailed review of existing private markets investments, including portfolio-level repositioning recommendations where appropriate; (iv) consulting on investment pacing, policies, strategic plans, and asset allocation to investment boards and committees; (v) licensed access to our proprietary data and technology platforms, including SPI and our other proprietary tools; and (vi) administrative services to unaffiliated investment advisors. Advisory relationships comprised $482 billion of our AUA and $13 billion of our AUM as of March 31, 2023.

- *Portfolio analytics and reporting*. We provide clients with tailored reporting packages, including customized performance benchmarks as well as associated compliance, administrative and tax capabilities. Mandates for portfolio analytics and reporting services typically include licensed access to our proprietary performance monitoring software, Omni. Omni tracked detailed information on over $905 billion of client commitments as of March 31, 2023, inclusive of our total capital responsibility, previously exited investments and investments of former clients.

Our Competitive Strengths

Truly Global Scale with Local Teams

Since our founding, we have invested and continue to invest significant time and resources building a global platform that we believe is well positioned to benefit from the continued growth and globalization of the private markets. Today, we have investment and implementation professionals in 25 cities across 15 countries on five continents.

Our offices are staffed by investment professionals who bring valuable regional insights and language proficiency to enhance existing client relationships and build new client relationships. Each of our offices follows a local staffing model, with local professionals who possess valuable insights, language proficiency and client relationships specific to that market. As of March 31, 2023, approximately 45% of our investment professionals were based outside the United States. We believe our focus on hiring local talent, supported by a deep bench of experienced investment professionals, has been critical in helping us attract a blue-chip, global client base. During the year ended March 31, 2023, nearly two-thirds of our management and advisory fees came from clients based outside of the United States.

Full-Service, Customized Approach to Delivering Solutions

We have significant expertise in customized offerings given our scale, which enables us to maintain a proprietary database across key facets of private markets investing, and our research-focused culture, which enables us to utilize this information advantage to inform our investment decisions and deliver highly customized insights and services to our clients.

As a result, we are able to offer a full suite of investment solutions to our clients, not only by assisting them with building customized private markets portfolios, but also offering other value-add services such as strategic planning and research, portfolio repositioning, and portfolio monitoring and reporting. We believe our value proposition as a full-service firm also helps us strengthen and grow our client relationships. As of March 31, 2023, 36% of our advisory clients also had an AUM relationship with us, and we advised or managed assets in more than one asset class for 34% of our clients, supporting our total capital responsibility growth.

Our focus on offering full-service, customized solutions to our clients is reflected in our business composition. As of March 31, 2023, we had 279 bespoke SMAs and focused commingled funds (including high-net-worth programs). For the year ended March 31, 2023, approximately 46% of our management and advisory fees were generated from focused commingled funds, 42% from SMAs, 11% from advisory, data and administrative services and 1% from fund reimbursement revenues.

Scale Across Private Markets Asset Classes

We believe our scale across asset classes, deal flow access and dedicated operational resources is increasingly a competitive advantage in private markets solutions. We believe investors are reducing the number of fund managers they invest with, increasingly allocating capital to fund managers that have expertise across a wide range of asset classes within private markets.

PRIVATE EQUITY		
$72B[(1)]	**$46B**	**$242B**
AUM	FEAUM	AUA
161		
Investment professionals		

REAL ESTATE		
$13B[(1)]	**$6B**	**$172B**
AUM	FEAUM	AUA
54		
Investment professionals		

INFRASTRUCTURE		
$27B[(1)]	**$19B**	**$51B**
AUM	FEAUM	AUA
61		
Investment professionals		

PRIVATE DEBT		
$27B[(1)]	**$14B**	**$17B**
AUM	FEAUM	AUA
46		
Investment professionals		

Note: Amounts may not sum to total due to rounding. Data presented as of March 31, 2023. AUM/AUA reflects final data for the prior period (December 31, 2022), adjusted for net new client account activity through March 31, 2023. Does not include post-period investment valuation or cash activity. Net asset value ("NAV") data for underlying investments is as of December 31, 2022, as reported by underlying managers up to 114 days following December 31, 2022. When NAV data is not available 114 days following December 31, 2022, such NAVs are adjusted for cash activity following the last available reported NAV.

(1) Allocation of AUM by asset class is presented by underlying investment asset classification.

Well Positioned to Continue to Serve and Grow Our Diverse and Global Client Base

We believe we are a leading provider of private markets solutions for a broad variety of clients. Our 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. In many instances, existing clients have increased allocations to additional asset classes and commercial structures and deployed capital across our asset management and advisory services businesses.

Our dedicated in-house business development, marketing and client relations teams, comprising approximately 130 professionals in offices across 12 countries, maintain an active and transparent dialogue with our diverse and global client base. Consistent with our staffing model on the investment side, we ensure local clients are interfacing with business development professionals who have local expertise.

Preeminent Data and Analytics with Proprietary Software

Our data-driven, research-focused approach has been core to our investment philosophy since inception, which we believe is one of our biggest competitive strengths. Our data are organized around our proprietary software systems:

- SPI monitors investment opportunities and is used by our investment professionals as an investment decision making tool. As of March 31, 2023, SPI contained information on over 82,000 companies, over $28 trillion of AUM across over 42,000 funds and over 16,000 fund managers showing fund-level performance for nearly 15,000 funds. SPI initially augmented our own due diligence, investment and portfolio construction processes. In response to growing industry demand for private markets intelligence, we subsequently developed an interface for direct client access. Through SPI, our clients can access detailed, regularly updated information on managers through an intuitive, web-based user interface. Our research professionals utilize this technology to collect and develop qualitative and quantitative perspectives on investment opportunities.

- Omni monitors the performance of our clients' investments and allows users, including our clients, to generate detailed analytics. As of March 31, 2023, Omni tracked detailed information on nearly 9,000 investments across more than 85,000 underlying portfolio companies. Omni is used extensively by our 105 person StepStone Portfolio Analytics & Reporting ("SPAR") team to provide customized portfolio analytics and reporting on the performance of our clients' investments.

We also have a number of additional proprietary tools that we use and license in service of our clients, including our Pacing tool that enables clients to forecast liquidity needs, our daily valuation engine that facilitates asset management solutions offering periodic subscription or liquidity (such as the mass affluent and defined contribution plan markets), ESG reporting dashboards that allow our clients to monitor their portfolio against these non-financial metrics, and a secondary pricing engine that drives operating leverage in our evaluation of larger and more complex transactions. The combination of SPI, Omni, and our other tools offers an end-to-end software technology and data solution that delivers significantly more information than most private markets investors have available, providing us with a meaningful advantage in our investment, due diligence and client relations efforts. Data science within private markets has historically been difficult due to the lack of standardization and the labor-intensive process of collecting and processing information. We have a dedicated Data Science and Engineering team with approximately 30 members, which manages and continues to develop our SPI and Omni platforms (and our additional proprietary tools built on these platforms) and supports our efforts to be a market leader in an area that is essential to evaluating private markets.

Strong Investment Performance Track Record

Our track record is a key point of differentiation to our clients. As shown below, we have outperformed the MSCI ACWI Index, the benchmark index used for comparison across all of our investment strategies on an inception-to-date basis as of December 31, 2022. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Investment Performance" below for more information and explanatory footnotes.

(in billions except percentages and multiples) Strategy	Committed Capital	Cumulative Invested Capital	Realized Distributions	NAV	Total	Gross IRR	Net IRR	Net Multiple of Invested Capital	Net IRR versus Benchmark
Primaries	$ 273.8	$ 192.0	$ 122.9	$ 153.7	$ 276.6	12.8 %	12.5 %	1.4x	4.7 %
Secondaries	17.0	14.2	9.0	12.3	21.3	21.1 %	17.2 %	1.4x	9.3 %
Co-investments	40.5	38.1	19.2	42.1	61.3	19.2 %	16.7 %	1.5x	9.1 %
Total	**$ 331.3**	**$ 244.3**	**$ 151.1**	**$ 208.1**	**$ 359.2**	**13.8 %**	**13.2 %**	**1.4x**	**5.4 %**

We attribute our strong investment performance track record to numerous factors, including our scale and global reach, our selective investment process powered by our technology and data advantage and our experienced investment teams. Together, these attributes allow us to source highly attractive investment opportunities with a compelling risk-adjusted return profile for our clients' diverse investment objectives. Our track record has attracted clients seeking exposure to investments with varying risk and return objectives and, in turn, allowed us to successfully and consistently grow assets across our platform.

Attractive Financial Profile, Supported by Longer Duration Capital Base and Scalable Platform

We have a scalable business model with two integrated revenue streams: management and advisory fees and performance fees. Our superior value proposition to clients, enabled by our global scale, expertise across private markets asset classes and investment strategies, as well as our research and analytics capabilities, drives strong growth in AUM and AUA, which in turn leads to management and advisory fee growth. Investment returns for our clients provide additional revenue opportunities to us in the form of potential performance fees and investment income.

We believe our revenue model has the following important attributes:

Sustainable and recurring management and advisory fees

Our management and advisory fees grew from $141 million in fiscal 2018 to $497 million in fiscal 2023, representing a 29% compounded annual growth rate. For the year ended March 31, 2023, approximately 60% of our management fees were from SMAs and focused commingled funds with a remaining tenor of seven years or more. We have had a high level of success in retaining our advisory clients with an over 90% retention rate since inception.

Highly predictable with strong visibility into near-term growth

Our SMAs and focused commingled funds typically have an eight to 18-year maturity at inception, including extensions. As of March 31, 2023, we had $15.7 billion of committed but undeployed fee-earning capital, which we expect to generate management fees when deployed or activated.

Diverse

As of March 31, 2023, we had nearly 400 revenue-generating asset management and advisory programs and therefore are not dependent upon or concentrated in any single investment vehicle or client. For the year ended March 31, 2023, no single client contributed more than 6% of our total management and advisory fees, and our top 10 clients, which comprise over 50 separate mandates and commitments to commingled funds, contributed approximately 25% of our total management and advisory fees.

Upside from performance fees

As of March 31, 2023, we had approximately 180 investment programs with the potential to earn performance fees, consisting of over $63 billion in committed capital. As of March 31, 2023, our accrued carried interest allocations balance, which we view as a backlog of future carried interest allocation revenue, was $1,227 million. Approximately 60% of current accrued carried interest allocations is from StepStone Fund vintages of 2017 or prior.

Led by a Seasoned Team of Professionals Whose Interests Are Aligned with Clients and Our Stockholders

We believe our biggest asset is our people, and therefore we focus on consistently recruiting the best people, all of whom are proven leaders in their areas of expertise. As of March 31, 2023, 95 partners led the firm, with an average of nearly 20 years of investment or industry experience. As of March 31, 2023, over half of our employees have equity interests in us in the form of direct equity interests and/or restricted stock units under our 2020 Long-Term Incentive Plan (“LTIP”), and more than 200 employees are entitled to participate in our carried interest allocations in one or more of the asset classes.

Strategic Priorities

We aim to leverage our core principles and values that have guided us since inception to continue to grow our business, using the following key strategies:

Continue to Grow with Existing Clients

Expand existing client mandates. As a customized solutions provider, we spend significant time listening to the challenges that our clients face and responding by creating solutions to meet their needs. In addition, we believe our existing clients have a growing asset base and are expanding allocations to private markets investments. As a result, we believe a large portion of our growth will come from existing clients through renewals and expansion of existing mandates with us.

Deploy already raised committed capital. As of March 31, 2023, we had $15.7 billion of capital not yet deployed across our various investment vehicles, which we expect to generate management fees when invested or activated.

Add New Clients Globally

Over the past decade, we have invested in and grown both our in-house and third-party distribution networks. As of March 31, 2023, we had approximately 130 professionals worldwide dedicated to business development, marketing and client relations. Our local business development professionals lead conversations with potential local clients.

We believe that geographically and economically diverse U.S. and non-U.S. investors will require a highly bespoke approach and will demand high levels of transparency, governance and reporting. We have seen this pattern developing across many geographies, including Europe, the Middle East, Latin America, Australia, Japan, South Korea, Southeast Asia and China, and have positioned ourselves to take advantage of it by establishing local presence with global investment capabilities. We believe our global footprint places us in a favorable position to tap the global pools of demand for private markets.

Continue to Expand Our Distribution Channel for Private Wealth Clients

Many high-net-worth and mass affluent individual investors continue to have difficulty accessing private markets investment opportunities because of a lack of products currently available that satisfy regulatory and structural requirements related to liquidity, transparency and administration. We have developed an investment platform, StepStone Private Wealth LLC (“SPW”) which was formerly known as Conversus, designed to expand access to the private markets for accredited investors.

Leverage Our Scale to Enhance Operating Margins

Since inception we have made significant investments in our platform infrastructure through building out our investment and implementation teams across geographies and asset classes and developing technology-enabled solutions. We believe we have scaled the personnel and infrastructure of our business to support significant growth in our client base across our existing investment offerings, positioning us well to continue to drive operating margin improvement.

Monetize Our Data and Analytics Capabilities

Our proprietary database, SPI, provides access to valuable data that forms the cornerstone of our investing process. We license SPI to clients in the form of a traditional licensed offering as well as an “advisory-like” service where we offer the SPI license and limited advisory-type support from our team. This has allowed us to support the private markets activities of clients that are too small to participate in our full-service advisory offerings. Omni and SPI both allow users to leverage our research data, further enhancing our client experience and services. We also strategically use SPI and Omni as a competitive product bundle, for example, by providing both offerings to clients to secure more comprehensive mandates.

Pursue Accretive Transactions to Complement Our Platform

We may complement our strong organic growth with selective strategic and tactical acquisitions. We intend to remain highly disciplined in our development strategy to ensure that we are allocating management time and our capital in the most productive areas to fuel growth. Our strategy will continue to focus on opportunities that expand our scale in existing markets, add complementary capabilities, enhance distribution, or provide access to new markets.

Investment Strategies

We offer customized solutions across the global private markets through synergistic investment strategies – primary fund investments, secondary investments, and co-investments. StepStone constructs solutions across all three investment strategies for each asset class – private equity, infrastructure, private debt and real estate. Being an active investor across all investment strategies provides us with meaningful insights into fund managers, their portfolios, return characteristics and direct investment opportunities.

Primaries

Primaries refer to investments in newly established private markets funds. Primary investments are made during an initial fundraising period in the form of capital commitments, which are called down by the fund from time to time and utilized to finance its investments in portfolio companies during a predefined period. A private markets fund’s return profile typically exhibits a “J-Curve,” undergoing a modest decline in the early portion of the fund’s lifecycle as investment-related expenses and fees accrue prior to the realization of investment gains from portfolio investments, with the trend typically reversing in the later portion of the fund’s lifecycle as portfolio investments are sold and gains from investments are realized and distributed.

Primaries are generally closed-end funds and only accept new capital commitments during a finite period. Private equity, real estate and infrastructure primary investment funds typically range in duration from 10 to 18 years, including extensions, while private debt primary investment funds typically range in duration from eight to 10 years. Underlying investments in portfolio investments generally have a three to six year range of duration for private equity, with potentially shorter periods for private debt or real estate, and longer for infrastructure. Typically, fund managers will not launch new funds more frequently than every two to four years. Market leaders generally offer multiple primary investment funds each year, but they may not offer funds within a given geography or that pursue a certain strategy in any particular year or in consecutive years. Because of the limited timeframe of opportunity for investment in any given fund, having a well-established relationship with a fund manager is critically important for primary investors.

Our primaries business seeks out, and invests with, leading fund managers across the private markets asset classes. We aim to build top-performing global private markets portfolios through a research-intensive investment approach and strive to identify fund managers with top-quartile performance through active sourcing and in-depth evaluation, complemented by excellent deal execution. We leverage our SPI database of over 82,000 companies, over $28 trillion of AUM across over 42,000 funds and over 16,000 fund managers showing fund-level performance for nearly 15,000 funds to track a large cross section of fund managers and funds globally—irrespective of fundraising cycles.

Secondaries

Secondaries refer to investments in existing private markets funds through the acquisition of an existing interest in a private markets fund by one investor from another in a negotiated transaction. In so doing, the buyer will agree to take on future funding obligations in exchange for future returns and distributions. Because secondary investments are generally made when a primary investment fund is three to seven years into its investment period and has deployed a significant portion of its capital into portfolio companies, these investments are viewed as more mature.

Secondaries have historically generated a high risk-adjusted internal rate of return ("IRR") relative to other strategies in the private equity market. This performance is due, in part, to: (1) the lack of a centralized market, (2) imperfect information among buyers and sellers, (3) wide bid spreads, (4) shorter holding periods, (5) fee mitigation and (6) transactions priced at a discount to fair value. Unlike primary commitments, secondaries offer visibility into a portfolio of known assets and their historical performance, which can mitigate some of the risk normally associated with primaries. We believe these market dynamics will persist, making secondaries an attractive long-term opportunity for sophisticated investors.

Similar to our primaries program, our secondaries program spans all asset classes and leverages our global platform to capitalize on market inefficiencies. We seek to acquire assets through preferential purchase arrangements by proactively sourcing secondary deal flow through our extensive network of relationships with fund managers, clients, intermediaries and other industry participants. We are able to increase the effectiveness of our sourcing efforts by focusing on fund managers managing high quality portfolios that are expected to outperform the market. In addition, we source exclusive deal flow (which we refer to as "advantaged") by working closely with intermediaries to capture high quality assets that would not be available through auction processes, usually because a fund manager wants to control information flow or client relationships, including by restricting potential buyers to a select group of "pre-approved" replacement clients like our firm.

Our global platform provides for deep market coverage and consistently sources proprietary transaction opportunities. We believe proprietary and advantaged deal flow has been a critical factor in our ability to purchase high quality assets at below market prices.

Co-investments

Co-investments involve directly acquiring an interest in an operating company, project or property alongside an investment by a fund manager or direct investor that leads the transaction. We participate in co-investments across each of our asset classes. Co-investments are generally structured such that the lead and co-investors collectively hold the same security on the same terms in a controlling interest of the operating company, project or property. Capital committed to a co-investment is typically invested immediately, thereby advancing the timing of expected returns on investment and creating more predictable cash flows for the investor.

We employ a flexible approach to co-investing, which makes us an attractive co-investor for fund managers. Our ability to co-invest and participate on a pre-signing basis helps us expand the number of available opportunities and secure larger co-investment allocations. We have the ability to participate in non-traditional co-investments, such as helping to fund add-on acquisitions when a fund manager has already reached its concentration limits in its fund. This further expands our investment opportunities and differentiates us from other co-investors, thereby leading to future opportunities with fund managers.

Our co-investment program benefits from the access to fund managers we have through our scale and the approximately 4,900 meetings and calls that we conduct with fund managers on an annual basis. In each of these meetings and calls, we follow a protocol of inquiring about co-investments and monitoring compliance with the protocol through an automated tracking system.

Portfolio Analytics and Reporting

We provide our clients with tailored reporting packages, including customized performance benchmarks as well as compliance, administration and tax capabilities. The team of professionals dedicated to SPAR is organized by sector and geography to ensure deep coverage of all private markets, facilitating detailed investment review and analysis services by private markets specialists. Once an investment has been made, our SPAR team provides active, ongoing analytical review for portfolio risk management for our clients. As part of our ongoing manager and portfolio performance analyses, our portfolio analytics and reporting practice completes reviews for our clients including:

- portfolio benchmarking for relative performance;
- diversification analysis to identify concentration risks or portfolio allocation opportunities;
- fund manager performance to understand where additional capital should be directed; and
- valuation analysis to determine which fund managers are appropriately reflecting risk in their reporting.

Fund managers' information is entered into Omni, our proprietary, web-based application and database for private market portfolio analytics and reporting. Data are reconciled daily to ensure data integrity and that pertinent details are entered correctly. In order to be included in Omni, a fund manager must send us sufficient materials, including specific data fields required by us. Performance data monitored by Omni is available back to 1971.

Omni supports investment monitoring and portfolio management and enhances transparency by providing users with a fast and intuitive user interface and web-based access to portfolio data. Omni users can access all of the data tracked by SPAR, including daily cash flow activity, quarterly valuations, and underlying asset-level detail, and have fully integrated access to our SPI research platform. Omni users can analyze investment-level and underlying asset-level performance by custom investment attributes, apply data filters, run grouped or granular reports while also having the ability to easily export these analyses. Users also have the ability to edit, run and export various portfolio analytics, including analyzing various return and preference metrics commonly used in the investment industry, such as return J-Curve, cash flow activity over time, multi-period internal rates of return and time-weighted rate of return.

Investment Risk Management

We have an investment risk management function overseen by our Head of Research and Portfolio Management and our Head of Risk. Additionally, taking into account the nature, scale and complexity of our business, we have a Portfolio and Risk Management Committee for each of our asset classes and additional policies and procedures to give effect to local regulations in jurisdictions around the world. Our risk management process focuses on risk identification, measurement, treatment/mitigation, monitoring and management/reporting, with particular risk assessments tailored by asset class and individual client.

Responsible Investment Philosophy

Responsible investment, which encompasses ESG and impact investing considerations, is a core tenet of our operating and investment philosophies. We believe that full integration of ESG factors in both our investment process and internal operations will improve long-term, risk-adjusted returns for our clients. We aim to continually improve and evolve, reviewing our policy annually, holding regular trainings and responsible investment education sessions for our investment teams, and looking for ways to enhance our systems and processes, and have incorporated GRESB data and benchmarks in our decision-making process where relevant. As part of our responsible investment journey, we:

- Developed a responsible investment policy;
- Became a signatory to the United Nations Principles for Responsible Investment (“UNPRI”) in 2013;
- Created a StepStone Responsible Investment Committee in 2017;
- Became a signatory to the Financial Stability Board Task Force on Climate-Related Financial Disclosures (“TCFD”);
- Became a member of the GRESB and the Sustainability Accounting Standards Board (“SASB”);
- Implemented a stewardship policy reflecting an emphasis on stewardship practices in our investments;
- Developed bespoke responsible investing guidance materials for fund managers across our asset classes; and
- Became a signatory to the UK Stewardship Code.

Responsible Investment in the Investment Process

Our Responsible Investment Committee comprises leadership from all four of our asset classes and other firm leaders. The Responsible Investment Committee provides oversight and direction for our responsible investment process, including reviewing ESG-focused due diligence within our investment memoranda before they are submitted to the relevant Investment Committee.

Our ESG due diligence process is tailored for each asset class and strategy, and incorporated into the broader business, financial, and operational diligence process, detailing a comprehensive set of ESG-related risk and return considerations. We perform a review of each fund manager and fund’s responsible investment policy, implementation and monitoring framework. Key areas where we focus are:

- the level of engagement of partner and senior-level management in responsible investment policy and monitoring;

- whether or not a fund manager or fund clearly identified a responsible person for designing, executing and implementing its responsible investment policy;
- understanding what policy framework the fund manager or fund is adhering to (e.g., UNPRI, TCFD);
- the approach to responsible investment training and how the fund manager or fund ensures it is current with best practice;
- how the fund manager or investee identifies and manages ESG risks and opportunities including use of external resources;
- how the fund manager or investee identifies specific risks concerning modern slavery and human trafficking, particularly in their supply chains;
- whether and how the fund manager establishes non-financial impact objectives in addition to financial ones;
- how the fund manager assesses and measures non-financial impacts;
- how the fund manager or investee explicitly considers climate change with both a risk and return lens; and
- how ESG compliance is monitored and reported to various stakeholders.

With respect to our co-investments, we complete an ESG assessment at both the manager and asset level. We use several tools when completing the latter, including information from the manager and company, along with SASB materiality standards, and for specific sectors information from GRESB. Post investment, we monitor the co-investment's performance, including financial and ESG factors. The majority of this monitoring is conducted through regular engagement with the fund manager supplemented by Limited Partner Advisory Committees of which we are a member. In cases where we hold a board or observer seat at the fund, we seek to be active in ensuring these issues are standard agenda items.

With respect to secondary transactions, we utilize primary ESG assessments along with an evaluation of the ESG risk and opportunities of the key, value-driving assets. Due diligence timelines are often compressed for secondary transactions. As such, our platform creates a significant advantage due to the breadth of information we typically already have on the fund manager in a secondary transaction.

We have observed that investors globally are increasingly focused on the non-financial impacts of their investment programs, referred to as impact investing. We look to work with clients in crafting customized investment programs that target non-financial objectives side-by-side with financial objectives. These may include a focus on, for example, climate change, social equity and sustainable development goals. We have integrated responsible investment considerations throughout the investment process to support our clients from investment due diligence, through to monitoring and reporting on relevant investments. We believe impact programs build on our firm's strong ESG foundations. The impact sector is fast-growing and we see developments in this sector that we believe will increasingly allow for the deployment of capital at scale.

ESG in Our Corporate Operations

We are committed to incorporating ESG factors across our operational decision making and internal policies.

Diversity, Equity and Inclusion

We value diversity among our staff and leadership, recognizing that through diversity, we gain a variety of perspectives, views, and ideas which strengthen our ability to strategize, communicate, and deliver on our mission. In 2017, we developed a global Diversity, Equity & Inclusion Committee comprising senior and mid-level members of our firm across our asset classes and geographies, to evaluate and support our diversity efforts, lead new initiatives to improve diversity, equity and inclusion at our firm, and to continuously improve upon our policies and culture.

Our mission statement on why diversity, equity and inclusion matter states:

- We believe building and maintaining a diverse, equitable and inclusive culture is not only the “right thing to do,” but is also critical from a business standpoint.
- We believe that diversity of backgrounds and perspectives among our employees strengthens our ability to analyze, invest, communicate and deliver on our mission.
- We believe fostering an inclusive culture and working environment enables all colleagues to engage and contribute to their fullest potential.
- We believe diverse and inclusive perspectives drive better outcomes, and better investment decisions.

We believe that a diverse and inclusive workforce improves the investment process because the different life experiences, backgrounds and insights of our professionals can be leveraged to perform more effective diligence and analysis. This belief is supported by research showing that diversity and inclusiveness contributes to better performing and more sustainable businesses. To build a diverse workforce, we are focused on expanding our recruiting processes and outreach to broaden our pipeline of potential candidates. These efforts allow us to build more diverse slates of prospective new hires.

Talent development and retention are also key components of our diversity, equity and inclusion efforts, including our focus on growing and developing strong mid-level talent into senior roles. In addition to our mentorship program, we have a sponsorship program for high performing and high potential mid-career professionals, with a focus on female and diverse team members, and provides them with rigorous developmental tools, 360-degree assessments, education and executive coaching opportunities alongside sponsorship by one of the firm’s partners.

Building awareness and engagement around the importance of diversity, equity and inclusion, both internally and externally, represents another core tenet of our efforts. As an example, the StepStone Diversity, Equity and Inclusion Network provides networking and educational opportunities to all of our employees globally. In addition, our employees have launched multiple Employee Resource Groups (“ERGs”) established with the intention of providing a supportive community for employees of certain affinity groups and their allies such as the LatinX community and the LGBTQ+ community. In fiscal 2023, the number of our ERGs grew to five with the addition of a Pan-Asian, parental and environmental ERGs.

Finally, StepStone is a strong supporter of several organizations that advocate for further diversity in our industry. For example, we are a strong supporter of the Robert Toigo Foundation, whose mission is to increase the participation of minorities in the financial industry. In addition, we proactively network with affinity organizations at universities and business schools to develop a pipeline of female and minority candidates for consideration. We also participate in industry groups created to improve diversity among private markets professionals, such as Girls Who Invest, Women's Association of Venture & Equity (WAVE), SEO (Seizing Every Opportunity) Alternative Investments, Private Equity Women Investor Network (PEWIN), Making the Leap and Level20 Women in Private Equity.

Reducing Our Carbon Footprint

We are focused on the firm's carbon footprint as we seek to maintain carbon neutrality as a stated firm goal. As such the following efforts have been undertaken:

- Engaging a consultant to conduct a comprehensive carbon footprint measurement and analysis and funding several sustainable development projects and purchased carbon offsets to offset carbon emissions to achieve status as a carbon neutral company since 2019.
- Implementing tailored carbon reduction initiatives across our global offices and as part of our vendor due diligence process, by adding specific climate-related queries to help us understand and evaluate vendor environmental efforts such as collecting information on any targets and initiatives in place to minimize or offset emissions and reduce waste.
- Introducing a range of initiatives focused on reducing energy, waste and water usage across the firm, including recycling, transitioning to electronic tablets during client and other business meetings and generally encouraging a "paperless" approach where practicable.
- Prioritizing selection of highly rated Leadership in Energy and Environmental Design (LEED) or comparable standard in leasing office space, and attaining certification as carbon neutral and receiving a five-star energy rating for one of our global offices.

Community Engagement

We encourage and support community engagement. Our community program uses a global-and-local approach and is driven by our community involvement teams at many of our offices. Projects are organized locally and partnered with various service organizations within our communities dedicated to causes encompassing public service, education, environmental efforts, healthcare, and military veterans. Additionally, we have implemented a volunteer time off policy that gives employees 16 hours per calendar year of paid time to volunteer at the organization of their choice. We actively monitor participation in these programs. We have also established a formalized charitable giving program with an employee matching component. In fiscal 2023, we donated to GiveWell's Top Charities Fund which allocates donations to organizations and causes that have been determined to have the greatest ability to make a meaningful difference. We also made a donation to the International Rescue Committee, a well established humanitarian organization with a global presence that is dedicated to providing lifesaving aid to people in communities devastated by conflict and disaster.

Our Clients

We believe the value proposition we offer across our asset management, advisory, data, portfolio monitoring and reporting services has resulted in strong relationships with our clients. Our client base includes some of the world's largest public and private 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 globally. During the year ended March 31, 2023, nearly two-thirds of our management and advisory fees came from clients based outside of the United States, reflecting the strength and breadth of our relationships within the global investor community.

We believe the stability of our client base, reflecting in part the longer tenor of our SMAs and focused commingled funds, reflects the strength of the long-term client relationships we have developed. We have also had a high level of success in retaining our advisory clients with an over 90% retention rate since inception. At the same time, we believe we have been successful in expanding relationships with our clients, often expanding from advisory relationships to discretionary asset management relationships. Approximately 36% of our clients engage us for both asset management and advisory services.

Private Wealth Sector Strategy

We have served defined contribution plans, family offices and private wealth clients for over 10 years, and have more recently expanded to delivering our institutional capabilities to high-net-worth and mass affluent investors. Our platform leverages our deep expertise across private equity, infrastructure, private debt and real estate to develop and distribute innovative products for individual investors, integrating primaries, secondaries and co-investments to create customized product solutions for the private wealth sector. Our solutions include:

- SMAs spanning multiple asset classes and strategies for defined contribution plans with long-term investment objectives;
- private wealth solutions for registered investment advisors, independent broker dealers and wirehouses in the United States and wealth managers internationally;
- registered funds available to accredited investors in the United States; and
- global distribution of our institutional funds to family office investors and high-net-worth investors.

In October 2020, SPW held the first closing for its inaugural fund, StepStone Private Markets ("SPRIM"), which was formerly known as Conversus StepStone Private Markets or CPRIM, a fund that offers, through a single investment, access to major private markets asset classes in a proportion dynamically allocated by us. In fiscal 2023, SPW subsequently launched its StepStone Private Venture and Growth fund ("SPRING"), and expanded its distribution outside the United States to include Europe and Australia. As of May 1, 2023, the total retail platform assets surpassed $1.6 billion of AUM, and SPRIM and SPRING have generated annualized returns of approximately 30% and 20%, respectively, since the inception of each fund.

We believe SPRIM offers broad diversification in private markets. Through a single investment in SPRIM, investors gain exposure to four major asset classes within the private markets: private equity, infrastructure, private debt and real estate. We believe SPRING offers diversified exposure across the innovation economy by providing global access to top-tier venture and growth managers.

In addition, our Private Wealth funds offer the following areas of differentiation to potential investors:

- *Favorable structure*. SPRIM and SPRING are structured to provide 1099 tax reporting instead of K-1s, a single investment instead of recurring capital calls, and potential liquidity in the form of regular, current income.

- *Attractive track record and deep knowledge and expertise in private markets*. We have extensive experience investing substantial capital in the private markets and have generated attractive risk-adjusted returns.

- *Proprietary database and insights*. Our proprietary SPI system represents one of the industry's most comprehensive and powerful databases.

- *Differentiated access*. Given its scale, expertise, and relationships, we have preferred access to top-tier fund managers and proprietary opportunities, including co-investments and secondaries.

Fees and Other Key Contractual Terms

Separately Managed Accounts

The scope of our separate account services and degree of client involvement varies by relationship and policy guidelines, but we typically direct or have substantial participation in the negotiation of account terms, investment policy and strategic planning, pacing and ongoing monitoring and reporting activities. We also provide direct asset management services to clients, providing active fiduciary oversight of assets held by our clients, working with clients to establish investment guidelines aligned with their specific preferences and goals.

Clients seeking a large-scale asset management engagement typically prefer an SMA rather than commitment to a focused commingled fund. SMAs and directly-managed assets represented approximately $82 billion of our AUM as of March 31, 2023.

Focused Commingled Funds

We organize and manage commingled funds that invest in primary, secondary and co-investment funds managed by third-party managers focused in our areas of expertise. Our focused commingled funds invest across a variety of private market strategies, which enables our clients to efficiently participate in these specialized strategies for which they otherwise may not be able to access due to the high minimum investment requirements. Focused commingled funds represented $43 billion of our AUM as of March 31, 2023.

Key Terms of SMAs and Focused Commingled Funds

Fees

Management fees from SMAs are generally based on a contractual rate applied to net invested capital, although specific terms vary significantly from client to client and may be based on capital commitment or NAV. Management fees from focused commingled funds are generally based on a contractual rate applied initially to limited partners' capital commitments, although specific terms vary significantly from fund to fund and may be based on net invested capital or NAV. Management fees often decrease over the life of the contract due to built-in declines in contractual rates and/or as a result of lower net invested capital balances as capital is returned to clients.

Duration and Termination

SMAs and focused commingled funds are typically eight to 18 years in duration, including extensions, but this varies and may be longer or even indefinite. Our SMAs and focused commingled funds are often subject to extension either at our discretion or, in the case of SMAs, with consent of the client, or in the case of focused commingled funds, with consent of the requisite percentage of limited partners or the advisory committee.

The commitment period of our SMAs and our focused commingled funds can typically be suspended upon the occurrence of a key person event. In some cases, the commitment period of our SMAs may be terminated for any reason (typically once per year).

SMAs typically can be terminated by our clients for specified reasons, but specific terms vary significantly from client to client and certain contracts may be terminated for any reason generally with minimal notice. Our focused commingled funds may generally be terminated for specified reasons and for any reason upon the affirmative vote, depending on the fund, of 50% or more of the total limited partner interests entitled to vote.

See “Risk Factors—Risks Related to Our Business—Third-party clients in many StepStone Funds have the right to remove us as the general partner of the relevant fund and to terminate the investment period under certain circumstances, leading to a decrease in our revenues, which could be substantial. In addition, the investment management agreements related to our SMAs and advisory accounts may permit the client to terminate our management of such accounts on short notice.”

Capital Commitments

Clients in our SMAs and focused commingled funds generally make commitments to provide capital at the outset of a fund and deliver capital when called upon by us, as investment opportunities become available and to fund operational expenses and other obligations. The commitments are generally available for investment for three to six years, during what we call the commitment period, though some SMAs provide for annual commitment periods.

Performance Fees

The performance fees charged by our focused commingled funds are generally referred to as “carried interest” while those charged by our SMAs may be structured as carried interest or incentive fees. Our focused commingled funds and SMAs generally charge performance fees equal to a fixed percentage of net profits, subject to a compounded annual preferred return in respect of secondary investments and co-investments, but may also earn performance fees with respect to primaries as well. In some cases, performance fees are charged with respect to appreciation in NAV in excess of an agreed rate of return.

If, upon the final distribution of any of our focused commingled funds or SMAs from which we earn performance fees, we or our affiliates have received cumulative performance fees in excess of the amount to which we would be entitled from the profits calculated for such investments in the aggregate, or if the clients have not received distributions equal to those to which they are entitled, we or our affiliates will return such part of any performance fees to the clients as is necessary to ensure that they receive the amounts to which they are entitled, less taxes on the performance fees. We refer to these provisions as “clawbacks.”

Advisory, Data and Administrative Services

Depending on the mandate, advisory, data and administrative services may include one or more of the following for our clients: (i) recurring support of portfolio construction and design; (ii) discrete or project-based due diligence, advice, and investment recommendations; (iii) detailed review of existing private markets investments, including portfolio-level repositioning recommendations where appropriate; (iv) consulting on investment pacing, policies, strategic plans, and asset allocation to investment boards and committees; (v) licensed access to our proprietary data and technology platforms, including SPI and our other proprietary tools; or (vi) administrative services to unaffiliated investment advisors. Mandates for SPAR services typically include licensed access to Omni, our proprietary web-based performance monitoring and reporting solution. Omni allows our clients to customize performance measurement and benchmarking according to their unique specifications. Our advisory relationships comprised $482 billion of our AUA and $13 billion of our AUM as of March 31, 2023.

Our advisory, data and administrative services clients are generally charged annual fixed fees, which vary depending on the services we provide and the volume of capital deployed. We generally do not earn incentive fees on advisory contracts.

Our advisory, data and administrative services contracts have various durations ranging from one year to indefinite terms and renew at the option of the client at the end of the stated term. Advisory, data and administrative service contracts can typically be terminated by our clients for any reason upon short notice, generally 30 to 90 days. Advisory, data and administrative service contracts with governmental pension plans typically are subject to a renewal process involving our submission of information in response to an RFP issued by the client.

Competition

We compete in all aspects of our business with a large number of asset management firms, commercial banks, broker-dealers, insurance companies and other financial institutions. With respect to our focused commingled funds, we primarily compete with the private markets management businesses of a number of large international financial institutions and established local and regional competitors based in the United States, Europe and Asia, including managers offering funds-of-funds, secondary funds and co-investment funds in the private markets. Our principal competition for SMAs is mostly other highly specialized and independent private markets asset management firms. We compete primarily in the advisory services area of the business with firms that are regionally based and with a select number of large consulting firms for whom private markets investments is only one, often small, portion of their overall business. See “Risk Factors—Risks Related to Our Industry—The investment management and investment advisory business is intensely competitive.”

In order to grow our business, we must maintain our existing client base and attract additional clients in advisory services, SMA and focused commingled fund areas of the business. Historically, we have competed principally on the basis of the factors listed below:

- global access to private markets investment opportunities through our size, scale, reputation and strong relationships with fund managers;
- brand recognition and reputation within the investing community;
- performance of investment strategies;
- quality of service and duration of client relationships;
- data and analytics capabilities;

- ability to customize product offerings to client specifications;
- transparent organizational structure;
- ability to provide cost effective and comprehensive range of services and products; and
- clients' perceptions of our independence and the alignment of our interests with theirs created through our investment in our own products.

The asset management business is intensely competitive, and in addition to the above factors, our ability to continue to compete effectively will depend upon our ability to attract highly qualified investment professionals and retain existing employees. See "Risk Factors—Risks Related to Our Business—Our ability to retain our senior leadership team and attract additional qualified professionals is critical to our success."

Regulatory Environment

Our business is subject to extensive federal and state regulation in the United States. Under these laws and regulations, the SEC and relevant state securities authorities have broad administrative powers, including the power to limit, restrict or prohibit an investment adviser from carrying on its business if it fails to comply with such laws and regulations. Possible sanctions that may be imposed include the suspension of individual employees, limitations on engaging in certain lines of business for specified periods of time, revocation of investment adviser and other registrations, censures and fines. We are also subject to regulatory oversight and requirements in several foreign jurisdictions in which we operate.

SEC Regulation

The Partnership and certain of our other consolidated subsidiaries are registered as investment advisers with the SEC. Registered investment advisers are subject to the requirements of the Investment Advisers Act, and the rules promulgated thereunder, as well as to examination by the SEC's staff. The Investment Advisers Act imposes substantive regulation on virtually every aspect of our business and our client relationships. Applicable requirements relate to, among other things, fiduciary duties to clients, engaging in transactions with clients, maintaining an effective compliance program, performance fees, solicitation arrangements, allocation of investments, conflicts of interest, marketing, recordkeeping, reporting and disclosure. The Investment Advisers Act also regulates the assignment of advisory contracts by the investment adviser. The SEC is authorized to institute proceedings and impose sanctions for violations of the Investment Advisers Act, ranging from fines and censures to termination of an investment adviser's registration. Failure to comply with the requirements of the Investment Advisers Act or the rules and regulations promulgated by the SEC could have a material adverse effect on our business.

Our SMAs and the majority of our focused commingled funds are not registered under the Investment Company Act because we only form SMAs for, and offer interests in our focused commingled funds to, persons who we reasonably believe to be "qualified purchasers" as defined in the Investment Company Act. However, certain U.S. funds we manage on our private wealth platform are registered investment companies or business development companies under the Investment Company Act. The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies and business development companies. Among other things, the Investment Company Act imposes significant requirements and limitations on investment companies and business development companies, including with respect to their capital structure, investments and transactions. While we exercise broad discretion over the day-to-day management of our investment companies and business development companies, each of our investment companies and business development companies is also subject to oversight and management by a board of directors, a majority of whom are not "interested persons" as defined under the Investment Company Act. The responsibilities of each board include, among other things, approving our advisory contract with our investment company or business development company, approving certain service providers and monitoring transactions involving affiliates, and approving certain co-investment transactions. Additionally, each quarter, the applicable investment adviser, as the valuation designee, will provide the audit committee of each of our investment companies and business development companies with a summary or description of material fair value matters that occurred in the prior quarter and on an annual basis, as well as a written assessment of the adequacy and effectiveness of its fair value process. The audit committee of each of our investment companies and business development companies oversees the valuation designee and reports to the respective investment company or business development company's board of directors on any valuation matters requiring such board's attention. The advisory contracts with each of our investment companies and business development companies may be terminated by the stockholders or directors of such investment companies and business development companies on not more than 60 days' notice, and are subject to annual renewal by each respective entity's board of directors after an initial two-year term.

ERISA-Related Regulation

Some of our investment vehicles are treated as holding "plan assets," as defined under ERISA, as a result of investments in those vehicles by benefit plan investors. By virtue of its role as investment manager of these funds, we are a "plan fiduciary" under ERISA with respect to such benefit plan investors. ERISA and the Code impose certain duties on persons that are plan fiduciaries under ERISA, prohibiting certain transactions involving benefit plans and "parties in interest" or "disqualified persons" to those plans, and providing for monetary penalties against plan fiduciaries for violations of these prohibitions. With respect to these vehicles, we rely on particular statutory and administrative exemptions from certain ERISA prohibited transactions, which exemptions are highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. Our failure to comply with these various requirements could have a material adverse effect on our business.

In addition, with respect to other investment funds in which benefit plan investors have invested, but which are not treated as holding "plan assets," we rely on certain rules under ERISA in conducting investment management activities. These rules are sometimes highly complex and may in certain circumstances depend on compliance by third parties that we do not control. If for any reason these rules were to become inapplicable, we could become subject to regulatory action or third-party claims that could have a material adverse effect on our business.

Foreign Regulation

We provide investment advisory and other services and raise funds in a number of countries and jurisdictions outside the United States. In a number of these countries and jurisdictions, which include the UK, European Union ("EU"), the European Economic Area ("EEA") and certain of the individual member states of each of the EU and EEA (including Ireland and Luxembourg), Switzerland, Japan, Korea, Canada and Brazil, our operations, and in some cases our personnel, are subject to regulatory oversight and affirmative requirements. These requirements variously relate to registration, licenses for our personnel, periodic inspections, the provision and filing of periodic reports and obtaining certifications and other approvals. In the EU, we are subject to the EU Alternative Investment Fund Managers Directive ("AIFMD") and the Undertakings for Collective Investment in Transferable Securities Directive ("UCITS") under which we are subject to regulatory requirements regarding, among other things, registration for marketing activities, the structure of remuneration for certain of our personnel and reporting obligations. Switzerland and individual member states of the EU have imposed additional requirements that may include internal arrangements with respect to risk management, liquidity risks, asset valuations, and the establishment and security of depository and custodial requirements. In certain other jurisdictions, we are subject to various securities and other laws relating to fundraising and other matters. Failure to maintain compliance with applicable laws and regulations could result in regulatory intervention, adversely affect our business or ability to provide services to our clients and harm our reputation.

The European Union Markets in Financial Instruments Directive II ("MiFID II") requires, among other things, all MiFID II investment firms to comply with more prescriptive disclosure, transparency, reporting and recordkeeping obligations and enhanced obligations in relation to the receipt of investment research, best execution, product governance and marketing communications. As we operate firms which are subject to MiFID II (including MiFID II as applicable in the UK), we implemented revised policies and procedures to comply with MiFID II where relevant, including where certain rules have an extraterritorial impact on us. Continuing compliance with MiFID II may result in greater overall complexity, higher compliance, administration and operational costs, and less overall flexibility. The complexity, operational costs and reduction in flexibility may be further compounded as a result of UK's departure from the EU, as discussed more fully below. This is because the UK: (i) is no longer generally required to transpose EU law into UK law and (ii) has transposed certain EU legislation into UK law subject to various amendments and subject to the UK Financial Conduct Authority's oversight rather than that of EU regulators. Taken together, this could result in divergence between the UK and EU regulatory frameworks. Outside the UK and the EEA, the regulations to which we are subject relate primarily to registration and reporting obligations.

It is expected that additional laws and regulations will come into force in the UK, the EEA, the EU, and other countries in which we operate. Regulation (EU) 2019/2033 on the prudential requirements for investment firms ("IFR") and Directive (EU) 2019/2034 on the prudential supervision of investment firms ("IFD") entered into force on December 25, 2019. Together the IFR and IFD introduced a new prudential regime for EU investment firms that are subject to MiFID II, including new requirements such as general capital requirements, liquidity requirements, remuneration requirements, requirements to conduct internal capital adequacy assessments and additional requirements on disclosures and public reporting. The legislation could hinder our ability to deploy capital as freely as we would wish and to recruit and incentivize staff. Different and extended internal governance, disclosure, reporting, liquidity, and group "prudential" consolidation requirements (among other things) could also have a material impact on our EU-based operations. The UK introduced a new prudential regime for investment firms that are subject to MiFID II (as implemented in the UK), that entered into force on January 1, 2022. This new regime introduced (amongst other things) increased regulatory capital requirements, new remuneration requirements and increased reporting requirements. In addition, there may be future changes to the AIFMD and UCITS regimes and also further regulation adopted which may impact those parts of our business operating within the EU. For instance, key requirements under Directive (EU) 2019/1160 and Regulation (EU) 2019/1156 on the cross-border distribution of collective investment undertakings have come into effect in EU member states from August 2, 2021. Among other things, this legislation introduces rules regarding the pre-marketing of funds.

There have also been significant legislative developments affecting the private equity industry in Europe and there continues to be discussion regarding enhancing governmental scrutiny and/or increasing regulation of the private equity industry.

With the expiration of the Brexit transition period on December 31, 2020, UK regulated entities lost the right to passport their services to EEA countries, and EEA entities lost the right to reciprocal passporting into the UK (subject to a transitional regime). As noted above, we engaged our affiliate, StepStone Group Europe Alternative Investments Limited ("SGEAIL"), which is based in the EU, to allow the group to continue to engage in regulated activities within the EU. SGEAIL is authorized by the Central Bank of Ireland pursuant to AIFMD and UCITS and authorized to provide certain MiFID II services. We have established offices in various EU jurisdictions to employ and supervise operations in such jurisdictions, including the establishment of branches of SGEAIL.

Human Capital

Our People and Culture

Our Core Values and Beliefs include "People Matter" and "Empowered Team." We recognize our people are our biggest asset and their enthusiasm, hard work and dedication make everything that we do possible. We emphasize integrity, transparency, collaboration, entrepreneurialism, and respect for all, driving how we interact with one another, our clients and investors, sponsors, vendors and service providers, and the community at large. These values are embraced by StepStone's team and lead to high satisfaction for employees. We measure employee satisfaction and engagement through a variety of surveys.

As of March 31, 2023, we had 956 employees globally, including 322 investment professionals and 634 employees across our operating team and implementation teams dedicated to sourcing, executing, analyzing and monitoring private markets opportunities. We consider our relationship with our employees to be good and have not experienced interruptions of operations due to labor disagreements.

Talent Acquisition and Retention

The process by which we attract, recruit and select new members to join our team is strategic and purposeful to ensure our business and culture continue to thrive. We leverage technology to ensure each hiring process utilizes data-driven assessment tools which evaluate candidates on merit and fitness for the job. Given our global business and client base, we seek to consider candidates from diverse backgrounds, cultures and educational institutions. We strive to maintain hiring practices that are handled with professionalism and responsiveness, in a fair and inclusive selection process. We aspire to have candidates progress within the hiring process with a positive impression of the firm. StepStone's retention strategy encompasses the entire life cycle of the employee, including our strategic hiring and comprehensive onboarding processes, ongoing professional development, mentoring and sponsorship programs, our learning and inclusive culture and conduct of exit interviews to gain further insights on retention.

Total Rewards

We continuously strive to provide a competitive total rewards package.

Our compensation approach is performance based and determined by considering a combination of firm and individual performance. Cash compensation, in the forms of base salary, bonus and revenue share, is just one of several core elements of total rewards that we offer our team members. We also offer competitive health and wellness benefits, parental benefits described further below, volunteer time off, and company contributions to employees' 401(k) plans. As a public company, we are able to diversify our employee ownership by providing equity grants to employees. Our LTIP provides us the ability to offer a variety of equity-based awards in the future to further incentivize our employees. In addition, we award annually a portion of carried interest allocations earned by us to certain employees. We believe we offer an engaging culture and opportunities for ongoing professional development. We believe that a strong, performance-oriented culture is the foundation for a stable organization that will attract and retain industry-leading talent. We offer our team members the benefit of a collegial, intellectually challenging environment where they are empowered to exercise their creativity.

Diversity, Equity and Inclusion

We believe that a diverse team and an inclusive environment bring tremendous value to us and our clients and are fundamental to our success. Bringing together individuals with diverse backgrounds, experiences, and perspectives allows us to better serve our clients and investors, and is integral to retaining an engaged and dedicated workforce. We have established various initiatives and programs to promote and foster diversity, equity and inclusion within StepStone and the broader financial services community, including:

- *StepStone Diversity, Equity & Inclusion Committee* – The committee was established to promote, monitor and implement our diversity, equity and inclusion strategy, and comprises employees from different asset classes, functions, seniority, geographies, gender and race, ethnicity and national origin. The committee also supports the firm's various employee-led ERGs.

- *StepStone Diversity, Equity & Inclusion Network* – The network provides opportunities for our employees to learn about various diversity, equity and inclusion matters and initiatives and to meet and talk to experts who are championing these causes.

- *Mentorship and Sponsorship Programs* – The mentorship program provides interested employees with structured access to one of their more senior colleagues who provide guidance and career advice. The sponsorship program pairs promising mid-level employees, including female and diverse professionals, with one of the firm's partners, who serves as a sponsor, as well as an executive coach, and is intended to support participants in advancing their professional development and leadership skills.

- *Partnerships and Outreach* – In addition to promoting diversity and inclusion through our own events, such as hosting events encouraging undergraduate female students to pursue careers in finance, we sponsor and partner with several organizations dedicated to making financial services more diverse and inclusive.

- *Parental Leave and Benefits* – We provide benefits such as paid parental leave, parental leave coaching for managers and employees, paying for travel for newborns and caretakers when the employee has business required travel, paid shipping of breast milk, wellness rooms for new parents at our offices and paid volunteer time off. We periodically review and seek to improve our parental leave policies and related benefits.

Available Information

Our Internet address is www.stepstonegroup.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available free of charge as soon as possible after we electronically file them with, or furnish them to, the SEC. You can access our filings with the SEC by visiting www.sec.gov or our website https://shareholders.stepstonegroup.com/shareholder-relations. The information on our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings we make with the SEC.

Item 1A. Risk Factors.

You should carefully consider the following discussion of significant factors, events and uncertainties, together with the other information contained in this Form 10-K. The events and consequences discussed in these risk factors could, in circumstances we may not be able to accurately predict, recognize or control, have a material adverse effect on our business, growth, reputation, prospects, financial condition, results of operations, cash flows, liquidity and stock price.

Risks Related to Our Business

The success of our business depends on the identification and availability of suitable investment opportunities for our clients.

Our success largely depends on the identification and availability of suitable investment opportunities for our clients, and in particular the success of investments made by the StepStone Funds and advisory accounts. The availability of investment opportunities will be subject to market conditions and other factors outside of our control and the control of the fund managers with which we invest. Markets in 2022 and 2023 have experienced meaningful headwinds, including falling equity values and increasing borrowing costs. The historical investment returns of the StepStone Funds and advisory accounts have benefited from investment opportunities and general market conditions, including favorable borrowing conditions in the debt markets during such historical periods, and we cannot assure you that the StepStone Funds, advisory accounts or the underlying funds in which we invest will be able to avail themselves of comparable opportunities and conditions, particularly in light of recent rising interest rates and other market conditions. Further, we cannot assure you that the private markets funds we select will be able to identify sufficient attractive investment opportunities to meet their investment objectives.

If the investments we make on behalf of the StepStone Funds or recommend to clients perform poorly, we may suffer a decline in our revenues and earnings, and our ability to raise capital for future StepStone Funds may be materially and adversely affected.

Our revenue from our investment management solutions is derived from fees earned for our management of the StepStone Funds and advisory accounts, performance fees, including incentive fees and carried interest with respect to certain of the StepStone Funds, administrative services, and monitoring and reporting fees. In the event that the StepStone Funds or individual investments perform poorly, our revenues and earnings derived from performance fees will decline and make it more difficult for us to raise capital for new focused commingled funds or gain new SMA clients in the future. If we are unable to raise or are required to repay capital, our business, financial condition and results of operations would be materially and adversely affected.

Continued positive performance of investments we make on behalf of clients or we recommend to our clients is not assured and may not result in positive performance of an investment in our Class A common stock.

An investment in our Class A common stock is not an investment in any of the StepStone Funds. In addition, the historical and potential future investment returns of the StepStone Funds are not linked to returns on our Class A common stock. Positive performance of the StepStone Funds or the investments that we recommend to our advisory clients will not necessarily result in positive returns on an investment in our Class A common stock. However, poor investment performance of the StepStone Funds could cause a decline in our revenue and have a negative effect on our performance or on an investment in our Class A common stock.

The historical investment performance of our funds should not be considered indicative of the future investment performance of these funds or of any future funds we may invest, in part because:

- market conditions and investment opportunities may be significantly less favorable than in the past;

- the performance of our funds is largely based on the NAV of the funds' investments, including unrealized gains, which may never be realized;
- our newly established funds may generate lower investment returns during the period that they initially deploy their capital;
- changes in the global tax and regulatory environment may affect both the investment preferences of our clients and the financing strategies employed by businesses in which particular funds invest, which may reduce the overall capital available for investment and the availability of suitable investments, thereby reducing our investment returns in the future;
- competition for investment opportunities, resulting from the increasing amount of capital invested in private markets alternatives, may increase the cost and reduce the availability of suitable investments, thereby reducing our investment returns in the future; and
- the industries and businesses in which particular funds invest will vary.

Competition for access to investment funds and other investments we make for our clients is intense.

We seek to maintain excellent relationships with fund managers, including those in which we have previously made investments for our clients and those in which we may in the future invest, as well as sponsors of investments that might provide co-investment opportunities in portfolio companies alongside the sponsoring fund manager. However, because of the number of clients seeking to gain access to investment funds and co-investment opportunities managed or sponsored by the top performing fund managers, we cannot assure you that we will be able to secure the opportunity to invest on behalf of our clients in all or a substantial portion of the investments we select, or that the size of the investment opportunities available to us will be as large as we would desire. Access to secondary investment opportunities is also highly competitive and is often controlled by a limited number of fund managers and intermediaries.

Third-party clients in many StepStone Funds have the right to remove us as the general partner of the relevant fund and to terminate the investment period under certain circumstances, leading to a decrease in our revenues, which could be substantial. In addition, the investment management agreements related to our SMAs and advisory accounts may permit the client to terminate our management of such accounts on short notice.

The governing agreements of many of the StepStone Funds provide that, subject to certain conditions, third-party clients in those funds have the right to remove us as the general partner of the relevant fund or terminate the fund, including in certain cases without cause by a simple majority vote. Any such removal or dissolution could result in a cessation in management fees we would earn from such funds or a significant reduction in the expected amounts of performance fees from those funds. We currently manage a portion of client assets through SMAs whereby we earn management fees and performance fees, and we intend to continue to seek additional SMA mandates. Clients with SMAs generally may terminate their investment management agreement with us without cause on 30 to 90 days' notice, and in some cases, shorter notice. From time to time, we lose clients as a result of the sale or merger of a client, a change in a client's senior management, competition from other financial institutions and other factors. Moreover, a number of our contracts with state government-sponsored clients are secured through such government's request for proposal ("RFP") process and are subject to periodic renewal. If multiple clients were to exercise their termination rights or fail to renew their existing contracts and we were unable to secure new clients, our SMA and advisory account fees would decline materially. In the case of any such terminations, the management fees and performance fees we earn in connection with managing such account would immediately cease, which could result in a significant adverse effect on our revenues. If we experience a change of control (as defined under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") or as otherwise set forth in the partnership agreements of our funds), continuation of the investment management agreements of our funds would be subject to client consent. We cannot assure you that required consents will be obtained if a change of control occurs.

In addition, with respect to our funds that are subject to the Investment Company Act of 1940, as amended (the "Investment Company Act"), each fund's investment management agreement must be approved annually by (a) such fund's board of directors or by a vote of the majority of such fund's equity holders and (b) the independent members of such fund's board of directors and, in certain cases, its equity holders, as required by law. Termination of these agreements would cause us to lose the management fees and performance fees we earn from such funds, which could have a material adverse effect on our results of operations.

Our ability to retain our senior leadership team and attract additional qualified professionals is critical to our success.

Our success depends on our ability to retain our senior leadership team and to recruit and retain additional qualified investment, sales and other professionals. However, we may not be successful in our efforts, as the market for investment and other professionals is extremely competitive. As such, we cannot be sure we will be able to find suitable successors promptly, or at all, or to successfully integrate any successors, or that we will be able to attract, retain, and develop a sufficient number of qualified individuals in future periods. Furthermore, the individuals that comprise our senior leadership team possess substantial experience and expertise and, in many cases, have significant relationships with certain of our clients. Accordingly, the loss of any member of our senior leadership team could adversely affect certain client relationships or limit our ability to successfully execute our investment strategies. In addition, the governing agreements of the StepStone Funds typically require the suspension of our ability to call additional investment capital if, depending on the fund, designated members of our senior leadership team cease to devote sufficient professional time to or cease to be employed by the Partnership, often called a "key person event," or in connection with certain other events. Each of these factors could, in turn, have a material adverse effect on our business, financial condition and results of operations

Our failure to appropriately manage conflicts of interest could damage our reputation and adversely affect our business.

As we expand the scope of our business, we increasingly confront potential conflicts of interest relating to our advisory and investment management businesses. Actual, potential or perceived conflicts can give rise to client dissatisfaction, litigation or regulatory enforcement actions. As a registered investment adviser, the Partnership owes its clients a fiduciary duty and is required to provide disinterested advice. Appropriately managing conflicts of interest is complex and difficult and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Enforcement action or litigation asserting improper management of conflicts of interest, even if unproven, could harm our reputation and our business in a number of ways, including by affecting our ability to raise additional funds or causing existing clients to reduce or terminate their business with us.

We have obligations to clients and other third parties that may conflict with stockholders' interests.

Our subsidiaries that serve as the general partners of, or advisers to, the StepStone Funds have fiduciary and contractual obligations to the clients in those funds and accounts, and some of our subsidiaries may have contractual duties to other third parties. As a result, we may take actions with respect to the allocation of investments among the StepStone Funds (including funds and accounts that have different fee structures), the purchase or sale of investments in the StepStone Funds, the structuring of investment transactions for those StepStone Funds, the advice we provide or other actions in order to comply with these fiduciary and contractual obligations.

In addition, because our senior management and other professionals generally hold their economic interests through pass-through entities like the Partnership or other affiliated entities, which are not subject to U.S. federal and state entity-level income taxes, and our Class A common stockholders will hold their interests through StepStone Group Inc., which is subject to entity-level taxation as a corporation in the United States, conflicts relating to the selection and structuring of investments or other matters may arise between the Class B unitholders (who are also Class B stockholders of StepStone Group Inc.) and Class C unitholders of the Partnership, on the one hand, and the Class A stockholders of StepStone Group Inc., on the other hand.

Recent and prospective increases in interest rates or decreases in the availability of credit may adversely affect the ability of the StepStone Funds to achieve attractive rates of return, particularly because certain funds and portfolio companies depend on leverage for a return on investment.

While interest rates have historically been low in recent years, various economic factors have recently resulted in a significant increase in interest rates and the rate of inflation, and may also reduce credit availability, all of which may adversely affect the ability of the StepStone Funds to achieve attractive rates of return and adversely affect the value of our carried interest. For instance, in fiscal 2023, we recorded a $253.3 million loss on unrealized carried interest allocations with respect to our historic operations, as well as a $452.2 million loss on Legacy Greenspring carried interest allocations.

The StepStone Funds, as well as the companies in which they invest, raise capital in the structured private debt, leveraged loan and high yield bond markets. If elevated interest rates persist or further increase or credit markets experience continued or increasing dislocations, contractions or volatility, the StepStone Funds' results of operations, and in turn ours, will suffer. In addition, acute events in these markets could adversely affect the availability of credit to businesses generally, the cost or terms on which lenders are willing to lend, or the strength of the overall economy, all of which may adversely affect our results of operations.

Recent reductions in available sources of debt financing, or extended or increased tightening in the credit markets, may result in increases in interest rates and risk spread demanded by sources of indebtedness, which would make it more expensive to finance investments made by our funds. Certain investments may also be financed through fund-level debt facilities and, as a result of these risks, the refinancing of such facilities at the end of their respective terms may be difficult on commercially reasonable terms or at all.

Finally, the interest payments on the indebtedness used to finance our focused commingled funds' investments are generally deductible expenses for income tax purposes, subject to limitations under applicable tax law and policy. Any change in such tax law or policy to eliminate or substantially limit these income tax deductions, as has been discussed from time to time in various jurisdictions, would reduce the after-tax rates of return on the affected investments, which may adversely affect our business, results of operations and financial condition.

Similarly, private markets fund portfolio companies regularly utilize the corporate debt markets to obtain additional financing for their operations. Leverage incurred by a portfolio company may cause the portfolio company to be vulnerable to increases in interest rates and decreases in credit availability, which may make such companies less able to cope with changes in business and economic conditions or impair the operations, value or sustainability of such companies. The adverse effects of leverage on portfolio companies in which we directly or indirectly invest can adversely affect the investment returns of the StepStone Funds and advisory accounts. If the investment returns achieved by the StepStone Funds are reduced, it could result in negative reputational effects and impair the value of carried interest allocations, which could materially and adversely affect our business, financial condition and results of operations.

Clients in the StepStone Funds with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested, which could adversely affect a fund's operations and performance.

Clients make capital commitments to the StepStone Funds, which we are entitled to call at any time during prescribed periods that can extend for several years into the future. We depend on clients fulfilling their commitments when we call capital from them in order for those funds to consummate investments and otherwise pay their obligations when due. Any client that does not fund a capital call may be subject to penalties, potentially including forfeiting a significant amount of its existing investment in that fund. However, if a client has invested little or no capital, for instance early in the life of a fund, then the forfeiture penalty may not be a significant deterrent to default. Failure to fund capital calls may occur more frequently in the future, as a result of recent increases in interest rates, decreases in equity values and dislocations in the banking sector, or in the event of a continued economic slowdown. For example, in March 2023, Silicon Valley Bank was closed by state regulators and placed under receivership by the U.S. Federal Deposit Insurance Corporation, which temporarily delayed certain clients fulfilling capital calls to the StepStone Funds. In addition, changes to asset allocation policies or new laws or regulations resulting from declines in public equity markets may restrict or prohibit investors from investing in new or successor StepStone Funds or funding existing commitments. If clients fail to satisfy a significant amount of capital calls for any particular fund or funds, the operation and performance of those funds could be materially and adversely affected.

Our failure to comply with investment guidelines set by our clients could result in damage awards against us or a reduction in AUM, either of which would cause our earnings to decline and adversely affect our business.

When clients retain us to manage assets on their behalf, they specify certain guidelines regarding investment allocation and strategy that we are required to observe in the management of their portfolios. Our failure to comply with these guidelines and other limitations could result in clients terminating their investment management agreement with us, as these agreements generally are terminable without cause on 30 to 90 days' notice. Clients could also sue us for breach of contract and seek to recover damages from us. In addition, such guidelines may restrict our ability to pursue allocations or strategies that we believe would generate favorable investment returns, which could result in underperformance of, or losses to, a client account. Even when we comply with all applicable investment guidelines, a client may be dissatisfied with its investment performance or our services or fees, and may terminate their SMAs or advisory accounts or be unwilling to commit new capital to the StepStone Funds or advisory accounts. Any of these events could cause a reduction to AUM and consequently cause our earnings to decline and materially and adversely affect our business, financial condition and results of operations.

Valuation methodologies for certain assets in the StepStone Funds are subjective, and the values of assets established pursuant to such methodologies may never be realized, which could result in significant losses for the StepStone Funds.

There are no readily ascertainable market prices for a large number of the investments in the StepStone Funds, advisory accounts or the funds in which we invest. The value of the investments of the StepStone Funds is determined periodically by us based on the fair value of such investments as reported by the underlying fund managers. Our valuation of the funds in which we invest is largely dependent upon the processes employed by the managers of those funds. The fair value of investments is determined using a number of methodologies described in the particular funds' valuation policies. These policies are based on a number of factors, including the nature of the investment, the expected cash flows from the investment, the length of time the investment has been held, restrictions on transfer and other recognized valuation methodologies. The methodologies we use in valuing individual investments are based on a variety of estimates and assumptions specific to the particular investments, and actual results related to the investment may vary materially as a result of the inaccuracy of such assumptions or estimates. In addition, because illiquid investments held by the StepStone Funds, advisory accounts and the funds in which we invest may be in industries or sectors that are unstable, in distress, or undergoing some uncertainty, such investments may experience rapid changes in value caused by sudden company-specific or industry-wide developments.

Because there is significant uncertainty in the valuation of, or in the stability of the value of, illiquid investments, the fair values of such investments as reflected in a fund's NAV do not necessarily reflect the prices that would actually be obtained if such investments were sold. Realizations at values significantly lower than the values at which investments have been reflected in fund NAVs could result in losses for the applicable fund and the loss of potential performance fees by the fund's manager and us. Also, a situation in which asset values turn out to be materially different from values reflected in fund NAVs could cause clients to lose confidence in us and may, in turn, result in difficulties in our ability to raise additional capital, retain clients or attract new clients.

We may not be able to maintain our desired fee structure as a result of industry pressure from private markets clients to reduce fees, which could have a material adverse effect on our profit margins and results of operations.

We may not be able to maintain our current fee structure for our funds as a result of industry pressure from private markets clients to reduce fees. In order to maintain our desired fee structure in a competitive environment, we must be able to continue to provide clients with investment returns and service levels that incentivize our clients to pay our desired fee rates. We cannot assure you that we will succeed in providing investment returns and service levels that will allow us to maintain our desired fee structure. Fee reductions on existing or future new business could have a material adverse effect on our profit margins and results of operations.

We may need to pay "clawback" or "contingent repayment" obligations if and when they are triggered under the governing agreements of our funds.

Generally, if at the termination of a fund and in certain cases at interim points in the life of a fund, the fund has not achieved investment returns that exceed the preferred return threshold or we have received net profits over the life of the fund in excess of our allocable share under the applicable partnership agreement, we will be obligated to repay an amount equal to the excess of amounts previously distributed to us over the amounts to which we are ultimately entitled. This obligation is known as a "clawback" or contingent repayment obligation. Our carried interest is generally determined at the end of the period on a hypothetical liquidation basis. As of March 31, 2023, if the funds were liquidated at their fair values, no material amounts would have been subject to contingent repayment. We cannot assure you that we will not incur a contingent repayment obligation in the future. Although a contingent repayment obligation is split among the various obligors, with each responsible for only its respective share, the governing agreements of the StepStone Funds generally provide that, to the extent another party who received a distribution does not fund its respective share, we are required to fund any additional amount beyond the amount of carried interest actually allocated to us, up to the entire amount of the relevant contingent repayment obligation. We may need to use or reserve cash to repay such contingent repayment obligations instead of using the cash for other purposes.

Our investment management activities may involve investments in relatively high-risk, illiquid assets, and we may lose, or our clients may lose, some or all of the amounts invested in these activities or fail to realize any profits from these activities for a considerable period of time.

The investments made by the StepStone Funds and recommended by our advisory services include high-risk, illiquid assets. We have made and expect to continue to make principal investments alongside our clients, as the general partner, in existing and future StepStone Funds. The StepStone Funds invest capital in private markets funds that make investments in equity or debt securities that are not publicly traded. Even where such securities are publicly traded, many of these funds may be prohibited by contract or applicable securities laws from selling such investments for a period of time. Accordingly, the private markets funds in which we and our clients invest capital may not be able to sell investments when they desire and therefore may not be able to realize the full value of such investments. Particularly in the case of securities, such funds will generally not be able to sell these securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. Furthermore, large holdings of publicly traded equity securities can often be disposed of only over a substantial period of time, exposing the investment returns to risks of downward movement in market prices during the disposition period. Investing in private markets funds is risky, and we may lose some or the entire amount of our investment or the investment made by the StepStone Funds. Poor investment performance could lead clients to terminate their agreements with us and/or result in negative reputational effects, either of which could materially and adversely affect our business, financial condition and results of operations.

In addition, we may invest in businesses with capital structures that have significant leverage. The leveraged capital structure of such businesses increases the exposure of the funds' portfolio companies to adverse economic factors, such as rising interest rates, downturns in the economy or deterioration in the condition of such business or its industry. If these portfolio companies default on their indebtedness, or otherwise seek or are forced to restructure their obligations or declare bankruptcy, we could lose some or all of our investment and suffer reputational harm. See "—Recent and prospective increases in interest rates or decreases in the availability of credit may adversely affect the ability of the StepStone Funds to achieve attractive rates of return, particularly because certain funds and portfolio companies depend on leverage for a return on investment."

The portfolio companies in which private markets funds have invested or may invest will sometimes involve a high degree of business and financial risk. These companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in results of operations, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may be subject to extensive regulatory oversight, may require substantial additional capital to support their operations, finance expansion or maintain their competitive position, may have a high level of leverage, or may otherwise have a weak financial condition. In addition, these portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. Portfolio companies in non-U.S. jurisdictions may be subject to additional risks, including changes in currency exchange rates, exchange control regulations, risks associated with different types (and lower quality) of available information, expropriation or confiscatory taxation and adverse political developments.

In addition, during periods of difficult market conditions, including volatility as a result of economic or political events in or affecting the world's major economies, or slowdowns in a particular investment category, industry or region, portfolio companies may experience decreased revenues, financial losses, difficulty in obtaining access to financing and increased costs. During these periods, these companies may also have difficulty in expanding their businesses and operations and may be unable to pay their expenses as they become due. A general market downturn or a specific market dislocation may result in lower investment returns for the private markets funds or portfolio companies in which the StepStone Funds invest, which consequently would materially and adversely affect investment returns for the StepStone Funds.

The StepStone Funds may face risks relating to undiversified investments.

We cannot give assurance as to the degree of diversification that will be achieved in any of the StepStone Funds. Difficult market conditions or slowdowns affecting a particular asset class, geographic region or other category of investment could have a significant adverse effect on a given StepStone Fund if its investments are concentrated in that category, which would result in lower investment returns. Accordingly, a lack of diversification on the part of a StepStone Fund could adversely affect its investment performance and, as a result, our business, financial condition and results of operations.

Banking system volatility may adversely affect the results and financial condition of the StepStone Funds or StepStone generally.

StepStone and the StepStone Funds and their portfolio companies and other investments maintain substantially all of their respective cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and their respective deposits or investments at certain of these institutions could exceed insured limits, where applicable. Furthermore, many of the foregoing's respective cash and cash equivalents could be held by a single financial institution or a few institutions. In addition, StepStone and the StepStone Funds and their portfolio companies and other investments may not be able to identity all potential solvency or stress concerns with respect to a financial institution or to transfer assets from one financial institution to another in a timely manner in the event a financial institution comes under stress or fails. For example, in March 2023, Silicon Valley Bank was closed by state regulators and placed under receivership by the U.S. Federal Deposit Insurance Corporation, which temporarily delayed certain clients fulfilling capital calls to the StepStone Funds. In the event of failure of any such financial institutions, we cannot assure you that we, the StepStone Funds or any of their investments could access uninsured funds promptly or at all. Furthermore, a StepStone Fund could be unable to call capital from the investors until it sets up a new deposit account at a different institution, which could be a time-consuming process and could be prohibited under the fund's then-existing credit facilities.

Ordinarily, assets held by a regulated financial institution are insured up to stated balance amounts—the U.S. Federal Deposit Insurance Corporation in the case of U.S. banks or the Securities Investor Protection Corporation in the case of U.S. broker-dealers. Customers of regulated financial institutions with amounts in excess of the relevant insurance limits are unsecured creditors with respect to cash and cash equivalents held with such institutions in excess of those relevant insurance limits, and therefore such excess amounts are subject to risk of loss; although uninsured depositors of a failed bank are given priority over general unsecured creditors of the same failed bank. Although governmental intervention has resulted in additional protections for uninsured depositors of failed banks, or facilitated acquisitions, there can be no assurance that governmental intervention will be successful or avoid the risk of loss.

If deposit accounts or credit facilities are held at the same financial institution, and such institution fails, a StepStone Fund may need to make more frequent capital calls to its investors and to StepStone, and the fund or its investments may be unable to fund obligations they have to third parties.

We also caution you that the general partner of a fund (whether such general partner is StepStone or a third party) may not have a meaningful role or any role in selecting the financial institutions used by fund investments and must rely on underlying sponsors or portfolio company management to select banking or other financial services. Likewise, if an institution used by an investor fails, such investor may be unable to satisfy capital calls made by the fund. This could lead to a fund utilizing shortfall funding solutions, if available to the fund and permitted by the fund's governing agreements. Any inability to access, or delay in accessing, deposits or credit facilities (including the inability of an investor to fund its capital commitments) or other services could adversely affect the results and financial condition of StepStone and the StepStone funds and their portfolio companies and investments.

The StepStone Funds make investments in funds and companies that we do not control.

Investments by most of the StepStone Funds will include debt instruments and equity securities of funds and companies that we do not control. The StepStone Funds may invest through co-investment arrangements or acquire minority equity interests and may also dispose of a portion of their equity investments in portfolio companies over time in a manner that results in their retaining a minority investment. Consequently, the performance of the StepStone Funds will depend significantly on the investment and other decisions made by third parties, which could have a material adverse effect on the returns achieved by the StepStone Funds. Portfolio companies in which the investment is made may make business, financial or management decisions with which we do not agree. In addition, the majority stakeholders or our management may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values the investments we have made on behalf of clients or we recommend to our clients could decrease and our financial condition, results of operations and cash flow could suffer as a result.

Our risk management strategies and procedures may leave us exposed to unidentified or unanticipated risks.

Risk management applies to our investment management operations as well as to the investments we make for the StepStone Funds. We have developed and continue to update strategies and procedures specific to our business for managing risks, which include market risk, liquidity risk, operational risk and reputational risk. Management of these risks can be very complex. These strategies and procedures may fail under some circumstances, particularly if we are confronted with risks that we have underestimated or not identified. In addition, some of our methods for managing the risks related to our clients' investments are based upon our analysis of historical private markets behavior. Statistical techniques are applied to these observations in order to arrive at quantifications of some of our risk exposures. Historical analysis of private markets returns requires reliance on valuations performed by fund managers, which may not be reliable measures of current valuations. These statistical methods may not accurately quantify our risk exposure if circumstances arise that were not observed in our historical data. In particular, as we enter new lines of business, our historical data may be insufficient. Failure of our risk management techniques could materially and adversely affect our business, financial condition and results of operations, including our right to receive performance fees.

The due diligence process that we undertake in connection with investments may not reveal all facts that may be relevant in connection with an investment.

Before making or recommending investments for our clients, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors and accountants may be involved in the due diligence process in varying degrees depending on the type of investment and the parties involved. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not guarantee the success of an investment.

In addition, generally our underlying investments are managed by third-party sponsors and, as a result, we depend on the due diligence investigation of such third-party sponsors. We have little or no control over their due diligence process, and any shortcomings in their due diligence could be reflected in the performance of the investment we make with them on behalf of our clients. Poor investment performance could lead clients to terminate their agreements with us or result in negative reputational effects, either of which could materially and adversely affect our business, financial condition and results of operations.

Restrictions on our ability to collect and analyze data regarding our clients' investments could adversely affect our business.

We rely on our proprietary data and technology platforms to provide regular reports to our clients, to research developments and trends in private markets and to support our investment processes. We depend on the continuation of our relationships with the fund managers and sponsors of the underlying funds and investments in order to maintain current data on these investments and private markets activity. The termination of such relationships by a critical mass of such fund managers and sponsors or the imposition of widespread restrictions on our ability to use the data we obtain for our reporting and monitoring services could adversely affect our business, financial condition and results of operations.

We and our clients depend on the reliability of our proprietary data and technology platforms and other data processing systems. Failures or interruptions of these services may disrupt our business, damage our reputation, limit our growth and adversely affect our business and results of operations.

We and our clients rely heavily on our proprietary data and technology platforms, including SPI and Omni, and associated tools, which form a valuable part of the services we offer to our clients. We also rely heavily on other financial, accounting, compliance, monitoring and reporting data processing systems. Our back-up procedures and capabilities in the event of a failure or interruption may not be adequate. We expect that we will need to upgrade and expand the capabilities of our data processing systems and other operating technology in the future and we will incur costs to do so. We also rely on third-party service providers for certain aspects of our information and technology platforms and systems. Any failure, interruption or deterioration of proprietary data and technology platforms or other systems, including the loss or compromise of data by fire, natural disaster, power or telecommunications failure, or cybersecurity breaches or ransomware, or the failure of third-party service providers to perform could materially adversely affect our ability to provide services to our clients, harm our reputation, business or results of operations or result in regulatory intervention.

A compromise or corruption of our systems or that of our vendors containing confidential information could damage our business relationships and adversely affect our business, financial condition and results of operations.

We collect, process and store rapidly increasing volumes of highly sensitive data, including our proprietary business information and intellectual property, and personally identifiable information of our employees, our clients and others, in our data centers and on our networks, and with our vendors and service providers. Omni includes funds, direct investments and co-investments that we monitor and report on for the StepStone Funds and advisory accounts. The secure processing, maintenance and transmission of this information are critical to our operations. A significant actual or potential theft, loss, corruption, exposure, fraudulent use or misuse of client, employee or other personally identifiable or proprietary business data, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding such data or intellectual property or a violation of our privacy and security policies with respect to such data could result in significant remediation and other costs, fines, litigation or regulatory actions against us and significant reputational harm. Such events could damage our business relationships and adversely affect our business, financial condition and results of operations.

Cybersecurity risks and cyber incidents could adversely affect our business by causing a disruption to our operations, which could adversely affect our financial condition and results of operations.

The frequency and sophistication of the cyber and security threats we face continue to increase. As a result, we face a heightened risk of a security breach or disruption with respect to sensitive information resulting from an attack by computer hackers, foreign governments or cyber terrorists. Our reputation and our ability to operate and expand our business depend on computer hardware and software systems, including our proprietary data and technology platforms and other data processing systems, which can be vulnerable to security breaches or other cyber incidents. Our funds' portfolio companies rely on similar systems and face similar risks, and such funds may invest in strategic assets having a national or regional profile or in infrastructure assets that face a greater risk of attack. Cyber or security incidents may be an intentional attack, such as a hacker attack, ransomware, virus or worm, or an unintentional event and could involve bad actors gaining unauthorized access to our information systems for purposes of misappropriating assets, disclosing or modifying sensitive or confidential information, corrupting data or causing operational disruption. Cyber-criminals can attempt to redirect payments required to be paid at the closings of our investments to unauthorized accounts, which we or the services providers we retain, such as paying agents and escrow agents, may not be able to detect or protect against. In recent years, there has been a significant increase in ransomware and other hacking attempts by cyber-criminals. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by others, including by our service providers.

We have implemented processes, procedures and internal controls designed to mitigate cybersecurity risks and cyber intrusions. However, these measures, as well as our increased awareness of the nature and extent of a risk of a cyber-incident, do not guarantee that a cyber-incident will not occur or that our financial results or operations will not be adversely affected by such an incident. Cyber-incident techniques change frequently, may not immediately be recognized and can originate from a wide variety of sources. We expect to be required to devote increasing levels of funding and resources to comply with evolving cybersecurity regulations, including those expected to be promulgated by the SEC with respect to public companies and investment advisers, and to continually monitor and enhance our information security procedures and controls. We maintain insurance intended to cover certain cybersecurity events, but such insurance may not cover all risks and losses that we experience.

Finally, we rely on third-party service providers for certain aspects of our business, including for certain information systems and technology, as well as administration of the StepStone Funds. These third-party service providers and their vendors are also susceptible to cyber and security threats. Any interruption or deterioration in the performance of these third parties, failures of their information systems and technology or cyber and security breaches could put our sensitive information at risk or result in the shutdown of a service provider, and indemnification by, or insurance coverage of, such service providers may not be sufficient to cover any damage or loss, which could impair the quality of the funds' operations and harm our reputation, thereby adversely affecting our business, financial condition and results of operations.

The result of these adverse incidents can include the inability to provide services to our clients, other disruptions of our business, corruption or modifications to our data, fraudulent transfers or requests for transfers of money, liability for stolen assets or information, increased cybersecurity protection and insurance costs and litigation.

Employee misconduct could harm us by impairing our ability to attract and retain clients and subjecting us to significant legal liability and reputational harm.

There is a risk that our employees could engage in misconduct that adversely affects our business. We are subject to a number of obligations and standards arising from our advisory and investment management services and our discretionary authority over the assets we manage. The violation of these obligations and standards by any of our employees would adversely affect our clients and us. Our business often requires that we deal with confidential matters of great significance to companies and funds in which we may invest for our clients. If our employees were to improperly use or disclose confidential information, we could be subject to legal or regulatory action and suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to detect or deter employee misconduct, and the extensive precautions we take to detect and prevent this activity may not be effective in all cases. If one of our employees were to engage in misconduct or were to be accused of such misconduct, our business and our reputation could be materially and adversely affected. See "—Evolving laws and government regulations could adversely affect us."

We may face damage to our professional reputation if our services are not regarded as satisfactory or for other reasons and may face legal liability to our clients and third parties under securities or other laws and regulations.

As a private market solutions services firm, we depend to a large extent on our relationships with our clients and our reputation for integrity and high-caliber professional services to attract and retain clients. As a result, if a client is not satisfied with our services, such dissatisfaction may be more damaging to our business than to other types of businesses. The importance of our reputation may increase as we seek to expand our client base and into new private markets.

Our asset management and advisory activities subject us to the risk of significant legal liabilities to our clients and third parties, including our clients' stockholders or beneficiaries. In our investment management business, we make investment decisions on behalf of our clients that could result in substantial losses. Any such losses may subject us to the risk of legal and regulatory liabilities or actions alleging negligent misconduct, breach of fiduciary duty or breach of contract. We could also be liable to our clients and third parties, including our clients' stockholders or beneficiaries, under securities or other laws and regulations for materially false or misleading statements made in connection with securities and other transactions. These risks often are difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. We may incur significant legal expenses in defending litigation. In addition, litigation or regulatory action against us may tarnish our reputation and harm our ability to attract and retain clients.

Our non-U.S. operations are subject to certain risks, which may adversely affect our business, financial condition and results of operations.

Our non-U.S. operations carry special financial and business risks, which include: fluctuations in foreign currency exchange rates that could adversely affect our results; unexpected changes in trading policies, regulatory requirements, tariffs and other barriers; local labor conditions, protections and regulations; adverse consequences or restrictions on the repatriation of earnings; potentially adverse tax consequences, such as trapped foreign losses or excise taxes (or other similar taxes); less stable political and economic environments; terrorism, political hostilities, war, outbreak of disease and other civil disturbances or other catastrophic events that reduce business activity; cultural and language barriers and the need to adopt different business practices in different geographic areas; and difficulty collecting fees and, if necessary, enforcing judgments.

As part of our day-to-day operations outside the United States, we are required to create compensation programs, employment policies, privacy policies, compliance policies and procedures and other administrative programs that comply with the laws of multiple countries. We also must communicate and monitor standards and directives across our global operations. Our failure to successfully manage and grow our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with non-U.S. standards and procedures.

Any payment of distributions, loans or advances to and from our subsidiaries could be subject to restrictions on or taxation of dividends or repatriation of earnings under applicable local law, monetary transfer restrictions, foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate or other restrictions imposed by current or future agreements, including debt instruments, to which our non-U.S. subsidiaries may be a party. Our business, financial condition and results of operations could be adversely affected, possibly materially, if we are unable to successfully manage these and other risks of global operations in a volatile environment. If our non-U.S. business increases relative to our total business, these factors could have a more pronounced effect on our results of operations or growth prospects.

Investments of the StepStone Funds in certain jurisdictions may be subject to heightened risks relative to investments in other jurisdictions, which may adversely affect our business, financial condition and results of operations.

A portion of the investments of the StepStone Funds and advisory accounts include private markets funds that are located in, or invest in portfolio companies located in, countries that are subject to heightened risks. Such investments may involve risks related to (i) currency exchange matters, including exchange rate fluctuations with respect to the foreign currency in which the investments are denominated, and costs associated with conversion of investment proceeds and income from one currency to another; (ii) regulations pertaining to investments and investment managers in such countries; (iii) differences in the capital markets of such countries, including, in some cases, the absence of uniform accounting, auditing, financial reporting and legal standards, practices and disclosure requirements and less government supervision and regulation; (iv) certain economic, social and political risks, including exchange control regulations and restrictions on foreign investments and repatriation of capital, and the risks of political, economic or social instability; and (v) the possible imposition of taxes with respect to such investments or confiscatory taxation. These risks could adversely affect the investment performance of the StepStone Funds and advisory accounts, which would adversely affect our business, financial condition and results of operations.

Revenues from our real estate asset class are subject to the risks inherent in the ownership and operation of real estate and the construction and development of real estate.

Our real estate funds are subject to risks arising from the ownership and operation of real estate and real estate-related businesses and assets. These risks include the following: general and local economic conditions; changes in supply of and demand for competing properties in an area (as a result, for example, of overbuilding); changes in building, environmental and other laws; diminished financial resources of tenants; changes in demand for commercial office properties (including as a result of an increased prevalence of remote work); fluctuations in the average occupancy and room rates for hotel properties; energy and supply shortages; uninsured or uninsurable risks; liability for "slip-and-fall" and other accidents on properties held by our funds; natural disasters; changes in government regulations (such as rent control and tax laws); changes in real property tax and transfer tax rates; changes in interest rates; the reduced availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; negative developments in the economy that depress travel activity; environmental liabilities, including under environmental laws that impose, regardless of fault, joint and several liability for the cost of remediating contamination and compensation for damages; contingent liabilities on disposition of assets; unexpected cost overruns in connection with development projects; terrorist attacks, war and other factors that are beyond our control; and dependence on local operating partners. Even in cases where we are indemnified against liabilities arising out of our real estate business, we cannot assure you as to the financial viability of the indemnifying party to satisfy such indemnities or our ability to achieve enforcement of such indemnities.

If our clients or real estate funds acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing, they will be subject to the risks normally associated with such assets and development activities, including risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of our fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. Additionally, such investments may be managed by a third party, which makes them dependent upon such third parties. Any of these factors may cause the value of real estate investments to decline, which may have a material adverse effect on our clients or our business, financial condition and results of operations.

Our real estate asset class is exposed to commercial real estate values and commercial real estate loans, both of which are expected to be adversely affected by decreased occupancy rates, higher prevailing interest rates and decreased credit availability.

Our real estate asset class has traditionally been exposed to commercial real estate and may be adversely affected by conditions in the commercial real estate market. Commercial real estate depends on cash flows from the property to service the debt, successful completion of construction projects and, in some cases, sales of the underlying properties. Because of decreasing occupancy rates for commercial real estate, along with higher prevailing interest rates and decreased ability to refinance commercial real estate borrowings, we expect it may be more difficult for commercial real estate to generate sufficient cash flows to service debt, maintain required financial and operating covenants of such debt, pay or refinance debt as it comes due or generate a profit. As a result of these economic conditions, the value of commercial real estate investments and loans supporting such investments are expected to be adversely affected in the near term.

The investments we make on behalf of clients or we recommend to our clients in infrastructure assets may expose us to increased risks and liabilities.

Investments in infrastructure assets may expose us and our clients to increased risks and liabilities that are inherent in the ownership of infrastructure assets. For example:

- Ownership of infrastructure assets may also present additional risk of liability for personal and property injury or impose significant operating challenges and costs with respect to, for example, compliance with zoning, environmental, worker, public health and safety or other applicable laws or government actions, which may have a material adverse effect on the operations, financial condition and liquidity of particular assets and ultimately affect investment returns.

- Infrastructure asset investments may face construction and development risks including, without limitation: (i) labor disputes, shortages of material and skilled labor, or work stoppages; (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment; (iii) less than optimal coordination with public utilities in the relocation of their facilities; (iv) climate change, adverse weather conditions and unexpected construction conditions; (v) accidents or the breakdown or failure of construction equipment or processes; (vi) political or local opposition; (vii) failure to obtain regulatory approvals or permits; and (viii) catastrophic events, such as explosions, fires, war, terrorist activities, natural disasters and other similar events. These risks could result in substantial unanticipated delays or expenses (which may exceed expected or forecasted budgets) and, under certain circumstances, could prevent completion of construction activities once undertaken. Insurance against such risks may be limited. Certain infrastructure asset investments may remain in construction phases for a prolonged period of time and, accordingly, may not generate cash during such prolonged period. Recourse against the contractor may be subject to liability caps or may be subject to default or insolvency on the part of the contractor.

- The operation of infrastructure assets is exposed to potential unplanned interruptions caused by significant catastrophic or force majeure events. These risks could, among other effects, adversely affect the cash flows available from investments in infrastructure assets, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, litigation, or penalties for regulatory or contractual noncompliance. Force majeure events that are incapable of, or too costly to, cure may also have a permanent adverse effect on an investment.

- The management of the business or operations of an infrastructure asset may be contracted to a third-party management company unaffiliated with us. Although it would be possible to replace any such operator, the failure of such an operator to adequately perform its duties or to act in ways that are in our best interest, or the breach by an operator of applicable agreements or laws, rules and regulations, could have an adverse effect on the investment’s financial condition or results of operations. Infrastructure investments may involve the subcontracting of design and construction activities in respect of projects, and as a result the investments we make on behalf of clients or we recommend to our clients are subject to the risks that contractual provisions passing liabilities to a subcontractor could be ineffective, the subcontractor fails to perform services which it has agreed to perform and the subcontractor becomes insolvent.

Infrastructure investments often involve an ongoing commitment to municipal, state, federal or foreign government or regulatory agencies. The nature of these obligations exposes the investments we make on behalf of clients or we recommend to our clients to a higher level of regulatory control than typically imposed on other businesses and may require complex government licenses, concessions, leases or contracts, which may be difficult to obtain or maintain and which may restrict operations of assets in a way that maximizes cash flows and profitability, and are subject to special risks such as sovereign risks, take actions and expropriation. Infrastructure investments may require operators to manage such investments and such operators' failure to comply with laws, including prohibitions against bribing of government officials, may adversely affect the value of such investments and cause serious reputational and legal harm. Revenues for such investments may rely on contractual agreements for the provision of services with a limited number of counterparties and are consequently subject to counterparty default risk. The operations and cash flow of infrastructure investments are also more sensitive to inflation and, in certain cases, commodity price risk. Furthermore, services provided by infrastructure investments may be subject to rate regulations by government entities that determine or limit prices that may be charged. Similarly, users of applicable services or government entities in response to such users may react negatively to any adjustments in rates and thus reduce the profitability of such infrastructure investments.

The substantial growth of our business in recent years may be difficult to sustain, as it may place significant demands on our resources and employees and may increase our expenses.

The substantial growth of our business has placed, and if it continues, will continue to place, significant demands on our infrastructure, our investment team and other employees, and will increase our expenses. We will need to continuously invest in our human resources and our infrastructure as a result of the increasingly complex investment management industry, increasing sophistication of clients and our expansion into new jurisdictions. In addition, our newer private wealth platform has and will require ongoing development of new infrastructure. Legal and regulatory developments, including increasing levels of regulation by the SEC and other regulatory authorities outside of the United States, also contribute to the increasing level of our expenses. The future growth of our business will depend, among other things, on our ability to maintain the appropriate infrastructure and staffing levels to sufficiently address our growth and may require us to incur significant additional expenses and commit additional senior management and operational resources. We may face significant challenges in maintaining adequate financial and operational controls as well as implementing new or updated information and financial systems and procedures. Training, managing and appropriately sizing our work force and other components of our business on a timely and cost-effective basis also poses challenges. In addition, our efforts to retain or attract qualified investment professionals may result in significant additional expenses.

We may enter into new lines of business, which may result in additional risks and uncertainties in our business.

We currently generate substantially all of our revenue from asset management and advisory services. However, we may grow our business by offering additional products and services and by entering into new lines of business. To the extent we enter into new lines of business, we will face numerous risks and uncertainties, including risks associated with the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, the required investment of capital and other resources and the loss of clients due to the perception that we are no longer focusing on our core businesses. In addition, we may from time to time explore opportunities to grow our business via acquisitions, partnerships, investments or other strategic transactions. We cannot assure you that we will successfully identify, negotiate, complete or integrate such transactions, or that any completed transactions will produce favorable financial results.

Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. In addition, certain aspects of our cost structure, such as costs for compensation, occupancy and equipment rentals, communication and information technology services, and depreciation and amortization will be largely fixed, and we may not be able to timely adjust these costs to match fluctuations in revenue related to growing our business or entering into new lines of business. If a new business generates insufficient revenue or if we are unable to efficiently manage our expanded operations, our business, financial condition and results of operations could be materially and adversely affected.

We may acquire additional businesses or assets or form joint ventures.

As part of our business strategy, we may pursue additional acquisitions of complementary businesses or assets or seek to enter into joint ventures. These acquisitions or joint ventures would be intended to leverage our existing operations and industry experience or increase our product offerings. The success of any acquisitions, joint ventures or other investments will depend on our ability to identify, negotiate, complete and, in the case of acquisitions, integrate those transactions and, if necessary, obtain satisfactory financing to fund those transactions. We may not realize the anticipated benefits of any acquisition, joint venture or investment. We may not be able to integrate acquisitions successfully into our existing business, maintain the key business relationships of businesses we acquire, or retain key personnel of an acquired business, and we could assume unknown or contingent liabilities or incur unanticipated expenses. For example, in September 2021 we completed our acquisition of Greenspring and the transaction agreement provides for the payment of up to $75 million of additional cash consideration as an earn-out payment to the sellers of Greenspring, payable in 2025 subject to achievement by Greenspring of certain management fee revenue targets for the calendar year 2024. Integration of acquired companies or businesses also may require management resources that otherwise would be available for ongoing development of our existing business, or integration may not succeed, leading to a failure to realize anticipated benefits. Any acquisitions or investments made by us also could harm our results of operations, including as a result of significant write-offs or the incurrence of debt and contingent liabilities. In addition, if we choose to issue equity to fund an acquisition, our stockholders may experience dilution.

Current or future indebtedness may expose us to substantial risks.

We are party to a Credit Agreement with JPMorgan Chase Bank, N.A. and certain other lenders party thereto. See note 9 to our consolidated financial statements included elsewhere in this annual report for more information. Borrowings under the Credit Agreement, or any future debt we undertake, will expose us to the typical risks associated with the use of leverage. Significant future borrowings could make it more difficult for us to withstand adverse economic conditions or business plan variances, to take advantage of new business opportunities, or to make necessary capital expenditures. Any portion of our cash flow required for debt service will not be available for our operations, distributions, dividends or other purposes. Any substantial decrease in net operating cash flows or any substantial increase in expenses could make it difficult for us to meet our debt service requirements or force us to modify our operations. Restrictive covenants in agreements and instruments governing our current and future debt may adversely affect our ability to operate our business or limit our ability to engage in certain transactions or activities, including paying dividends or making other distributions on our Class A common stock. We cannot assure you that we will be able to maintain leverage levels in compliance with such covenants. Any failure to comply with these financial and other covenants, if not waived, could cause a default or event of default under such indebtedness.

We are subject to risks in using custodians, counterparties, administrators and other agents.

Many of our funds depend on the services of custodians, counterparties, administrators and other agents to carry out certain securities and derivatives transactions and other administrative services. We are subject to risks of errors and mistakes made by these third parties, which may be attributed to us and subject us or our clients to reputational damage, penalties or losses. The terms of the contracts with these third-party service providers are often customized and complex, and many of these arrangements occur in markets or relate to products that are not subject to regulatory oversight. We may be unsuccessful in seeking reimbursement or indemnification from these third-party service providers.

Our funds are subject to the risk that the counterparty to one or more of these contracts defaults, either voluntarily or involuntarily, on its performance under the contract. Any such default may occur suddenly and without notice to us. Moreover, if a counterparty defaults, we may be unable to take action to cover our exposure, either because we lack contractual recourse or because market conditions make it difficult to take effective action. This inability could occur in times of market stress, which is when defaults are most likely to occur. In addition, our risk-management models may not accurately anticipate the effects of market stress or counterparty financial condition, and as a result, we may not have taken sufficient action to reduce our risks effectively. Default risk may arise from events or circumstances that are difficult to detect, foresee or evaluate. In addition, concerns about, or a default by, one large participant could lead to significant liquidity problems for other participants or the broader market, which may in turn expose us to significant losses.

In the event of a counterparty default, particularly a default by a major investment bank or a default by a counterparty to a significant number of our contracts, one or more of our funds may have outstanding trades that they cannot settle or are delayed in settling. As a result, these funds could incur material losses and the resulting market impact of a major counterparty default could harm our business, financial condition and results of operation.

In the event of the insolvency or bankruptcy of a custodian, counterparty or any other party that is holding assets of our funds as collateral, our funds might not be able to recover equivalent assets in full as they will rank among the custodian's or counterparty's unsecured creditors in relation to the assets held as collateral. In addition, our funds' cash held with a custodian or counterparty generally will not be segregated from the custodian's or counterparty's own cash, and our funds may therefore rank as unsecured creditors in relation thereto.

Risks Related to Our Industry

The investment management and investment advisory business is intensely competitive.

The investment management and investment advisory business is intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service provided to clients, brand recognition and business reputation. We compete with a variety of traditional and private markets managers, commercial banks, investment banks and other financial institutions. Many factors affect our ability to compete successfully, including:

- some of our competitors have more relevant experience, greater financial and other resources and more personnel than we do;
- if, as we expect, allocation of assets to private markets investment strategies increases, there may be increased competition for private markets investments and access to fund managers;
- certain clients may prefer to invest with private partnerships rather than a public company; and

- other industry participants from time to time recruit our investment professionals and other employees away from us.

This competitive pressure could adversely affect our ability to make successful investments and restrict our ability to raise future funds, either of which would materially and adversely affect our business, financial condition and results of operations.

Difficult or volatile market and political conditions can adversely affect our business by reducing the market value of the assets we manage, causing our clients to reduce their investments in private markets, reducing the number of high-quality investment managers with whom we may invest, and reducing the ability of our funds to raise or deploy capital.

The global financial markets and business climate have recently deteriorated and may continue to deteriorate, including due to continued rising interest rates, ongoing high inflation, reduced availability of credit, recession risk, regional and international bank failures, changes in laws and regulation, terrorism or political uncertainty, war (including the ongoing Russia-Ukraine conflict), and potential recession. For example, inflation in the U.S. could remain high or increase, and heightened competition for workers, supply chain issues and rising energy and commodity prices have contributed to increasing wages and other inputs, which may put pressure on the profit margins of portfolio companies within our private market funds. The extent and impact of any sanctions imposed in connection with the Russia-Ukraine conflict may also cause additional financial market volatility and impact the global economy. Volatility and disruption in the equity and credit markets can adversely affect the portfolio companies in which private markets funds invest and adversely affect the investment performance of the StepStone Funds and advisory accounts.

Our ability to manage our exposure to market conditions is limited. Market deterioration could cause us, the StepStone Funds we manage or the funds in which they invest to experience reduced liquidity, earnings and cash flow, recognize impairment charges, or face challenges in raising additional capital, obtaining investment financing and making investments on attractive terms. Adverse market conditions can also affect our ability and the ability of funds in which we and our clients invest to liquidate positions in a timely and efficient manner. More costly and restrictive financing also may adversely affect the investment returns of our co-investments in leveraged buyout transactions and, therefore, adversely affect the results of operations and financial condition of our co-investment funds.

Our business may generate lower revenue as a result of recent and prospective economic contractions, decreases in equity markets and tightening of global credit markets. These events may result in reduced opportunities to find suitable investments and make it more difficult for us, or for the funds in which we and our clients invest, to exit and realize value from existing investments, potentially resulting in a decline in the value of the investments held in our clients' portfolios. Such a decline could cause our revenue and net income to decline by causing some of our clients to reduce their investments in private markets in favor of investments they perceive as offering greater opportunity or lower risk, which would result in lower fees being paid to us.

These events may also reduce the commitments our clients are able to devote to private markets investments generally and make it more difficult for the funds in which we invest to obtain funding for additional investments at attractive rates, which would further reduce our profitability.

Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to reduce other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. If our revenue declines without a commensurate reduction in our expenses, our net income will be lower.

In addition, regulatory oversight and enforcement may become more rigorous for public companies in general, and for the financial services industry in particular, as a result of the recent volatility in the financial markets. See "—Evolving laws and government regulations could adversely affect us."

A major public health crisis, including a resurgence of the COVID-19 pandemic or a similar pandemic, could again severely disrupt the global financial markets and business climate and adversely affect our business, financial condition and results of operations.

A major public health crisis can have unpredictable and adverse impacts on global, national and local economies. 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, has, and may in the future, adversely impact our business activity and that of the StepStone Funds. For example, such disruptions have adversely affected, and in the future could again adversely affect, our ability to effectively identify, monitor, make or dispose of investments. Additionally, while restrictions have generally been lifted globally, and the World Health Organization has declared the end of the COVID-19 global health emergency, the COVID-19 pandemic contributed, and any future public health crisis could contribute, to extreme volatility in financial markets. Such volatility could adversely affect the business of StepStone and the StepStone Funds and the portfolio companies in which they invest, all of which could have material and adverse effect on our performance.

We operate in a heavily regulated industry and any failure to comply with the government regulations to which we are subject could adversely affect us.

We are subject to numerous regulations that may impact our business model. In the United States, our advisory and investment management businesses are subject to regulation by the SEC, the Commodity Futures Trading Commission, the Internal Revenue Service (the "IRS") and other regulatory agencies, pursuant to, among other laws, the Investment Advisers Act, the Securities Act, the Internal Revenue Code of 1986, as amended, (the "Code"), the Commodity Exchange Act, and the Exchange Act. The SEC in particular has increased its regulation and scrutiny of the asset management and private equity industries in recent years, focusing on the private equity industry's fees, allocation of expenses to funds, valuation practices, allocation of fund investment opportunities, disclosures to clients, the allocation of broken-deal expenses, the management of conflicts of interest disclosures and other fiduciary obligations. The SEC has also heightened its focus on the valuation processes employed by investment advisers. The lack of readily ascertainable market prices for many of the investments made by the StepStone Funds or the funds in which we invest could subject our valuation policies and processes to increased scrutiny by the SEC.

Our failure to comply with applicable laws or regulations could result in fines, suspensions of personnel or other sanctions, including revocation of our registration as an investment adviser. Even if a sanction imposed against us or our personnel is small in monetary amount, the adverse publicity arising from the imposition of sanctions against us by regulators could harm our reputation and cause us to lose existing clients or fail to gain new clients. Additionally, legislation, including proposed legislation regarding executive compensation and taxation of carried interest, may adversely affect our ability to attract and retain key personnel. See "Business—Regulatory Environment."

To the extent that the Partnership is a "fiduciary" under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with respect to benefit plan clients, it is subject to ERISA, and to regulations promulgated thereunder. ERISA and applicable provisions of the Code impose certain duties on persons who are fiduciaries under ERISA, prohibit certain transactions involving ERISA plan clients and provide monetary penalties for violations of these prohibitions. Our failure to comply with these requirements could have a material adverse effect on our business. In addition, a court could find that one of our co-investment funds has formed a partnership-in-fact conducting a trade or business and would therefore be jointly and severally liable for the portfolio company's unfunded pension liabilities.

In addition, the Partnership, along with certain of our consolidated subsidiaries, is registered as an investment adviser with the SEC and is subject to the requirements and regulations of the Investment Advisers Act. Such requirements relate to, among other things, maintaining an effective compliance program, incentive fees, solicitation arrangements, allocation of investments, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an adviser and their advisory clients, as well as general anti-fraud prohibitions. As a registered investment adviser, the Partnership has fiduciary duties to its clients. A failure to comply with the obligations imposed by the Investment Advisers Act, including recordkeeping, advertising and operating requirements, disclosure obligations and prohibitions on fraudulent activities, could result in investigations, sanctions and reputational damage, and could materially and adversely affect our business, financial condition, results of operations and business reputation.

In addition, the European Union's General Data Protection Regulation (the "GDPR") and the California Consumer Privacy Act ("CCPA") impose stringent data protection requirements, and we may also be subject to additional state privacy laws. There are substantial financial penalties for breach of the GDPR, including up to the higher of 20 million Euros or 4% of group annual worldwide turnover. Non-compliance with GDPR, CCPA or similar regulation enacted elsewhere therefore represents a serious risk to our business.

Our private wealth investment platform is subject to additional regulatory requirements that could adversely impact its profitability. Certain U.S. funds we offer to private wealth investors are registered investment companies or business development companies under the Investment Company Act and we expect that additional funds we offer will also be registered investment companies or business development companies under the Investment Company Act or applicable laws in other jurisdictions. The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies and business development companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose stringent governance and board independence requirements. In addition, we will depend on third parties to assist us in complying with regulatory obligations with respect to such registered funds and business development companies.

Requirements imposed by the Investment Company Act, including limitations on capital structure, the ability to transact business with affiliates and the ability to compensate senior employees, or the failure of our third-party vendors to assist us with required compliance could materially and adversely affect our businesses, financial condition and results of operations.

In addition, if we fail to comply with any of the regulations that we are subject to, we could be subject to enforcement actions, which may materially and adversely affect our business, financial condition and results of operations.

Evolving laws and government regulations could adversely affect us.

Governmental regulation of the global financial markets and financial institutions is intense and is continually evolving. This includes regulation of investment funds, as well as their managers and activities, through the implementation of compliance, risk management and anti-money laundering procedures; restrictions on specific types of investments and the provision and use of leverage; capital requirements; limitations on compensation to fund managers; and books and records, reporting and disclosure requirements. The effects on us, the StepStone Funds, or on private markets funds generally, of future regulation, or of changes in the interpretation and enforcement of existing regulation, could have an adverse effect on the StepStone Funds' investment strategies or our business model. Policy changes and regulatory reform by the U.S. federal government may create regulatory uncertainty for our funds' portfolio companies and our investment strategies and adversely affect the profitability of the StepStone Funds' portfolio companies.

Ongoing political developments could adversely impact our investment management and investment advisory businesses. The financial services industry is currently experiencing an uncertain political and regulatory environment. There has been a greater level of SEC enforcement activity under the current U.S. presidential administration, including targeting practices which were not targeted by the prior U.S. presidential administration. The Biden administration and the current leadership of the SEC have also signaled that they intend to seek to enact further changes to numerous areas of law and regulations currently in effect. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has adopted new rules that impose significant changes related to reporting on Form PF and Rule 10b5-1 insider trading plans, and has proposed a number of new rules that, if adopted as proposed, would impose further significant changes on investment advisers and their management of private funds (including with respect to fund audits, adviser-led secondary transactions, fee and expense allocation and reporting, beneficial ownership reporting under Exchange Act Sections 13(d) and 13(g), borrowings, indemnification, side letters, cybersecurity risk management, and annual compliance reviews), and the SEC is expected to propose additional changes in the future. Any such changes, including with modifications, whether enacted under current or future leadership, could have a significant effect on private funds and private fund advisers and their operations, including increasing compliance burdens and regulatory costs, restrictions on the ability to receive expense, indemnification and other cost reimbursements, and heightened risk of regulatory enforcement action such as public sanctions, restrictions on activities, fines and reputational damage. Any of the foregoing could lead to further regulatory uncertainty, result in changes to our operations and could materially impact our funds and/or their investments (including the funds in which the StepStone Funds and our clients invests) and/or us, including by causing us to incur additional expenses.

Governmental policy changes and regulatory or tax reform could also have a material effect on our funds. For example, regulatory or tax reform in jurisdictions where we may be conducting business (including jurisdictions in which we have established StepStone Funds, such as the Cayman Islands) and jurisdictions in which our clients or investors in StepStone Funds are located may increase administrative costs, increase taxes borne by StepStone Funds or our clients or investors, or otherwise adversely affect our funds or our ability to successfully fundraise on behalf of our funds. A prolonged environment of regulatory uncertainty may make the identification of attractive investment opportunities and the deployment of capital more challenging. In addition, our ability to identify business and other risks associated with new investments depends in part on our ability to anticipate and accurately assess regulatory and other changes that may have a material effect on the businesses in which we choose to invest. The failure to accurately predict the possible outcome of policy changes and regulatory reform could have a material adverse effect on the returns generated from our funds' investments and our revenues.

In recent years, the United States has imposed tariffs on various products imported into the United States. These tariffs have resulted in, and may continue to trigger, retaliatory actions by affected countries, including the imposition of tariffs on the United States by other countries. Certain foreign governments have instituted or are considering imposing trade sanctions on certain U.S. goods and denying U.S. companies access to critical raw materials. Governmental actions related to the imposition of tariffs or other trade barriers or changes to international trade agreements or policies could increase costs, decrease margins, reduce the competitiveness of products and services offered by current and future portfolio companies and adversely affect the revenues and profitability of companies whose businesses rely on goods imported from outside of the United States. In addition, if we fail to monitor and adapt to changes in policy and the regulations to which we are or may become subject, we could be subject to enforcement actions, which may materially and adversely affect our businesses, financial condition and results of operations.

Future changes to tax laws or our effective tax rate could materially adversely affect our company and reduce net returns to our stockholders.

Our tax treatment is subject to the enactment of, or changes in, tax laws, regulations and treaties, or the interpretation thereof, tax policy initiatives and reforms under consideration and the practices of tax authorities in jurisdictions in which we operate, including those related to the Base Erosion and Profit Shifting ("BEPS") Project of the Organisation for Economic Co-Operation and Development ("OECD"), the European Commission's state aid investigations and other initiatives. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid, or the taxation of partnerships and other passthrough entities. In addition, the Group of Twenty, the OECD, the U.S. Congress and Treasury Department and other government agencies in jurisdictions where we and our affiliates do business have focused on issues related to the taxation of multinational corporations, including, but not limited to, transfer pricing, country-by-country reporting and base erosion. The OECD also recently finalized guidelines that recommend certain multinational enterprises be subject to a minimum 15% tax rate, effective from 2024. This minimum tax and several of the proposed measures are potentially relevant to some of our operating entities and investments and could have an adverse tax impact on our funds, investors and/or our funds' portfolio companies. As a result, the tax laws in the United States and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could have an adverse effect on our worldwide tax liabilities, business, financial condition and results of operations. Some member countries have been moving forward on the BEPS agenda but, because timing of implementation and the specific measures adopted will vary among participating states, significant uncertainty remains regarding the impact of BEPS proposals. If implemented, these proposals could result in a loss of tax treaty benefits and increased taxes on income from our operations and/or investments. We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our stockholders, and increase the complexity, burden and cost of tax compliance.

Our businesses are subject to income taxation in the United States, as well as in many tax jurisdictions throughout the world. Tax rates in these jurisdictions may be subject to significant change. If our effective tax rate increases, our results of operations and cash flow could be adversely affected. Our effective income tax rate can vary significantly between periods due to a number of complex factors including, but not limited to, projected levels of taxable income in each jurisdiction, tax audits conducted and settled by various tax authorities, and adjustments to income taxes upon finalization of income tax returns.

We may be required to pay additional taxes under the Centralized Partnership Audit Regime.

For tax years beginning on or after January 1, 2018, the Partnership is subject to partnership audit rules enacted as part of the Bipartisan Budget Act of 2015 (the "Centralized Partnership Audit Regime"). Under the Centralized Partnership Audit Regime, any IRS audit of the Partnership would be conducted at the Partnership level, and if the IRS determines an adjustment, the default rule is that the Partnership would pay an "imputed underpayment" including interest and penalties, if applicable. The Partnership may instead elect to make a "push-out" election, in which case the partners for the year that is under audit would be required to take into account the adjustments on their own personal income tax returns. We will decide whether or not to cause the Partnership to make this election; however, there are circumstances in which the election may not be available and, in the case of an entity in which the Partnership directly or indirectly invests, such decision may be outside of our control. If the Partnership or an entity in which the Partnership directly or indirectly invests does not make this election, the then-current partners of the Partnership (including SSG) could economically bear the burden of the understatement.

Audit adjustments for state or local tax purposes could similarly result in the Partnership (or any of its applicable subsidiaries or other entities in which the Partnership directly or indirectly invests) being required to pay or indirectly bear the economic burden of state or local taxes and associated interest, and penalties.

Federal, state and foreign anti-corruption and sanctions laws create the potential for significant liabilities and penalties and reputational harm.

We are subject to laws and regulations governing payments and contributions to political persons or other third parties, including restrictions imposed by the Foreign Corrupt Practices Act ("FCPA") as well as trade sanctions and export control laws administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of Commerce and the U.S. Department of State. The FCPA is intended to prohibit bribery of foreign governments and their officials and political parties and requires public companies in the United States to keep books and records that accurately and fairly reflect those companies' transactions. OFAC, the U.S. Department of Commerce and the U.S. Department of State administer and enforce various export control laws and regulations, including economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. These laws and regulations affect a number of aspects of our business, including servicing existing clients, finding new clients, and sourcing new investments, as well as activities by the portfolio companies in our investment portfolio or other controlled investments.

Similar laws in non-U.S. jurisdictions, such as EU sanctions or the United Kingdom ("UK") Bribery Act, as well as other applicable anti-bribery, anti-corruption, anti-money laundering, or sanction or other export control laws in the United States and abroad, may also impose stricter or more onerous requirements than the FCPA, OFAC, the U.S. Department of Commerce and the U.S. Department of State, and implementing them may disrupt our business or cause us to incur significantly more costs to comply with those laws. In addition, the U.S. and other countries have begun imposing sanctions on Russia in connection with the ongoing Russia-Ukraine conflict, which may impact us, StepStone Funds and our portfolio companies to a degree which remains uncertain. Different laws contain conflicting provisions, making compliance with all laws more difficult. If we fail to comply with these laws and regulations, we could face claims for damages, civil or criminal financial penalties, reputational harm, incarceration of our employees, restrictions on our operations and other liabilities, which could negatively affect our business, results of operations and financial condition. In addition, we may be subject to successor liability for FCPA violations or other acts of bribery, or violations of applicable sanctions or other export control laws committed by companies in which we or our funds invest or which we or our funds acquire. While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our personnel with the FCPA and other anti-corruption, sanctions and export control laws in jurisdictions in which we operate, such policies and procedures may not be effective in all instances to prevent violations. Any determination that we have violated the FCPA or other applicable anti-corruption, sanctions or export control laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of client confidence, any one of which could adversely affect our business prospects, financial condition and results of operations.

Regulation of investment advisers outside the United States could adversely affect our ability to operate our business.

We provide investment advisory and other services and raise funds in a number of countries and jurisdictions outside the United States. In a number of these countries and jurisdictions, which include the UK, the EU, the European Economic Area (“EEA”), and certain of the individual member states of each of the EU and EEA (including Ireland and Luxembourg), Switzerland, Japan, Korea, Canada and Brazil, our operations, and in some cases our personnel, are subject to regulatory oversight and affirmative requirements. These requirements variously relate to registration, licenses for our personnel, periodic inspections, the provision and filing of periodic reports, and obtaining certifications and other approvals. In the EU, we are subject to the EU Alternative Investment Fund Managers Directive (“AIFMD”) and the Undertakings for Collective Investment in Transferable Securities Directive (“UCITS”) under which we are subject to regulatory requirements regarding, among other things, registration for marketing activities, the structure of remuneration for certain of our personnel and reporting obligations. Switzerland and the individual member states of the EU have imposed additional requirements that may include internal arrangements with respect to risk management, liquidity risks, asset valuations, and the establishment and security of depository and custodial requirements. In certain other jurisdictions, we are subject to various securities and other laws relating to fundraising and other matters. As we expand into additional countries and jurisdictions, we may become subject to additional regulatory oversight and related compliance obligations. Failure to maintain compliance with applicable laws and regulations could result in regulatory intervention, adversely affect our business or ability to provide services to our clients and harm our reputation.

The European Union Markets in Financial Instruments Directive II (“MiFID II”), which became effective on January 3, 2018, requires, among other things, all MiFID II investment firms to comply with more prescriptive disclosure, transparency, reporting and recordkeeping obligations and enhanced obligations in relation to the receipt of investment research, best execution, product governance and marketing communications. As we operate investment firms that are subject to MiFID II (including as applicable in the UK), we were required to implement revised policies and procedures to comply with MiFID II where relevant, including where certain rules have an extraterritorial impact on us. Compliance with MiFID II has, therefore, resulted in greater overall complexity, higher compliance, administration and operational costs, and less overall flexibility. The complexity, operational costs and reduction in flexibility may be further compounded as a result of UK’s departure from the EU. See “The exit of the UK from the EU (Brexit) could adversely affect our business and our operations.” This is because the UK is both: (i) no longer generally required to transpose EU law into UK law and (ii) has transposed certain EU legislation into UK law subject to various amendments and subject to the UK Financial Conduct Authority’s oversight rather than that of EU regulators. Taken together, this could result in divergence between the UK and EU regulatory frameworks. Outside the UK and EEA, the regulations to which we are subject relate primarily to registration and reporting obligations.

It is expected that additional laws and regulations will come into force in the UK, the EEA, the EU, and other countries in which we operate over the coming years. Regulation (EU) 2019/2033 on the prudential requirements for investment firms ("IFR") and Directive (EU) 2019/2034 on the prudential supervision of investment firms ("IFD") entered into force on December 25, 2019. Together the IFR and IFD introduced a new prudential regime for those of our EU investment firms that are subject to MiFID II, including new requirements, such as general capital requirements, liquidity requirements, remuneration requirements, requirements to conduct internal capital adequacy assessments and additional requirements on disclosures and public reporting. The legislation could hinder our ability to deploy capital as freely as we would wish and to recruit and incentivize staff. Different and extended internal governance, disclosure, reporting, liquidity and group "prudential" consolidation requirements (among other things) could also have a material impact on our EU-based operations. Further, as described above, the UK's departure from the EU and the potential resulting divergence between the UK and EU regulatory frameworks may result in additional complexity and costs in complying with regulations across both the UK and EU. The UK introduced a new prudential regime for investment firms that are subject to MiFID II (as implemented in the UK), that entered into force on January 1, 2022. This new regime introduced (amongst other things) increased regulatory capital requirements, new remuneration requirements and increased reporting requirements. In addition, there may be future changes to the AIFMD and UCITS regimes and also further regulation adopted which may impact those parts of our business operating within the EU. For instance, key requirements under Directive (EU) 2019/1160 and Regulation (EU) 2019/1156 on the cross-border distribution of collective investment undertakings came into effect in EU member states from August 2, 2021. Among other things, this legislation introduced rules regarding the pre-marketing of funds, including additional reporting requirements.

There have also been significant legislative developments affecting the private equity industry in Europe and there continues to be discussion regarding enhancing governmental scrutiny and/or increasing regulation of the private equity industry, which may have an adverse impact on the private equity industry in Europe (including by making it more difficult to raise capital from certain types of investors and otherwise imposing on private equity funds additional and costly regulatory compliance burdens), which could in turn adversely affect our business prospects, financial condition and results of operations.

These laws and regulations may affect our costs and manner of conducting business in one or more markets, the risks of doing business, the assets that we manage or advise, and our ability to raise capital from clients. Any failure by us to comply with either existing or new laws or regulations could have a material adverse effect on our business, financial condition and results of operations.

We are subject to increasing scrutiny from institutional clients with respect to ESG costs of investments made by the StepStone Funds, which may constrain investment opportunities for our funds and adversely affect our ability to raise capital from such clients.

In recent years, certain institutional clients have placed increasing importance on ESG implications of investments made by private equity and other funds to which they commit capital. Certain investors have also demonstrated increased activism with respect to existing investments, including by urging asset managers to take certain actions that could adversely affect the value of an investment, or refrain from taking certain actions that could improve the value of an investment. At times, clients have conditioned future capital commitments on the taking or refraining from taking of such actions. Clients' increased focus and activism related to ESG and similar matters may constrain our investment opportunities. In addition, institutional clients may decide to not commit capital to future fundraises as a result of their assessment of our approach to and consideration of the ESG cost of investments made by us. Conversely, certain investors have raised concerns as to whether the incorporation of ESG factors in the investment and portfolio management process may be inconsistent with the fiduciary duty to maximize returns for investors. Anti-ESG sentiment has gained momentum across the United States, with several states having enacted or proposed "anti-ESG" policies, legislation or issued related legal opinions. For example, (i) boycott bills target financial institutions that "boycott" or "discriminate against" companies in certain industries and prohibit state entities from doing business with such institutions and/or investing the state's assets (including pension plan assets) through such institutions; and (ii) ESG investment prohibitions require that state entities or managers/administrators of state investments make investments based solely on pecuniary factors without consideration of ESG factors. If fund investors subject to such legislation viewed our funds or ESG practices as being in contradiction of such "anti-ESG" policies, legislation or legal opinions, even though such view or perception may not be accurate, we may not be able to maintain or increase the size of our funds or raise sufficient capital for new funds, which may adversely affect our revenues. In addition, a failure to successfully manage ESG-related expectations may adversely affect our reputation or erode stakeholder trust.

ESG matters have also been the subject of increased focus by regulators, including in the EU and the U.S. For example, the European Commission has adopted new regulations as part of a package of legislative measures arising from its Action Plan on Sustainable Finance, which include, without limitation: (a) The Disclosure Regulation EU 2019/2088 regarding the introduction of transparency and disclosure obligations for investors, funds and asset managers in relation to ESG factors, which took effect beginning on March 10, 2021 and (b) The Taxonomy Regulation EU 2020/852 regarding the introduction of EU-wide taxonomy of environmentally sustainable activities, which entered into force on July 12, 2020. These and other proposals have resulted in the Non-Financial Disclosure Regulation, EU Taxonomy Regulation and the EU Sustainable Finance Disclosure Regulation. These legislative developments, which create a common classification system and disclosure obligations focusing on ESG issues, require additional disclosures to clients with respect to ESG factors, which may increase our compliance obligations and expenses, and could lead clients to reduce their investment with us. Our EU-based business, as well as any global product sales into the EU, is subject to these requirements. In the U.S., the SEC has created a Climate and ESG Task Force in its Division of Enforcement, which has and is expected to continue to focus on identifying any material gaps or misstatements in issuers' disclosure of climate risks under existing rules. Separately, the SEC has identified ESG investing as an exam priority for investment advisers that offer ESG products and services. Further, in March 2022, the SEC issued proposed regulations governing climate-related disclosure. The UK Financial Conduct Authority is introducing new rules and guidance for asset managers to make mandatory disclosures at both the manager and product level.

Additionally, a lack of harmonization globally in relation to ESG legal and regulatory reform leads to a risk of fragmentation in group level priorities as a result of the different pace of sustainability transition across global jurisdictions. This may create conflicts across our global business which could risk inhibiting our future implementation of, and compliance with, rapidly developing ESG standards and requirements. Failure to keep pace with sustainability transition could impact our competitiveness in the market and damage our reputation resulting in a material adverse effect on our business. In addition, our brand and reputation are also associated with our public commitments to various corporate ESG initiatives, including our goals for sustainability and inclusion and diversity. Any failure to achieve our disclosed commitments, could harm our reputation and adversely affect our client relationships or our recruitment and retention efforts. Moreover, positions we take or do not take on social issues may be unpopular with some of our employees or with our clients or potential clients, which may in the future impact our ability to attract or retain employees or clients. While we strive to implement ESG practices, there can be no assurance that we will be able to identify all ESG issues or will be able to successfully implement our ESG policies. In addition, the use of ESG metrics in the investment process could be subjective and they are not subject to uniform standards, and, as such, there is no guarantee that we will be able to accurately assess and measure the ESG risks and ESG compliance of its investments and potential investments. ESG-based exclusionary criteria could result in a StepStone Fund foregoing opportunities to make certain investments when it might otherwise be advantageous to do so, and/or selling certain investments due to their ESG characteristics when it might be disadvantageous to do so. Devoting additional resources to ESG matters could increase the amount of expenses we or our investments are required to bear. For example, collecting, measuring, and reporting ESG information and metrics can be costly, difficult and time consuming, is subject to evolving reporting standards, and can present numerous operational, reputational, financial, legal and other risks. If we do not successfully manage expectations across these varied stakeholder interests, it could erode stakeholder trust, impact our reputation, and constrain our investment opportunities. Given increased U.S. and European legal and regulatory focus on ESG matters, failure to comply with applicable legal and regulatory changes may attract increased regulatory scrutiny of our business, and could result in fines and/or other sanctions being levied against us.

Risks Related to Our Organizational Structure

We are a "controlled company" within the meaning of the Nasdaq Global Select Market listing standards and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Holders of our Class B common stock continue to control a majority of the voting power of our outstanding common stock. So long as no Sunset (as defined below) has occurred and the Class B stockholders who are party to the Stockholders' Agreement hold at least approximately 16.7% of all of the outstanding shares of the Company's common stock, the Class B stockholders are expected to hold a majority of the Company's outstanding voting power and thereby will control the outcome of matters submitted to a stockholder vote. As a result of the voting power held by those Class B stockholders who are party to the Stockholders' Agreement, we qualify as a "controlled company" within the meaning of the corporate governance standards of the Nasdaq Global Select Market. Under these rules, a listed company of which more than 50% of the voting power with respect to the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including the requirement that (i) a majority of our board of directors consist of independent directors, (ii) director nominees be selected or recommended to the board entirely by independent directors and (iii) the compensation committee be composed entirely of independent directors.

A “Sunset” is triggered upon the earliest to occur of the following: (i) Monte Brem, Scott Hart, Jason Ment, Jose Fernandez, Johnny Randel, Michael McCabe, Mark Maruszewski, Thomas Keck, Thomas Bradley, David Jeffrey and Darren Friedman (including their respective family trusts and any other permitted transferees, the “Sunset Holders”) collectively cease to maintain direct or indirect beneficial ownership of at least 10% of the outstanding shares of Class A common stock (determined assuming all outstanding Class B units have been exchanged for Class A common stock); (ii) the Sunset Holders cease collectively to maintain direct or indirect beneficial ownership of an aggregate of at least 25% of the aggregate voting power of our outstanding Class A common stock and Class B common stock, before giving effect to a Sunset; and (iii) September 18, 2025.

We rely on and intend to continue to rely on some or all of these exemptions. As a result, we do not have a majority of independent directors, our compensation committee does not consist entirely of independent directors and our directors will not be nominated or selected entirely by independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq Global Select Market, until we are no longer a controlled company.

SSG depends on distributions from the Partnership to pay any dividends, if declared, taxes and other expenses, including payments under the Tax Receivable Agreements.

SSG is a holding company and its only business is to act as the managing member of the General Partner, and its only material assets are Class A units and 100% of the interests in the General Partner. SSG does not have any independent means of generating revenue. We anticipate that the Partnership will continue to be treated as a partnership for U.S. federal income tax purposes and, as such, generally will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to the partners of the Partnership. Accordingly, SSG will be required to pay income taxes on its allocable share of any net taxable income of the Partnership. We intend to cause the Partnership to make distributions to each of its partners, including SSG, in an amount intended to enable each partner to pay all applicable taxes on taxable income allocable to such partner and to allow SSG to make payments under the Tax Receivable Agreements. In addition, the Partnership will reimburse SSG for corporate and other overhead expenses. If the amount of tax distributions to be made exceeds the amount of funds available for distribution, SSG shall receive the full amount of its tax distribution before the other partners receive any distribution and the balance, if any, of funds available for distribution shall be distributed to the other partners pro rata in accordance with their assumed tax liabilities. To the extent that SSG needs funds, and the Partnership is restricted from making such distributions under applicable laws or regulations, or is otherwise unable to provide such funds, it could materially and adversely affect SSG’s ability to pay dividends and taxes and other expenses, including payments under the Tax Receivable Agreements, and affect our liquidity and financial condition.

The IRS might challenge the tax basis step-ups and other tax benefits we receive in connection with our IPO and the related transactions and in connection with additional acquisitions of Partnership units.

Partnership units held directly by the partners of the Partnership other than SSG, including members of our senior leadership team, may in the future be exchanged for shares of our Class A common stock or, at our election, cash. Similar to our initial purchase of Partnership units, those exchanges may also result in increases in the tax basis of the assets of the Partnership that otherwise would not have been available. These increases in tax basis are expected to increase (for tax purposes) SSG’s depreciation and amortization and, together with other tax benefits, reduce the amount of tax that SSG would otherwise be required to pay, although it is possible that the IRS might challenge all or part of that tax basis increases or other tax benefits, and a court might sustain such a challenge. SSG’s ability to achieve benefits from any tax basis increases or other tax benefits will depend upon a number of factors, as discussed below, including the timing and amount of our future income.

We will not be reimbursed for any payments previously made under the Tax Receivable Agreements if the basis increases or other tax benefits described above are successfully challenged by the IRS or another taxing authority. As a result, in certain circumstances, payments could be made under the Tax Receivable Agreements in excess of our ultimate cash tax savings.

In certain circumstances, payments under each Tax Receivable Agreement may be accelerated and/or significantly exceed the actual tax benefits, if any, that SSG actually realizes.

Each Tax Receivable Agreement provides that if (i) SSG exercises its right to early termination of such Tax Receivable Agreement in whole (that is, with respect to all benefits due to all beneficiaries under such Tax Receivable Agreement) or in part (that is, with respect to some benefits due to all beneficiaries under such Tax Receivable Agreement), (ii) SSG experiences certain changes in control, (iii) such Tax Receivable Agreement is rejected in certain bankruptcy proceedings, (iv) SSG fails (subject to certain exceptions) to make a payment under such Tax Receivable Agreement within 180 days after the due date or (v) SSG materially breaches its obligations under such Tax Receivable Agreement, SSG will be obligated to make an early termination payment to holders of rights under such Tax Receivable Agreement equal to the present value of all payments that would be required to be paid by SSG under such Tax Receivable Agreement. The amount of such payments will be determined on the basis of certain assumptions in each Tax Receivable Agreement, including (i) the assumption that SSG would have enough taxable income in the future to fully utilize the tax benefit resulting from the tax assets that are the subject of such Tax Receivable Agreement, (ii) the assumption that any item of loss deduction or credit generated by a basis adjustment or imputed interest arising in a taxable year preceding the taxable year that includes an early termination will be used by SSG ratably from such taxable year through the earlier of (x) the scheduled expiration of such tax item or (y) 15 years; (iii) in the case of the Reorganization Tax Receivable Agreement, the assumption that any net operating loss (and similar items) inherited from certain pre-IPO institutional investors (the “Blocker Companies”), will be used by SSG ratably from the taxable year that includes an early termination through the earlier of (x) the scheduled expiration of such net operating loss (or similar item) or (y) 15 years (or longer, to the extent that SSG is prevented from fully utilizing such net operating loss (or similar item) under certain U.S. federal income tax rules); (iv) the assumption that any non-amortizable assets are deemed to be disposed of in a fully taxable transaction on the fifteenth anniversary of the earlier of the basis adjustment and the early termination date; (v) the assumption that U.S. federal, state and local tax rates will be the same as in effect on the early termination date, unless scheduled to change and, solely with respect to the Exchanges Tax Receivable Agreement; and (vi) the assumption that any units (other than those held by SSG) outstanding on the termination date are deemed to be exchanged for an amount equal to the market value of the corresponding number of shares of Class A common stock on the termination date. Any early termination payment may be made significantly in advance of the actual realization, if any, of the future tax benefits to which the termination payment relates. The amount of the early termination payment is determined by discounting the present value of all payments that would be required to be paid by SSG under such Tax Receivable Agreement at a rate equal to the lesser of (a) 6.5% and (b) the Secured Overnight Financing Rate, as reported by the Wall Street Journal (“SOFR”) plus 400 basis points.

Moreover, as a result of an elective early termination, a change in control or SSG’s material breach of its obligations under either Tax Receivable Agreement, SSG could be required to make payments under such Tax Receivable Agreement that exceed its actual cash savings under such Tax Receivable Agreement. Thus, SSG’s obligations under each Tax Receivable Agreement could have a substantial negative effect on its financial condition and liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control. We cannot assure you that we will be able to finance any such early termination payment. It is also possible that the actual benefits ultimately realized by us may be significantly less than were projected in the computation of the early termination payment. We will not be reimbursed if the actual benefits ultimately realized by us are less than were projected in the computation of the early termination payment.

Payments under each Tax Receivable Agreement will be based on the tax reporting positions that we will determine and the IRS or another tax authority may challenge all or part of the tax basis increases or the inheritance of tax attributes from the Blocker Companies, as well as other related tax positions we take, and a court could sustain such challenge. If any tax benefits that have given rise to payments under either Tax Receivable Agreement are subsequently disallowed, SSG would be entitled to reduce future amounts otherwise payable to a holder of rights under such Tax Receivable Agreement to the extent such holder has received excess payments. However, the required final and binding determination that a holder of rights under a Tax Receivable Agreement has received excess payments may not be made for a number of years following commencement of any challenge, and SSG will not be permitted to reduce its payments under a Tax Receivable Agreement until there has been a final and binding determination, by which time sufficient subsequent payments under the Tax Receivable Agreement may not be available to offset prior payments for disallowed benefits. SSG will not be reimbursed for any payments previously made under either Tax Receivable Agreement if the basis increases described above are successfully challenged by the IRS or another taxing authority. As a result, in certain circumstances, payments could be made under either Tax Receivable Agreement that are significantly in excess of the benefit that SSG actually realizes in respect of the increases in tax basis (and utilization of certain other tax benefits) and SSG may not be able to recoup those payments, which could adversely affect SSG’s financial condition and liquidity.

In certain circumstances, the Partnership will be required to make distributions to us and the existing partners of the Partnership, and the distributions that the Partnership will be required to make may be substantial.

The Partnership is expected to continue to be treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to U.S. federal income tax. Instead, taxable income will be allocated to partners, including SSG. Pursuant to the StepStone Limited Partnership Agreement, the Partnership will make tax distributions to its partners, including SSG, which generally will be pro rata based on the ownership of Partnership units, calculated using an assumed tax rate, to help each of the partners to pay taxes on that partner’s allocable share of the Partnership’s net taxable income. Under applicable tax rules, the Partnership is required to allocate net taxable income disproportionately to its partners in certain circumstances. Because tax distributions will be determined based on the partner who is allocated the largest amount of taxable income on a per unit basis and on an assumed tax rate that is the highest possible rate applicable to any partner, but will be made pro rata based on ownership of Partnership units, the Partnership will be required to make tax distributions that, in the aggregate, will likely exceed the amount of taxes that it would have paid if it were taxed on its net income at the assumed rate.

Funds used by the Partnership to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, the tax distributions the Partnership will be required to make may be substantial and may significantly exceed (as a percentage of the Partnership’s income) the overall effective tax rate applicable to a similarly situated corporate taxpayer. In addition, because these payments will be calculated with reference to an assumed tax rate, and because of the disproportionate allocation of net taxable income, these payments likely will significantly exceed the actual tax liability for many of the existing partners of the Partnership.

As a result of potential differences in the amount of net taxable income allocable to us and to the existing partners of the Partnership, as well as the use of an assumed tax rate in calculating the Partnership’s distribution obligations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreements. We may choose to manage these excess distributions through a number of different approaches, including through the payment of dividends to our Class A common stockholders or by applying them to other corporate purposes.

We may be required to fund withholding tax upon certain exchanges of Class B units into shares of Class A common stock by non-U.S. holders.

In the event of a transfer by a non-U.S. transferor of an interest in a partnership that is engaged in a U.S. trade or business, the transferee generally must withhold tax in an amount equal to 10% of the amount realized (as determined for U.S. federal income tax purposes) by the transferor on such transfer absent an exception. Holders of Class B units may include non-U.S. holders. The partners holding Class B units in the Partnership generally will be entitled to exchange such Class B units for shares of Class A common stock on a one-for-one basis or, at our election, for cash. To the extent withholding is required and we elect to deliver shares of Class A common stock (rather than cash), we may not have sufficient cash to satisfy such withholding obligation, and, we may be required to incur additional indebtedness or sell shares of our Class A common stock in the open market to raise additional cash in order to satisfy our withholding tax obligations.

We may have tax and other liabilities attributable to our pre-IPO investors as a result of certain reorganization transactions.

Certain of our pre-IPO institutional investors held their interests in the Partnership through entities that were taxable as corporations for U.S. federal income tax purposes. Before the IPO, SSG formed a new, first-tier merger subsidiary with respect to each Blocker Company. Contemporaneously with the IPO, each merger subsidiary merged with and into the respective Blocker Company, with the Blocker Company surviving. Immediately thereafter, each Blocker Company merged with and into SSG, with SSG surviving. In the Blocker Mergers, the 100% owners of the Blocker Companies acquired an aggregate of 9,112,500 shares of newly issued Class A common stock and the Company acquired a corresponding amount of Partnership units. As the successor to these merged entities, SSG generally succeeded to and became responsible for any outstanding or historical tax or other liabilities of the merged entities, including any liabilities incurred as a result of the mergers described in the previous sentence. Any such liabilities for which SSG is responsible could have an adverse effect on our liquidity and financial condition.

Pursuant to the regulations issued under Section 162(m) of the Code, SSG may not be permitted to deduct its distributive share of compensation expense to the extent that the compensation was paid by the Partnership to certain of SSG's covered employees, potentially resulting in additional U.S. federal income tax liability for SSG and reducing cash available for distribution to SSG's stockholders and/or for the payment of other expenses and obligations of SSG.

Section 162(m) of the Code disallows the deduction by any publicly held corporation of applicable employee compensation paid with respect to any covered employee to the extent that such compensation for the taxable year exceeds $1,000,000. A "covered employee" means any employee of the taxpayer if the employee (a) is the principal executive officer ("PEO") or principal financial officer ("PFO") of the taxpayer at any time during the taxable year, or was an individual acting in such a capacity, (b) was among the three highest compensated officers for the taxable year (other than the PEO and PFO) required to be disclosed in the proxy statement, or (c) was a covered employee of the taxpayer (or any predecessor) for any preceding taxable year beginning after December 31, 2016. Pursuant to the regulations with respect to Section 162(m) of the Code issued by the IRS, SSG will not be permitted to deduct its distributive share of compensation expense allocated to it, to the extent that such distributive share plus the amount of any compensation paid directly by SSG exceeds $1,000,000 with respect to a covered employee, even if the Partnership, rather than SSG, pays the compensation to SSG's covered employees. Accordingly, to the extent that SSG is disallowed a deduction for its distributive share of compensation expense under Section 162(m) of the Code, it may result in additional U.S. federal income tax liability for SSG and/or reduce cash available for distribution to SSG's stockholders or for the payment of other expenses and obligations of SSG.

If StepStone Group Inc. were deemed an "investment company" under the Investment Company Act of 1940 as a result of its ownership of the Partnership or the General Partner, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

An issuer will generally be deemed to be an "investment company" for purposes of the Investment Company Act if:

- it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or
- absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are primarily engaged in the investment advisory service business, specifically that of providing customized investment solutions and advisory, data and administrative services to our clients and not in the business of investing, reinvesting or trading in securities. We also believe that the primary source of income from each of our businesses is properly characterized as income earned in exchange for the provision of services. We hold ourselves out as an asset management firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that StepStone Group Inc., the General Partner or the Partnership is an "orthodox" investment company as defined in section 3(a)(1)(A) of the Investment Company Act and described in the first bullet point above. Further, a majority of the Partnership's assets consist of direct and indirect ownership interests as the general partner or managing member of the StepStone Funds we sponsor. We believe these interests in the StepStone Funds are not investment securities. The Partnership also will hold minority interests in certain operating subsidiaries that are consolidated on the Partnership's financial statements as "variable interest entities." See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Organizational Structure—Ownership of Our Businesses" for additional information regarding our variable interest entities. The Partnership's interests in these subsidiaries may be considered investment securities under section 3(a)(1)(C) of the Investment Company Act. However, the value of these subsidiaries is not large enough to cause the Partnership's holdings in investment securities to exceed the 40% threshold under section 3(a)(1)(C). StepStone Group Inc.'s unconsolidated assets consist primarily of Class A units of the Partnership and 100% of the interests in the General Partner. StepStone Group Inc. is the sole managing member of the General Partner and, in such capacity, indirectly operates and controls all of the Partnership's business and affairs. We do not believe StepStone Group Inc.'s managing member interest in the General Partner is an investment security. Therefore, we believe that less than 40% of StepStone Group Inc.'s total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis comprise assets that could be considered investment securities. Accordingly, we do not believe StepStone Group Inc. is an inadvertent investment company by virtue of the 40% test in section 3(a)(1)(C) of the Investment Company Act as described in the second bullet point above. In addition, we believe StepStone Group Inc. is not an investment company under section 3(b)(1) of the Investment Company Act because it is primarily engaged in a non-investment company business.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operations of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, prohibit the issuance of stock options, and impose certain governance requirements. We intend to conduct our operations so that StepStone Group Inc. will not be deemed to be an investment company under the Investment Company Act. However, if anything were to happen that would cause StepStone Group Inc. to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on our capital structure, ability to transact business with affiliates (including us) and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among the Partnership, the General Partner, us or our senior leadership team, or any combination thereof and materially and adversely affect our business, financial condition and results of operations.

A change of control of our company, including the effect of a "Sunset," could result in an assignment of our investment advisory agreements.

Under the Investment Advisers Act, each of the investment advisory agreements for the funds and other accounts we manage must provide that it may not be assigned without the consent of the particular fund or other client. An assignment may occur under the Investment Advisers Act if, among other things, the Partnership undergoes a change of control. After a "Sunset" becomes effective, the Class B common stock will have one vote per share instead of five votes per share, and the Stockholders Agreement will expire, meaning that the Class B stockholders will no longer have the right to control the appointment of directors or to direct the vote on all matters that are submitted to our stockholders for a vote. If a third party acquired a sufficient number of shares to be able, alone or with others, to control the appointment of directors and other matters submitted to our stockholders for a vote, there could be deemed a change of control of the Partnership, and thus an assignment. If such an assignment occurs, we cannot be certain that the Partnership will be able to obtain the necessary consents from our funds and other clients, which could cause us to lose the management fees and performance fees we earn from such funds and other clients.

Because members of our senior leadership team hold their economic interest through other entities, conflicts of interest may arise between them and the holders of our Class A common stock or with us.

The Sunset Holders, who are members of our senior leadership team, beneficially owned approximately 30.9% of the outstanding Partnership units as of March 31, 2023. Because they hold their economic interest in the Partnership directly, the members of our senior leadership team may have interests that do not align with, or conflict with, those of the holders of Class A common stock or with us. For example, members of our senior leadership team will have different tax positions from Class A common stockholders, which could influence their decisions regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when to terminate either Tax Receivable Agreement and accelerate the obligations thereunder. In addition, the structuring of future transactions and investments may take into consideration the partners' tax considerations even where no similar benefit would accrue to us.

We rely on our equity ownership, governance rights and other contractual arrangements to control certain of our consolidated subsidiaries that are not wholly-owned, which may provide us less effective operational control than wholly owning such subsidiaries.

Certain of our consolidated subsidiaries are not wholly-owned by us. To the extent these subsidiaries are not wholly-owned by us, substantially all of the other owners are current StepStone professionals working for the related businesses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Organizational Structure—Ownership of Our Businesses." We have relied, and expect to continue to rely, on a combination of our equity ownership, governance rights and other contractual arrangements to control operations of these businesses. However, these arrangements may not be as effective in providing us with control over these operations as would wholly owning these subsidiaries. For example, the other owners of these subsidiaries typically have contractual rights to be significantly represented on the board of directors or other governing body of the relevant subsidiary as well as the right to participate in certain decisions affecting the subsidiary, and may assert interests that are in conflict with the interests of StepStone with regard to significant decisions affecting these subsidiaries. As a result, the arrangements we use to control the subsidiaries that are not wholly-owned may not fully protect our interests. If control over these subsidiaries and their operations is exerted less effectively by StepStone, our ability to conduct our business and our results of operations may be adversely affected.

The disparity in the voting rights among the classes of our common stock and inability of the holders of our Class A common stock to influence decisions submitted to a vote of our stockholders may have an adverse effect on the price of our Class A common stock.

Holders of our Class A common stock and Class B common stock vote together as a single class on almost all matters submitted to a vote of our stockholders. Shares of our Class A common stock and Class B common stock entitle the respective holders to identical non-economic rights, except that each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally, while each share of our Class B common stock entitles its holder to five votes on all matters to be voted on by stockholders generally until a Sunset becomes effective. After a Sunset becomes effective, each share of our Class B common stock will entitle its holder to one vote. Certain of the holders of our Class B common stock have agreed to vote all of their shares in accordance with the instructions of the Class B Committee, and therefore will exercise control over all matters requiring the approval of our stockholders, including the election of our directors and the approval of significant corporate transactions. The difference in voting rights could adversely affect the value of our Class A common stock to the extent that investors view, or any potential future purchaser of our company views, the superior voting rights and implicit control of the Class B common stock to have value.

Distributions made by the Partnership to us may be substantial, and our ability to use the cash we receive in such distributions may be limited.

Under the terms of the StepStone Limited Partnership Agreement, the Partnership is obligated to make pro rata tax distributions to us and other partners of the Partnership. We may receive distributions significantly in excess of our tax liabilities and our obligations to make payments under the Tax Receivable Agreements. Our board of directors will determine the appropriate uses for any excess cash so accumulated, which may include the payment of a cash dividend on the Class A common stock, payment of obligations under the Tax Receivable Agreements or the purchase of additional units in the Partnership. To the extent we do not take such actions and instead, for example, hold such cash balances, substantial cash may accumulate at SSG and not be invested in our business. In addition, Class B and Class C limited partners in the Partnership would benefit from any value attributable to such accumulated cash balances as a result of their ownership of Class A common stock following an exchange of their units for Class A common stock.

The dual class structure of our common stock may adversely affect the trading market for our Class A common stock.

Several stockholder advisory firms and large institutional investors oppose the use of multiple class structures. As a result, the dual class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure and may result in large institutional investors not purchasing shares of our Class A common stock. Any actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common stock.

We currently pay dividends to our stockholders, but our ability to do so is subject to the discretion of our board of directors and may be limited by our holding company structure and applicable provisions of Delaware law.

We declared and paid our first quarterly cash dividend in the fourth quarter of fiscal 2021 and have paid a quarterly cash dividend consistently thereafter. We may in the future continue to pay cash dividends to our stockholders, but our board of directors may, in its discretion, decrease the level of dividends or discontinue the payment of dividends entirely. In addition, as a holding company, we will be dependent upon the ability of the Partnership to generate earnings and cash flows and distribute them to us so that we may pay our obligations and expenses (including our taxes and payments under the Tax Receivable Agreements) and pay dividends to our stockholders. Through our ownership of a 100% membership interest in the General Partner, we expect to cause the Partnership to make distributions to its partners, including us. However, the ability of the Partnership to make such distributions will be subject to its results of operations, cash requirements and financial condition. Our ability to declare and pay dividends to our stockholders is also subject to Delaware law (which may limit the amount of funds available for dividends). If, as a consequence of these various limitations and restrictions, we are unable to generate sufficient distributions from our business, we may not be able to make, or may be required to reduce or eliminate, the payment of dividends on our Class A common stock.

General Risk Factors

The market price of our Class A common stock has been, and may continue to be volatile, which could cause the value of stockholders' investments to decline.

The price of our Class A common stock has been volatile, and we have a relatively limited trading history. During fiscal 2023, the closing price of our Class A common stock ranged from a low of $23.11, and to a high closing price of $33.76. The closing price of our Class A common stock has fallen to as low as $21.10 in fiscal 2024 to date. The price of our Class A common stock may continue to be volatile in the future. The factors described in this "Risk Factors" section may have a significant impact on the market price of our Class A common stock.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and may adversely affect the market price of our Class A common stock.

Provisions in our amended and restated certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that:

- provide that vacancies on our board of directors shall be filled only by a majority of directors then in office, even though less than a quorum, or by a sole remaining director;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms, subject to a specified Sunset;

- provide that our directors can be removed (i) for cause only as long as our board of directors is classified and (ii) following such time as our board of directors is no longer classified, with or without cause, but only upon the affirmative vote of holders of at least 66 2⁄3% of the voting power of the outstanding shares of our capital stock entitled to vote generally in the election of directors;

- provide that any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders;

- specify that special meetings of our stockholders can be called only by our board of directors or the chairman of our board of directors;

- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock; and

- reflect two classes of common stock, with Class B common stock having five votes per share and Class A common stock having one vote per share, until a Sunset becomes effective, as discussed above.

These and other provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, we are a Delaware corporation and governed by the Delaware General Corporation Law (the "DGCL"). In general, Section 203 of the DGCL, an anti-takeover law, prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock, which person or group is considered an interested stockholder under the DGCL, for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. We have elected in our amended and restated certificate of incorporation not to be subject to Section 203. However, our amended and restated certificate of incorporation contains provisions that have the same effect as Section 203, except that they provide that the Sunset Holders, their affiliates and their respective successors (other than the Company or any of our subsidiaries), as well as their direct and indirect transferees, will not be deemed to be "interested stockholders," regardless of the percentage of our voting stock owned by them, and accordingly will not be subject to such restrictions.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, and the federal district courts as the exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain what such stockholders believe to be a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our amended and restated certificate of incorporation provides that, unless we select or consent to the selection of an alternative forum, all complaints asserting any internal corporate claims, which include claims in
the right of our company (i) that are based upon a violation of a duty by a current or former director, officer, employee or stockholder in such capacity or (ii) as to which the DGCL confers jurisdiction upon the Court of Chancery, shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, another state court or a federal court located within the State of Delaware. Furthermore, unless we select or consent to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Our choice-of-forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring an interest in any shares of our capital stock shall be deemed to have notice of and to have consented to the forum provisions in our amended and restated certificate of incorporation. These choice-of-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that he, she or it believes to be favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We lease our corporate headquarters office space located at 450 Lexington Avenue, 31st Floor, New York, NY 10017. We also lease space for our offices located in Baltimore, Beijing, Charlotte, Cleveland, Dallas, Dublin, Frankfurt, La Jolla, London, Luxembourg, Mexico City, Miami, Orlando, Palo Alto, Perth, Rome, San Francisco, Santiago, São Paolo, Seoul, Sydney, Tokyo, Toronto and Zurich. We do not own any real property. We believe our existing facilities are adequate for our current needs and that suitable additional space will be available as and when needed.

Item 3. Legal Proceedings.

In the normal course of business, we may be subject to various legal, judicial and administrative proceedings. See note 16 to our consolidated financial statements included in Part II, Item 8 of this annual report on Form 10-K.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information for Common Stock

Our Class A common stock is traded on the Nasdaq Global Select Market under the symbol "STEP." There is no established public trading market for our Class B common stock.

Holders of Record

As of May 23, 2023, there was one stockholder of record of our Class A common stock and there were 61 stockholders of record of our Class B common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Dividend Policy

The declaration and payment of any dividends is subject to the approval of the board of directors of the Company, which may change our dividend policy at any time. Holders of our Class B common stock will not be entitled to dividends distributed by the Company, but will share in the distributions made by the Partnership on a pro rata basis as further discussed below. On May 24, 2023, we announced a quarterly cash dividend of $0.20 per share of Class A common stock and a supplemental cash dividend of $0.25 per share of Class A common stock, both payable on June 30, 2023 to holders of record at the close of business on June 15, 2023. The quarterly cash dividend and supplemental cash dividend relate to earnings in respect of our fourth fiscal quarter and full fiscal year 2023, respectively. The declaration of this supplemental dividend does not guarantee that the Company will declare supplemental dividends in the future and the board of directors may, in its discretion, decrease the level of dividends or discontinue the payment of dividends entirely. See "Risk Factors—Risks Related to Our Organizational Structure—We currently pay dividends to our stockholders, but our ability to do so is subject to the discretion of our board of directors and may be limited by our holding company structure and applicable provisions of Delaware law."

The following table presents information regarding quarterly dividends on Class A common shares for the periods indicated:

Quarterly Fiscal Period[1]	Dividend Payment Date	Dividend Per Share of Class A Common Stock
First quarter		N/A
Second quarter		N/A
Third quarter		N/A
Fourth quarter	March 12, 2021	$ 0.07
Total dividends paid in FY2021		$ 0.07
First quarter	July 15, 2021	$ 0.07
Second quarter	September 15, 2021	0.07
Third quarter	December 15, 2021	0.15
Fourth quarter	March 15, 2022	0.15
Total dividends paid in FY2022		$ 0.44
First quarter	June 30, 2022	$ 0.20
Second quarter	September 15, 2022	0.20
Third quarter	December 15, 2022	0.20
Fourth quarter	March 15, 2023	0.20
Total dividends paid in FY2023		$ 0.80

(1) Prior to the Company's IPO on September 16, 2020, it was a wholly-owned subsidiary of the Partnership, had a single class of common stock and did not pay dividends. As such, there is no quarterly dividend information reported for the quarter ended September 30, 2020 or any periods prior. Dividends paid, as reported in this table, relate to the preceding quarterly period in which they were earned.

Subject to funds being legally available, we intend to cause the Partnership to make distributions to each of its partners, including SSG, in an amount intended to enable each partner to pay all applicable taxes on taxable income allocable to such partner and to allow SSG to make payments under the Tax Receivable Agreements, and non-pro rata payments to SSG to reimburse it for corporate and other overhead expenses. If the amount of tax distributions to be made exceeds the amount of funds available for distribution, SSG shall receive the full amount of its tax distribution before the other partners receive any distribution and the balance, if any, of funds available for distribution shall be distributed to the other partners pro rata in accordance with their assumed tax liabilities. The declaration and payment of any other dividends by SSG will generally be at the sole discretion of its board of directors, which may change our dividend policy at any time. Holders of our Class B common stock will not be entitled to dividends distributed by SSG, but will share in the distributions made by the Partnership on a pro rata basis. In connection with deciding whether to pay any dividend to our Class A stockholders, the board of directors will take into account:

- general economic and business conditions;
- our financial condition and results of operations;
- our available cash and current and anticipated cash needs;
- our capital requirements;

- contractual, legal, tax and regulatory requirements, restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries (including the Partnership) to us; and
- such other factors as our board of directors may deem relevant.

To the extent that the tax distributions SSG receives exceed the amounts SSG actually is required to pay taxes and other expenses and make payments under the Tax Receivable Agreements (because of the lower tax rate applicable to SSG than the assumed tax rate on which such distributions are based or because a disproportionate share of the taxable income of the Partnership may be required to be allocated to partners in the Partnership other than SSG), our board of directors, in its sole discretion, will make any determination from time to time with respect to the use of any such excess cash so accumulated, including potentially causing SSG to contribute such excess cash (net of any operating expenses) to the Partnership. Concurrently with any potential contribution of such excess cash, in order to maintain the intended economic relationship between the shares of Class A common stock and the Partnership units after accounting for such contribution, the Partnership and SSG, as applicable, may undertake ameliorative actions, which may include reverse splits, reclassifications, combinations, subdivisions or adjustments of outstanding Partnership units and corresponding shares of Class A common stock, as well as corresponding adjustments to the shares of Class B common stock. To the extent that SSG contributes such excess cash to the Partnership (and undertakes such ameliorative actions), a holder of Class A common stock would not receive distributions in cash and would instead benefit through an increase in the indirect ownership interest in the Partnership represented by such holder’s Class A common stock. To the extent that SSG does not distribute such excess cash as dividends on the Class A common stock or otherwise undertake such ameliorative actions and instead, for example, holds such cash balances, the limited partners of the Partnership (not including SSG) may benefit from any value attributable to such cash balances as a result of their ownership of Class A common stock following an exchange of their Class B units for shares of the Class A common stock, notwithstanding that such limited partners may previously have participated as holders of Class B units in distributions by the Partnership that resulted in such excess cash balances at SSG.

Recent Sales of Unregistered Securities

Except as previously disclosed in Current Reports on Form 8-K, no unregistered sales of the Company’s equity securities were made during the year ended March 31, 2023.

Use of Proceeds

Not applicable.

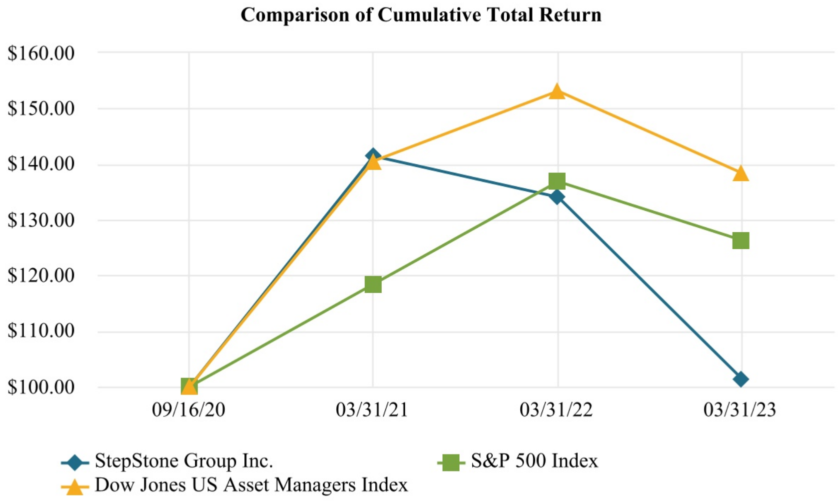
Issuer Purchases of Equity Securities

None.

Stock Performance Graph

The following performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, or otherwise subject to the liabilities under the Securities Act or Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

The following graph depicts the total cumulative stockholder return on our common stock from September 16, 2020, the first day of trading of our Class A common stock on Nasdaq, through March 31, 2023, relative to the performance of the S&P 500 Index and the Dow Jones US Asset Managers Index. The graph assumes an initial investment of $100.00 at the close of trading on September 16, 2020 and that all dividends paid by companies included in these indices have been reinvested. The performance shown in the graph below is not intended to forecast or be indicative of future stock price performance.



	September 16, 2020		March 31, 2021		March 31, 2022		March 31, 2023	
StepStone Group Inc.	$	100.00	$	141.36	$	134.05	$	101.29
S&P 500 Index	$	100.00	$	118.33	$	136.80	$	126.20
Dow Jones US Asset Managers Index	$	100.00	$	140.46	$	153.12	$	138.32

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the related notes included in Part II, Item 8 of this annual report on Form 10-K. This annual report reflects the historical results of operations and financial position of StepStone Group LP, our predecessor for accounting purposes, prior to the Reorganization and IPO. In this annual report, references to "we," "us," "our," "StepStone" and similar terms refer to SSG and its consolidated subsidiaries, including the Partnership, following the Reorganization and IPO and to the Partnership and its consolidated subsidiaries prior to the Reorganization and IPO. Unless otherwise indicated, references in this annual report to fiscal 2023, fiscal 2022 and fiscal 2021 are to our fiscal years ended March 31, 2023, 2022 and 2021, respectively.

Business Overview

We are a global private markets investment firm focused on providing customized investment solutions and advisory, data and administrative services to our clients. Our 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. We partner with our 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. These portfolios utilize several types of synergistic investment strategies with third-party fund managers, including commitments to funds ("primaries"), acquiring stakes in existing funds on the secondary market ("secondaries") and investing directly into companies ("co-investments"). As of March 31, 2023, we were responsible for approximately $621 billion of total capital, including $138 billion of assets under management ("AUM") and $482 billion of assets under advisement ("AUA").

We are a global firm and believe that our multi-asset class expertise, local knowledge, business relationships, proprietary data and technology, and presence are all critical to securing a competitive edge in the private markets. We deploy a local staffing model, operating from 25 cities across 15 countries on five continents. Our offices are staffed by investment professionals who bring valuable regional insights and language proficiency to enhance existing client relationships and build new client relationships. Since our inception in 2007, we have invested and continue to invest heavily in our platforms to drive growth and expand our investment solutions capabilities and service offerings, including through opportunistic transactions that have helped accelerate the growth of our team and capabilities. As of March 31, 2023, we had 956 total employees, including 322 investment professionals and 634 employees across our operating team and implementation teams dedicated to sourcing, executing, analyzing and monitoring private markets opportunities.

We have a flexible business model whereby many of our clients engage us for solutions across multiple asset classes and investment strategies. Our solutions are typically offered in the following commercial structures:

- *Separately managed accounts ("SMAs").* Owned by one client and managed according to their specific preferences, SMAs integrate a combination of primaries, secondaries and co-investments across one or more asset classes. SMAs are meant to address clients' specific portfolio objectives with respect to return, risk tolerance, diversification and liquidity. SMAs, including directly managed assets, comprised $82 billion of our AUM as of March 31, 2023.

- *Focused commingled funds.* Owned by multiple clients, our focused commingled funds deploy capital in specific asset classes with defined investment strategies. Focused commingled funds comprised $43 billion of our AUM as of March 31, 2023.

- *Advisory, data and administrative services.* These services include one or more of the following for our clients: (i) recurring support of portfolio construction and design; (ii) discrete or project-based due diligence, advice and investment recommendations; (iii) detailed review of existing private markets investments, including portfolio-level repositioning recommendations where appropriate; (iv) consulting on investment pacing, policies, strategic plans, and asset allocation to investment boards and committees; (v) licensed access to our proprietary data and technology platforms, including SPI and our other proprietary tools; and (vi) administrative services to unaffiliated investment advisors. Advisory relationships comprised $482 billion of our AUA and $13 billion of our AUM as of March 31, 2023.

- *Portfolio analytics and reporting.* We provide clients with tailored reporting packages, including customized performance benchmarks as well as associated compliance, administrative and tax capabilities. Mandates for portfolio analytics and reporting services typically include licensed access to our proprietary performance monitoring software, Omni. Omni tracked detailed information on over $905 billion of client commitments as of March 31, 2023, inclusive of our total capital responsibility, previously exited investments and investments of former clients.

We generate revenues from management and advisory fees and performance fees earned pursuant to contractual arrangements with our funds and our clients. We also invest our own capital in the StepStone Funds we manage to align our interests with those of our clients. Through these investments, we earn a pro-rata share of the results of such funds and may also be entitled to an allocation of performance-based fees from the limited partners in the StepStone Funds, commonly referred to as carried interest.

Trends Affecting Our Business

Our business is affected by a variety of factors, including conditions in the financial markets and economic and political conditions. Changes in global economic conditions and regulatory or other governmental policies or actions can materially affect the values of the StepStone Funds' holdings and the ability to source attractive investments and completely utilize the capital that we have raised. However, we believe our disciplined investment philosophy across our diversified investment strategies has historically contributed to the stability of our investment performance throughout market cycles. Furthermore, we operate at scale across all four private markets asset classes and service clients across a broad range of geography, type, and size, which contributes to our operating resilience and mitigates against concentration risk.

In addition to these macroeconomic trends and market factors, we believe our future performance will be influenced by the following factors:

- *The extent to which clients favor private markets investments.* Our ability to attract new capital is partially dependent on clients' views of private markets relative to traditional asset classes. We believe our fundraising efforts will continue to be subject to certain fundamental asset management trends, including (1) the increasing importance and market share of private markets investment strategies to clients of all types as clients focus on lower-correlated and absolute levels of return, (2) the increasing demand for private markets investments from private wealth clients, (3) shifting asset allocation policies of institutional clients and (4) increasing barriers to entry and growth for potential competitors.

- *Our ability to generate strong, stable returns.* Our ability to raise and retain capital is partially dependent on the investment returns we are able to generate for our clients and drives growth in our fee-earning AUM ("FEAUM") and management fees. Although our FEAUM and management fees have grown significantly since our inception, adverse market conditions or an outflow of capital in the private markets management industry in general could affect our future growth rate. In addition, market dislocations, contractions or volatility could put pressure on our returns in the future which could in turn affect our fundraising abilities.

- *Our ability to maintain our data advantage relative to competitors.* Our proprietary data and technology platforms, analytical tools and deep industry knowledge allow us to provide our clients with customized investment solutions, including asset management services and tailored reporting packages, such as customized performance benchmarks as well as compliance, administration and tax capabilities. Our ability to maintain our data advantage is dependent on a number of factors, including our continued access to a broad set of private market information and our ability to grow our relationships with fund managers and clients of all types.

- *Our ability to source investments with attractive risk-adjusted returns.* The continued growth in our revenues is dependent on our ability to identify attractive investments and deploy the capital that we have raised. However, the capital deployed in any one quarter may vary significantly from period to period due to the availability of attractive opportunities and the long-term nature of our investment strategies. Our ability to identify attractive investments is dependent on a number of factors, including the general macroeconomic environment, valuation, transaction size, and the liquidity of an investment opportunity. A significant decrease in the quality or quantity of potential opportunities could significantly and adversely affect our ability to source investments with attractive risk-adjusted returns.

- *Increased competition and clients' desire to work with fewer managers.* There has been an increasing desire on the part of larger institutional investors to build deeper relationships with fewer private markets managers. At times, this has led to certain funds being oversubscribed due to the increasing flow of capital. Our ability to invest and maintain our relationships with high-performing fund managers across private markets asset classes is critical to our clients' success and our ability to maintain our competitive position and grow our revenue.

Current Events

In 2022, financial markets experienced increased volatility amid rising interest rates, slowing economic growth, persistently high inflation and the ongoing Russia-Ukraine conflict. Central banks around the world pursued monetary policy tightening in an effort to bring down inflation to target rates, stoking recession fears. In the first calendar quarter of 2023, signs of slowing inflation coupled with a strong labor market contributed to a rebound in financial markets despite the banking system volatility as recession fears receded in anticipation that interest rates may not rise as much as previously expected.

We are continuing to closely monitor developments related to inflation, rising interest rates, the Russia-Ukraine conflict and the banking system volatility, and to assess the impact on financial markets and on our business. Our results and the overall industry results have been and may continue to be adversely affected by slowdowns in fundraising activity and the pace of capital deployment, which have resulted in, and may continue to result in, delayed or decreased management fees. Further, fund managers have been unable or less able to profitably exit existing investments, such conditions have resulted in, and may continue to result in, delayed or decreased performance fee revenues. It is currently not possible to predict the ultimate effects of these events on the financial markets, overall economy and our consolidated financial statements. See "Risk Factors—Risks Related to Our Industry—Difficult or volatile market and political conditions can adversely affect our business by reducing the market value of the assets we manage, causing our clients to reduce their investments in private markets, reducing the number of high-quality investment managers with whom we may invest, and reducing the ability of our funds to raise or deploy capital" and "Risk Factors—Banking system volatility may adversely affect the results and financial condition of the StepStone Funds or StepStone generally."

Corporate Transactions

Reorganization and Initial Public Offering

On September 18, 2020, we completed an IPO pursuant to which we issued 20,125,000 shares of Class A common stock at a price of $18.00 per share. We received net proceeds from the offering of $337.8 million, net of underwriting discounts of $24.5 million and before offering costs of $9.7 million that were incurred by the Partnership. We used approximately $209.8 million of the net proceeds from the offering to acquire 12,500,000 newly issued Class A units of the Partnership and approximately $128.0 million to purchase 7,625,000 Class B units from certain of the Partnership's existing unitholders, including certain members of senior management.

In connection with the IPO, we completed certain transactions as part of the Reorganization to, among other things, provide for Class A common stock and Class B common stock; appoint SSG as the sole managing member of StepStone Group Holdings LLC, the General Partner; complete a series of merger transactions such that certain blocker entities in which certain pre-IPO institutional investors held their interests in the Partnership merged with and into SSG, with SSG surviving, resulting in the pre-IPO institutional investors acquiring 9,112,500 shares of newly issued Class A common stock of SSG; and classify the Partnership's interests acquired by SSG as Class A units and reclassify the Partnership's interests held by the continuing partners as Class B units. See "Organizational Structure" below.

See note 1 to our consolidated financial statements included elsewhere in this annual report for more information about the Reorganization and IPO.

Greenspring Acquisition

On September 20, 2021, we completed the acquisition of 100% of Greenspring in exchange for (i) cash consideration of approximately $185 million, net of an agreed upon adjustment based upon Greenspring's net working capital balance at the closing date, (ii) 12,686,756 shares of Class A common stock and (iii) 3,071,519 newly issued Class C units of the Partnership. The transaction agreement also included an earn-out of up to $75 million that is payable in 2025 subject to the achievement of certain management fee revenue targets for calendar year 2024. The acquisition of Greenspring, a venture capital platform, is expected to expand our continued growth of our private markets capabilities across asset classes, geographies and sectors. The results of Greenspring's operations have been included in the consolidated financial statements effective September 20, 2021.

Private Wealth Transaction

In November 2022, we entered into new arrangements with the SPW management team, which are intended to update the legacy SPW compensation structure to better incentivize the SPW team to grow the platform, while ensuring the platform will remain part of StepStone going forward (the “Private Wealth Transaction”). SPW, which was formerly known as Conversus, is the platform established by us to expand access to the private markets for accredited investors. At the establishment of the platform, the SPW management team were provided an ability to acquire the platform from us in exchange for an amount which would have provided us a return of our initial investment plus an equity return.

As part of the new arrangements, certain members of the SPW team received a profits interest in SPW and concurrently entered into an option agreement which provides that (i) we have the right to acquire the profits interest at the end of any fiscal quarter after June 30, 2027 in exchange for payment of a call price and (ii) the SPW management team, through an entity named CH Equity Partners, LLC (formerly known as Conversus Holdings LLC), has the right to put the profits interest to us on June 30, 2026 or at the end of any fiscal quarter thereafter, in exchange for payment of a put price. The applicable call or put price is, in certain circumstances, subject to an earn-out or earn-down. The call or put price will be payable in cash unless we elect to pay a portion of the consideration in units of the Partnership, each to be exchangeable into shares of our Class A common stock, and, in either case, rights under one or more tax receivable agreements.

Equity Transactions

In June 2022, we issued 257,776 shares of Class A common stock to certain limited partners of the Partnership in exchange for 257,776 Class B units in accordance with elective exchange notices submitted pursuant to an agreement with the Class B limited partners (the “Class B Exchange Agreement”) to allow for exchange of Class B units of the Partnership to shares of our Class A common stock on a one-for-one basis, subject to certain restrictions. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us.

In September 2022, we issued 175,000 shares of Class A common stock to certain limited partners of the Partnership in exchange for 175,000 Class B units in accordance with elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us.

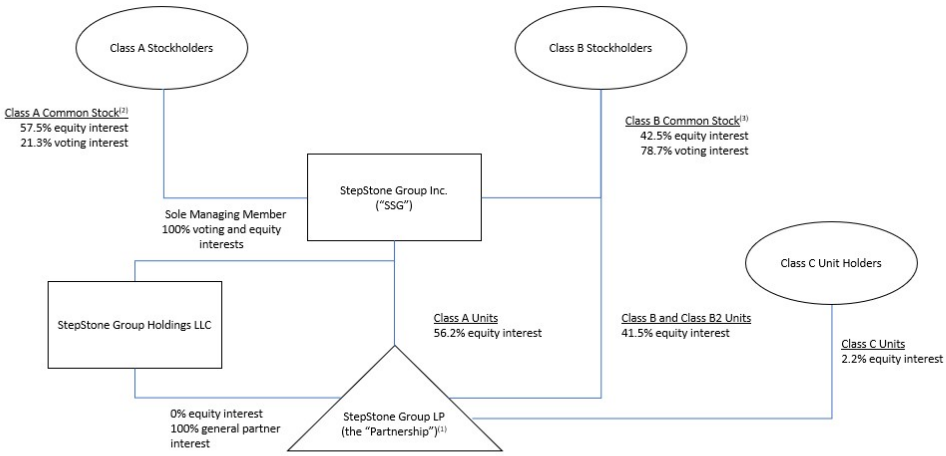
In December 2022, we issued 296,756 shares of Class A common stock to certain limited partners of the Partnership in exchange for 296,756 Class B units in accordance with elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. On the same date, we also issued 414,739 shares of Class A common stock to certain limited partners of the Partnership in exchange for 414,739 Class C units in accordance with the elective exchange notices submitted pursuant to an agreement with the Class C limited partners (the “Class C Exchange Agreement”) to allow for exchange of Class C units of the Partnership to shares of our Class A common stock on a one-for-one basis, subject to certain restrictions.

Organizational Structure

SSG is a holding company and its only business is to act as the managing member of the General Partner, and its only material assets are Class A units in the Partnership and 100% of the interests in the General Partner. In its capacity as the sole managing member of the General Partner, SSG indirectly operates and controls all of the Partnership's business and affairs. Therefore, we consolidate the financial results of the Partnership and report non-controlling interests ("NCI") related to the Class B units and Class C units held by partners of the Partnership in our consolidated financial statements.

Pursuant to the StepStone Limited Partnership Agreement, the Class B Exchange Agreement and Class C Exchange Agreement that SSG and the Partnership entered into with partners holding Class B units and Class C units of the Partnership, respectively, each Class B unit or Class C unit is exchangeable for one share of SSG's Class A common stock or, at SSG's election, for cash, subject to certain restrictions specified in the relevant exchange agreement. When a Class B unit or Class C unit is surrendered for exchange, it will not be available for reissuance. When a Class B unit is exchanged for a share of SSG's Class A common stock, a corresponding share of SSG's Class B common stock will automatically be redeemed by SSG at par value and canceled. There are no corresponding shares of common stock for the Class C units.

The diagram below illustrates our organizational structure as of March 31, 2023.



Amounts may not sum to total due to rounding.

(1) The partners of the Partnership other than StepStone Group Inc. are:
- the General Partner, which holds a 100% general partner interest and no economic interests;
- certain members of management, employee owners and outside investors, all of whom own Class B units and an equivalent number of shares of Class B common stock;
- certain members of management and employees who own Class B2 units; and
- certain employee owners who own Class C units.

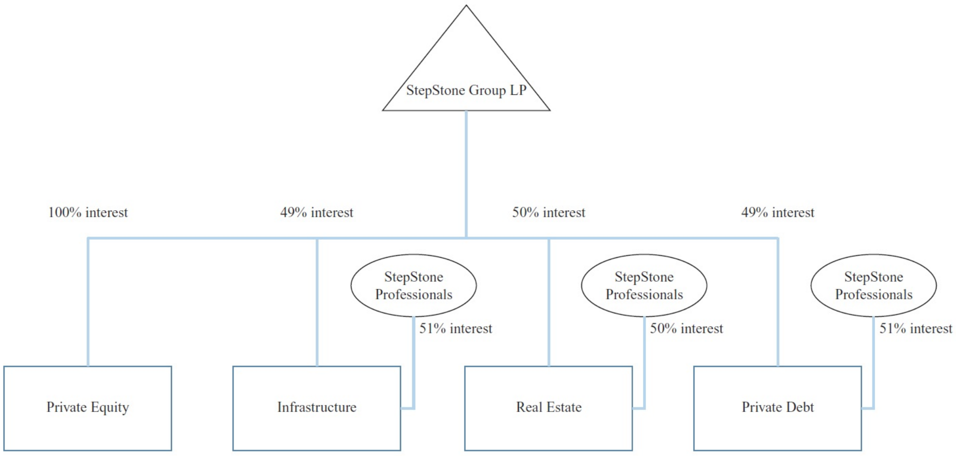
(2) Each share of Class A common stock is entitled to one vote and vote together with the Class B common stock as a single class, except as set forth in SSG's amended and restated certificate of incorporation or as required by law.

(3) Each share of Class B common stock is entitled to five votes prior to a Sunset (as defined below). After a Sunset becomes effective, each share of our Class B common stock will then entitle its holder to one vote. The economic rights of our Class B common stock are limited to the right to be redeemed at par value.

A "Sunset" is triggered upon the earliest to occur of the following: (i) Monte Brem, Scott Hart, Jason Ment, Jose Fernandez, Johnny Randel, Michael McCabe, Mark Maruszewski, Thomas Keck, Thomas Bradley, David Jeffrey and Darren Friedman (including their respective family trusts and any other permitted transferees, the "Sunset Holders") collectively cease to maintain direct or indirect beneficial ownership of at least 10% of the outstanding shares of Class A common stock (determined assuming all outstanding Class B units have been exchanged for Class A common stock); (ii) the Sunset Holders cease collectively to maintain direct or indirect beneficial ownership of an aggregate of at least 25% of the aggregate voting power of our outstanding Class A common stock and Class B common stock, before giving effect to a Sunset; and (iii) September 18, 2025. As of March 31, 2023 the Sunset Holders collectively maintained direct or indirect beneficial ownership of approximately 30.9% of the Class A common stock (determined assuming all outstanding Class B units have been exchanged for Class A common stock) and approximately 56.2% of the aggregate voting power of our outstanding Class A common stock and Class B common stock.

Ownership of Our Businesses

Certain of our consolidated subsidiaries are not wholly-owned by us. To the extent these subsidiaries are not wholly-owned, substantially all of the other owners are current StepStone professionals working for the related businesses. We believe this ownership structure has benefited us by aligning our interests with the interests of our employees. We use, and expect to continue to use, a combination of our equity ownership, governance rights and other contractual arrangements to control operations of these businesses. SSG consolidates all entities that it controls due to a majority voting interest or because it is the primary beneficiary of a variable interest entity. See note 4 to our consolidated financial statements included elsewhere in this annual report for information on variable interest entities. The diagram below summarizes the ownership structure of the Partnership's consolidated operations on a fully diluted basis.



Segments

We operate as one business, a fully-integrated private markets solutions provider. Our chief operating decision maker, who is our chief executive officer, utilizes a consolidated approach to assess performance and allocate resources. As such, we operate in one business segment.

Key Financial Measures

Our key financial measures are discussed below. Additional information regarding our significant accounting policies can be found in note 2 to our consolidated financial statements included in Part II, Item 8 of this annual report.

Revenues

We generate revenues primarily from management and advisory fees, incentive fees and allocations of carried interest.

Management and Advisory Fees, Net

Management and advisory fees, net, consist of fees received from managing SMAs and focused commingled funds, advisory, data and administrative services, and portfolio analytics and reporting.

- Management fees from SMAs are generally based on a contractual rate applied to committed capital or net invested capital. These fees will vary over the life of the contract due to changes in the fee basis or contractual rate changes or thresholds, built-in declines in applicable contractual rates, and/or changes in net invested capital balances. The weighted-average management fee rate from SMAs was approximately 0.40% and 0.40% of average FEAUM in fiscal 2022 and 2023, respectively.

- Management fees from focused commingled funds are generally based on a specified fee rate applied against client capital commitments during a defined investment or commitment period. Thereafter, management fees are typically calculated based on a contractual rate applied against net invested capital, or a stepped-down fee rate applied against the initial commitment. The weighted-average management fee rate from focused commingled funds was approximately 0.85% and 0.82% of average FEAUM in fiscal 2022 and 2023, respectively, and primarily reflected shifts in asset class mix and the impact of the Greenspring acquisition.

- The weighted-average management fee rate across SMAs and focused commingled funds was approximately 0.52% and 0.54% of average FEAUM in fiscal 2022 and 2023, respectively, and primarily reflected the timing of new funds and shifts in mix between SMAs and focused commingled funds.

- Fee revenues from advisory, SPAR, SPI or administrative services are generally annual fixed fees, which vary based on the scope of services we provide. We also provide certain project-based or event-driven advisory services. The fees for these services are negotiated and typically paid upon successful delivery of services or on the execution of the event-driven service. Because advisory fees are negotiated and typically paid upon successful delivery of services or on the execution of the event-driven service, advisory fees do not necessarily correlate with the total size of our AUA.

- Management fees are reflected net of (i) certain professional and administrative services that we arrange to be performed by third parties on behalf of investment funds and (ii) certain distribution and servicing fees paid to third-party financial institutions. In both situations, we are acting as an agent because we do not control the services provided by the third parties before they are transferred to the customer.

Performance Fees

We earn two types of performance fee revenues: incentive fees and carried interest allocations, as described below. As of March 31, 2023, we had over $63 billion of performance fee-eligible capital (excluding certain legacy Greenspring funds) across approximately 180 programs.

Incentive fees comprise fees earned from certain client investment mandates for which we do not have a general partnership interest in a StepStone Fund. Incentive fees are generally calculated as a percentage of the profits (up to 15%) earned in respect of certain accounts, including certain permanent capital vehicles, for which we are the investment adviser, subject to the achievement of minimum return levels or performance benchmarks. Incentive fees are a form of variable consideration and represent contractual fee arrangements in our contracts with our customers. Incentive fees are typically subject to reversal until the end of a defined performance period, as these fees are affected by changes in the fair value of the assets under management or advisement over such performance period. Moreover, incentive fees that are received prior to the end of the defined performance period are typically subject to clawback, net of tax.

We recognize incentive fee revenue only when these amounts are realized and no longer subject to significant risk of reversal, which is typically at the end of a defined performance period and/or upon expiration of the associated clawback period (i.e., crystallization). However, clawback terms for incentive fees received prior to crystallization only require the return of amounts on a net of tax basis. Accordingly, the tax-related portion of incentive fees received in advance of crystallization is not subject to clawback and is therefore recognized as revenue immediately upon receipt. Incentive fees received in advance of crystallization that remain subject to clawback are recorded as deferred incentive fee revenue and included in accounts payable, accrued expenses and other liabilities in the consolidated balance sheets.

Carried interest allocations include the allocation of performance-based fees, commonly referred to as carried interest, to us from limited partners in the StepStone Funds in which we hold an equity interest. We are entitled to a carried interest allocation (typically 5% to 15%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. These carried interest allocations are subject to the achievement of minimum return levels (typically 5% to 10%), in accordance with the terms set forth in the respective fund's governing documents. We account for our investment balances in the StepStone Funds, including carried interest allocations, under the equity method of accounting because we are presumed to have significant influence as the general partner or managing member. Accordingly, carried interest allocations are not deemed to be within the scope of Accounting Standards Codification Topic 606 ("ASC 606"), *Revenue from Contracts with Customers*.

Legacy Greenspring carried interest allocations include the allocation of carried interest to legacy Greenspring general partner entities from limited partners in certain legacy Greenspring funds in which the legacy Greenspring general partner entities hold an equity interest. The legacy Greenspring general partner entities are entitled to a carried interest allocation (typically 5% to 20%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. We account for the investment balances in the legacy Greenspring funds, including carried interest allocations, under the equity method of accounting because we are presumed to have significant influence as the general partner or managing member. Accordingly, legacy Greenspring carried interest allocations are not deemed to be within the scope of ASC 606. We do not have any direct economic interests in the legacy Greenspring general partner entities and thus are not entitled to any carried interest allocation from the legacy Greenspring funds. All of the carried interest allocations in respect of such legacy Greenspring funds are payable to employees who are considered affiliates to us and are therefore reflected as legacy Greenspring performance fee-related compensation in the consolidated statements of income.

We recognize revenue attributable to carried interest allocations from a StepStone Fund based on the amount that would be due to us pursuant to the fund's governing documents, assuming the fund was liquidated based on the current fair value of its underlying investments as of that date. Accordingly, the amount recognized as carried interest allocation revenue reflects our share of the gains and losses of the associated fund's underlying investments measured at their then-fair values, relative to the fair values as of the end of the prior period. We record the amount of carried interest allocated to us as of each period end as accrued carried interest allocations, which is included as a component of investments in the consolidated balance sheets. Our determination of fair value for investments in the underlying funds includes various valuation techniques. These techniques may include a market approach, recent transaction price, net asset value approach, or discounted cash flows, and may use one or more significant unobservable inputs such as EBITDA, revenue multiples, discount rates, weighted-average cost of capital, exit multiples, or terminal growth rates.

Carried interest is realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the specific hurdle rates, as defined in the applicable governing documents. Carried interest is subject to reversal to the extent that the amount received to date exceeds the amount due to us based on cumulative results. As such, a liability is accrued for the potential clawback obligations if amounts previously distributed to us would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life. As of March 31, 2023 and 2022, no material amounts for potential clawback obligations had been accrued.

Expenses

Cash-based compensation primarily includes salaries, bonuses, employee benefits and employer-related payroll taxes.

Equity-based compensation represents grants of equity related awards or arrangements to certain employees and directors.

Performance fee-related compensation represents the portion of carried interest allocation revenue and incentive fees that have been awarded to employees as a form of long-term incentive compensation. Performance fee-related compensation is generally tied to the investment performance of the StepStone Funds. Approximately 50% of carried interest allocation revenue is awarded to employees as part of our long-term incentive compensation plan, fostering alignment of interest with our clients and investors, and retaining key investment professionals. Carried interest-related compensation is accounted for as compensation expense in conjunction with the related carried interest allocation revenue and, until paid, is recorded as a component of accrued carried interest-related compensation in the consolidated balance sheets. Carried interest-related compensation expense also includes the portion of net carried interest allocation revenue attributable to equity holders of our consolidated subsidiaries that are not 100% owned by us. Amounts presented as realized indicate the amounts paid or payable to employees based on the receipt of carried interest allocation revenue from realized investment activity. Carried interest-related compensation expense may be subject to reversal to the extent that the related carried interest allocation revenue is reversed. Carried interest-related compensation paid to employees may be subject to clawback on an after-tax basis under certain scenarios. To date, no material amounts of realized carried interest-related compensation have been reversed. Incentive fee-related compensation is accrued as compensation expense when it is probable and estimable that payment will be made.

Legacy Greenspring performance fee-related compensation represents the legacy Greenspring carried interest allocations which are entirely payable to certain employees. Legacy Greenspring carried interest-related compensation is accounted for as compensation expense in conjunction with the related legacy Greenspring carried interest allocation revenue and, until paid, is recorded as a component of legacy Greenspring accrued carried interest-related compensation in the consolidated balance sheets. Legacy Greenspring carried interest-related compensation expense may be subject to reversal to the extent that the related legacy Greenspring carried interest allocation revenue is reversed. However, none of the legacy Greenspring carried interest allocation revenue is attributable to the Company.

General, administrative and other includes occupancy, travel and related costs, insurance, legal and other professional fees, depreciation, amortization of intangible assets, system-related costs, and other general costs associated with operating our business. Beginning in the quarter ended December 31, 2022, general, administrative and other includes costs associated with the Consolidated Funds. Expenses of the Consolidated Funds have no impact on net income or loss attributable to us to the extent such expenses are borne by third-party investors.

Other Income (Expense)

Investment income (loss) primarily represents our share of earnings (losses) from the investments we make in our SMAs and focused commingled funds. We, either directly or through our subsidiaries, generally have a general partner interest in the StepStone Funds, which invest in primary funds, secondary funds and co-investment funds, or a combination thereof. Investment income will increase or decrease based on the earnings of the StepStone Funds, which are primarily driven by net realized and unrealized gains (losses) on the underlying investments held by the funds. Our co-investment funds invest in underlying portfolio companies and therefore their valuation changes from period to period are more influenced by individual companies than our primary and secondary funds, which have exposures across multiple portfolio companies in underlying private markets funds. Our SMAs and focused commingled funds invest across various industries, strategies and geographies.

Consequently, our general partner investments do not include any significant concentrations in a specific sector or geography outside the United States. Investment income and legacy Greenspring investment income exclude carried interest allocations, which are presented as revenues as described above.

Legacy Greenspring investment income (loss) represents our share of earnings (losses) from the investments we make in certain legacy Greenspring funds through the legacy Greenspring general partner entities. We have no direct economic interests in the legacy Greenspring general partner entities. As a result, all such income is reflected as non-controlling interests in legacy Greenspring entities. Legacy Greenspring investment income will increase or decrease based on the earnings of such legacy Greenspring funds, which are primarily driven by net realized and unrealized gains (losses) on the underlying investments held by the funds.

Investment income (loss) of Consolidated Funds represents gains (losses) from the investments held by the Consolidated Funds.

Interest income consists of income earned on cash and cash equivalents, restricted cash and certificates of deposit. Beginning in the quarter ended December 31, 2022, interest income includes amounts associated with the Consolidated Funds.

Interest expense primarily consists of the interest expense on the Revolver and our previously outstanding term loan, as well as the related amortization of deferred financing costs and amortization of original issue discount. The year ended March 31, 2021 includes a $3.5 million charge related to the write-off of unamortized debt issuance costs and discount in connection with the full repayment of our previously outstanding term loan in connection with the IPO in September 2020.

Other income (loss) includes foreign currency transaction gains and losses and non-operating activities. Beginning in the quarter ended December 31, 2022, other income (loss) includes amounts associated with the Consolidated Funds.

Income Tax Expense

We are a corporation for U.S. federal income tax purposes and therefore are subject to U.S. federal and state income taxes on our share of taxable income generated by the Partnership. The Partnership is treated as a pass-through entity for U.S. federal and state income tax purposes. As such, income generated by the Partnership flows through to its limited partners, including us, and is generally not subject to U.S. federal or state income tax at the Partnership level. Our non-U.S. subsidiaries generally operate as corporate entities in non-U.S. jurisdictions, with certain of these entities subject to local or non-U.S. income taxes. Additionally, certain of our subsidiaries are subject to local jurisdiction income taxes at the entity level, which are reflected within income tax expense in the consolidated statements of income. As a result, the Partnership does not record U.S. federal and state income taxes on income in the Partnership or its subsidiaries, except for certain local and foreign income taxes discussed above.

Non-Controlling Interests

Non-controlling interests (“NCI”) reflect the portion of income or loss and the corresponding equity attributable to third-party equity holders and employees in certain consolidated subsidiaries that are not 100% owned by us. Non-controlling interests are presented as separate components in our consolidated statements of income to clearly distinguish between our interests and the economic interests of third parties and employees in those entities. Net income (loss) attributable to SSG, as reported in the consolidated statements of income, is presented net of the portion of net income (loss) attributable to holders of non-controlling interests.

Non-controlling interests in subsidiaries represent the economic interests in the consolidated subsidiaries of the Partnership held by third parties and employees in those entities. Non-controlling interests in subsidiaries are allocated a share of income or loss in the respective consolidated subsidiary in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Non-controlling interests in legacy Greenspring entities represent the economic interests in the legacy Greenspring general partner entities. We did not acquire any direct economic interests in the legacy Greenspring general partner entities. As a result, all of the net income related to the legacy Greenspring general partner entities is allocated to non-controlling interests in legacy Greenspring entities.

Redeemable non-controlling interests in Consolidated Funds represent the economic interests in the Consolidated Funds which are not held by us, but are held by the third-party investors in the funds. Redeemable non-controlling interests in Consolidated Funds are allocated a share of income or loss in the respective fund in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Non-controlling interests in the Partnership represent the economic interests in the Partnership held by the Class B and Class C unitholders of the Partnership. Non-controlling interests in the Partnership are allocated a share of income or loss in the Partnership in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Key Operating Metrics

We monitor certain operating metrics that are either common to the asset management industry or that we believe provide important data regarding our business.

Assets Under Management

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) 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. Our AUM does not include post-period investment valuation or cash activity. AUM as of March 31, 2023 reflects final data for the prior period (December 31, 2022), adjusted for net new client account activity through March 31, 2023. NAV data for underlying investments is as of December 31, 2022, as reported by underlying managers up to 114 days following December 31, 2022. When NAV data is not available 114 days following December 31, 2022, such NAVs are adjusted for cash activity following the last available reported NAV.

Assets Under Advisement

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. Our AUA does not include post-period investment valuation or cash activity. AUA as of March 31, 2023 reflects final data for the prior period (December 31, 2022), adjusted for net new client account activity through March 31, 2023. NAV data for underlying investments is as of December 31, 2022, as reported by underlying managers up to 114 days following December 31, 2022. When NAV data is not available 114 days following December 31, 2022, such NAVs are adjusted for cash activity following the last available reported NAV.

Fee-Earning AUM

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.

Our calculation of FEAUM may differ from the calculations of other asset managers and, as a result, may not be comparable to similar measures presented by other asset managers.

Undeployed Fee-Earning Capital

Undeployed fee-earning capital represents the amount of capital commitments to StepStone Funds that has not yet been invested or considered active but will generate management fee revenue once this capital is invested or activated.

Consolidation of StepStone Funds

Beginning in the quarter ended December 31, 2022, we consolidated one investment fund for which we are deemed to have a controlling financial interest. The activity of the Consolidated Funds is reflected within the consolidated financial statement line items as indicated by reference thereto. The impact of the Consolidated Funds decrease revenues reported under GAAP to the extent these amounts are eliminated upon consolidation. The assets and liabilities of our Consolidated Funds are held within separate legal entities and, as a result, the liabilities of our Consolidated Funds are typically non-recourse to us. The net economic ownership interests of our Consolidated Funds held by third parties are reflected as redeemable non-controlling interests in Consolidated Funds in our consolidated financial statements. We generally deconsolidate funds when we are no longer deemed to have a controlling financial interest in the entity. The performance of our Consolidated Funds is not necessarily consistent with, or representative of, the combined performance trends of all of our funds.

Consolidated Results of Operations

We consolidate funds and entities where we are deemed to hold a controlling financial interest. The Consolidated Funds are not necessarily the same entities in each year presented due to changes in ownership, changes in limited partners' or investor rights, and the creation and termination of funds and entities. The following is a discussion of our consolidated results of operations for the periods presented. The information is derived from our accompanying consolidated financial statements prepared in accordance with GAAP.

	Year Ended March 31,		
(in thousands)	**2023**	**2022**	**2021**
Revenues			
Management and advisory fees, net	$ 497,179	$ 380,257	$ 285,462
Performance fees:			
Incentive fees	9,663	11,593	5,474
Carried interest allocations:			
Realized	131,089	200,718	62,953
Unrealized	(253,342)	585,851	433,827
Total carried interest allocations	(122,253)	786,569	496,780
Legacy Greenspring carried interest allocations(1)	(452,163)	187,106	—
Total revenues	(67,574)	1,365,525	787,716
Expenses			
Compensation and benefits:			
Cash-based compensation	252,180	197,482	157,123
Equity-based compensation	24,940	13,996	7,899
Performance fee-related compensation:			
Realized	79,846	91,208	30,532
Unrealized	(119,039)	312,903	215,508
Total performance fee-related compensation	(39,193)	404,111	246,040
Legacy Greenspring performance fee-related compensation(1)	(452,163)	187,106	—
Total compensation and benefits	(214,236)	802,695	411,062
General, administrative and other	147,159	110,468	48,485
Total expenses	(67,077)	913,163	459,547
Other income (expense)			
Investment income (loss)	(2,509)	26,160	16,407
Legacy Greenspring investment income (loss)(1)	(44,075)	32,586	—
Investment income of Consolidated Funds	9,315	—	—
Interest income	1,921	337	413
Interest expense	(4,189)	(1,113)	(7,360)
Other income (loss)	(1,420)	2,249	220
Total other income (expense)	(40,957)	60,219	9,680
Income (loss) before income tax	(41,454)	512,581	337,849
Income tax expense	3,821	28,300	23,256
Net income (loss)	(45,275)	484,281	314,593
Less: Net income attributable to non-controlling interests in subsidiaries	35,194	26,608	23,176
Less: Net income (loss) attributable to non-controlling interests in legacy Greenspring entities(1)	(44,075)	32,586	—
Less: Net income (loss) attributable to non-controlling interests in the Partnership	(19,772)	231,202	228,783
Less: Net income attributable to redeemable non-controlling interests in Consolidated Funds	1,776	—	—
Net income (loss) attributable to StepStone Group Inc.	$ (18,398)	$ 193,885	$ 62,634

(1) Reflects amounts attributable to consolidated VIEs for which we did not acquire any direct economic interests. See notes 3, 5 and 15 to our consolidated financial statements included elsewhere in this annual report.

Revenues

Year Ended March 31, 2023 Compared to Year Ended March 31, 2022

Total revenues decreased $1,433.1 million to $(67.6) million for fiscal 2023 as compared to fiscal 2022, due to negative carried interest allocations and legacy Greenspring carried interest allocations in the current period as compared to positive carried interest allocations and legacy Greenspring carried interest allocations in the prior year period and lower incentive fees, partially offset by higher net management and advisory fees, in each case, as described below.

Net management and advisory fees increased $116.9 million, or 31%, to $497.2 million for fiscal 2023 as compared to fiscal 2022. The increase was driven by new client activity and 28% growth in average FEAUM (or 21% excluding the impact of Greenspring) across the platform, as well as retroactive fees of $2.8 million from the final closing of StepStone Capital Partners V ("SCP V") and additional closings on StepStone's multi-strategy global venture capital fund. The prior year period included $7.7 million of retroactive fees from the final closing of StepStone Tactical Growth Fund III ("STGF III") and additional closings of SCP V. For new investors, fees relating to periods prior to the closing date are considered retroactive.

Incentive fees decreased $1.9 million, or 17%, to $9.7 million for fiscal 2023 as compared to fiscal 2022, reflecting lower realization activity.

Realized carried interest allocation revenues decreased $69.6 million, or 35%, to $131.1 million for fiscal 2023 as compared to fiscal 2022, reflecting lower realization activity within our private equity funds. Unrealized carried interest allocation revenues include the reversal of realized carried interest allocation revenues. Excluding the reversal of $131.1 million, unrealized carried interest allocation revenues decreased $908.8 million, or 116%, to $(122.3) million for fiscal 2023 compared to fiscal 2022. The decrease in unrealized carried interest allocations for fiscal 2023 primarily reflected a net decrease in the cumulative allocation of gains associated with the underlying portfolios within our private equity funds.

Legacy Greenspring carried interest allocation revenues decreased $639.3 million to $(452.2) million for fiscal 2023 as compared to fiscal 2022. Fiscal 2023 reflects gross realized carried interest allocations of $74.7 million and unrealized carried interest allocations, net of the reversal of carried interest allocations, of $(526.8) million. Fiscal 2022 reflects gross realized carried interest allocations of $92.2 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of $94.9 million for the period from September 20, 2021 to March 31, 2022.

Year Ended March 31, 2022 Compared to Year Ended March 31, 2021

Total revenues increased $577.8 million, or 73%, to $1,365.5 million for fiscal 2022 as compared to fiscal 2021, due to higher carried interest allocations, net management and advisory fees, incentive fees and the inclusion of legacy Greenspring carried interest allocations in the current year, in each case, as described below.

Net management and advisory fees increased $94.8 million, or 33%, to $380.3 million for fiscal 2022 as compared to fiscal 2021. The increase was driven by new client activity and a 39% growth in average FEAUM (or 25% excluding the impact of Greenspring) across the platform, as well as retroactive fees of $7.7 million from the final closing for STGF III and additional closings of SCP V. The prior year period included $9.0 million of retroactive fees from the final closing of StepStone Real Estate Partners IV ("SREP IV"). For new investors, fees relating to periods prior to the closing date are considered retroactive.

Incentive fees increased $6.1 million, or 112%, to $11.6 million for fiscal 2022 as compared to fiscal 2021, reflecting higher realization activity and recognition of deferred incentive fees in the current year.

Realized carried interest allocation revenues increased $137.8 million, or 219%, to $200.7 million for fiscal 2022, reflecting higher realization activity within our private equity funds. Unrealized carried interest allocation revenues include the reversal of realized carried interest allocation revenues. Excluding the reversal of $200.7 million, unrealized carried interest allocation revenues increased $289.8 million, or 58%, to $786.6 million for fiscal 2022 compared to fiscal 2021. The increase in unrealized carried interest allocations for fiscal 2022 primarily reflected a larger increase in the cumulative allocation of gains associated with the underlying portfolios within our private equity funds.

Legacy Greenspring carried interest allocation revenues of $187.1 million for fiscal 2022 reflect gross realized carried interest allocations of $92.2 million and unrealized carried interest allocations, net of the reversal of realized carried interest allocations, of $94.9 million for the period from September 20, 2021 to March 31, 2022.

Expenses

Year Ended March 31, 2023 Compared to Year Ended March 31, 2022

Total expenses decreased $980.2 million to $(67.1) million for fiscal 2023 as compared to fiscal 2022, due to decreases in legacy Greenspring performance fee-related compensation and performance fee-related compensation, partially offset by increases in cash-based compensation, general, administrative and other expenses, and equity-based compensation, in each case, as described below.

Cash-based compensation increased $54.7 million, or 28%, to $252.2 million for fiscal 2023 as compared to fiscal 2022, due to increased staffing and compensation levels. Our average full-time headcount increased 31% (or 27% excluding the impact of Greenspring) in the current year period as compared to the prior year period.

Equity-based compensation increased $10.9 million, or 78%, to $24.9 million for fiscal 2023 as compared to fiscal 2022. The increase was primarily attributable to the inclusion of expense related to liability classified awards in the current year period and no comparable expense in the prior year period, as well as the full year impact of restricted stock units (“RSUs”) awarded to certain employees and directors in the prior year period and additional grants of RSUs granted in the current year period.

Performance fee-related compensation expense decreased $443.3 million to $(39.2) million for fiscal 2023 as compared to fiscal 2022, primarily reflecting the decrease in carried interest allocation revenue. Realized performance fee-related compensation decreased $11.4 million, or 12%, to $79.8 million for fiscal 2023 as compared to fiscal 2022, primarily reflecting lower realization activity. The decrease was partially offset by an increase reflecting realized carried interest allocations recognized in the current year period from certain funds for which a higher portion is paid to employees as realized performance fee-related compensation.

Legacy Greenspring performance fee-related compensation expense decreased $639.3 million to $(452.2) million for fiscal 2023 as compared to fiscal 2022. Fiscal 2023 reflects gross realized performance fee-related compensation expense of $74.7 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of $(526.8) million. Fiscal 2022 reflects gross realized performance fee-related compensation expense of $92.2 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of $94.9 million for the period from September 20, 2021 to March 31, 2022.

General, administrative and other expenses increased $36.7 million, or 33%, to $147.2 million for fiscal 2023 as compared to fiscal 2022. The overall increase primarily reflected increases of $19.0 million in amortization expense for intangibles, $10.6 million of travel and associated costs for investment evaluation and client service, $3.8 million in information and technology expenses, $3.4 million in professional fees, $3.3 million in occupancy costs, $1.6 million in conference expenses, $1.6 million in human resources and recruiting expenses, $1.5 million in accelerated depreciation for leasehold improvements due to a reduction in lease terms, $0.7 million in business taxes and other general operating expenses, partially offset by a decrease in transaction costs of $7.4 million and a gain of $2.7 million within occupancy costs related to lease remeasurement adjustments due to a reduction in lease terms.

Year Ended March 31, 2022 Compared to Year Ended March 31, 2021

Total expenses increased $453.6 million, or 99%, to $913.2 million for fiscal 2022 as compared to fiscal 2021, reflecting increases in performance fee-related compensation, general, administrative and other expenses, cash-based compensation, equity-based compensation, and the inclusion of legacy Greenspring performance fee-related compensation in the current year, in each case, as described below.

Cash-based compensation increased $40.4 million, or 26%, to $197.5 million for fiscal 2022 as compared to fiscal 2021, due to increased staffing and compensation levels. Our average full-time headcount increased 24% (or 12% excluding the impact of Greenspring) in the current year period as compared to the prior year period.

Equity-based compensation increased $6.1 million, or 77%, to $14.0 million for fiscal 2022 as compared to fiscal 2021. The increase was attributable to the grant of RSUs made to certain employees and directors in connection with our IPO in September 2020. As such grants were not outstanding for the period prior to the IPO, this resulted in lower expense in the prior year period. The increase was also attributable to additional grants of RSUs made to certain employees and directors in the current year period.

Performance fee-related compensation expense increased $158.1 million, or 64%, to $404.1 million for fiscal 2022 as compared to fiscal 2021, primarily reflecting the increase in carried interest allocation revenue. Realized performance fee-related compensation increased $60.7 million, or 199%, to $91.2 million for fiscal 2022 as compared to fiscal 2021, primarily reflecting higher realization activity.

Legacy Greenspring performance fee-related compensation expense of $187.1 million for fiscal 2022 reflects gross realized performance fee-related compensation expense of $92.2 million and unrealized performance fee-related compensation expense, net of the reversal of realized performance fee-related compensation expense, of $94.9 million for the period from September 20, 2021 to March 31, 2022.

General, administrative and other expenses increased $62.0 million, or 128%, to $110.5 million for fiscal 2022 as compared to fiscal 2021. The overall increase primarily reflected increases of $21.2 million in amortization expense for intangibles, $13.9 million in transaction costs, $8.0 million in loss on change in fair value for contingent consideration obligation, $4.8 million in professional fees, $3.6 million of travel and associated costs for investment evaluation and client service, $2.9 million in insurance costs, $2.6 million in information and technology expenses, $1.8 million in occupancy costs, $1.6 million in recruiting costs and other general operating expenses.

Other Income (Expense)

Year Ended March 31, 2023 Compared to Year Ended March 31, 2022

Investment income decreased $28.7 million to a loss of $2.5 million for fiscal 2023 as compared to fiscal 2022, primarily reflecting overall changes in the valuations of the underlying investments in the StepStone Funds.

Legacy Greenspring investment income decreased $76.7 million to a loss of $44.1 million for fiscal 2023 as compared to fiscal 2022. Fiscal 2023 reflects gross realized investment income of $6.6 million and unrealized investment loss, net of the reversal of realized investment income, of $50.6 million. Fiscal 2022 reflects gross realized investment income of $7.8 million and unrealized investment income, net of the reversal of realized investment income, of $24.8 million for the period from September 20, 2021 to March 31, 2022.

Investment income of Consolidated Funds of $9.3 million for fiscal 2023 primarily reflects overall changes in the valuations of the underlying investments of the Consolidated Funds.

Interest income increased $1.6 million, or 470%, to $1.9 million for fiscal 2023 as compared to fiscal 2022 primarily due to higher average interest rates earned on cash and cash equivalent balances. Interest income attributable to Consolidated Funds was $0.2 million in the current year period as compared to zero in the prior year period.

Interest expense increased $3.1 million, or 276%, to $4.2 million for fiscal 2023 as compared to fiscal 2022. The increase was due to a full period of interest, higher average interest rates, and higher average outstanding balances under the Revolver during the current year period, as compared with the prior year period.

Other income (loss) decreased $3.7 million to a loss of $1.4 million for fiscal 2023 as compared to fiscal 2022, primarily reflecting a larger gain related to adjustments in connection with the Tax Receivable Agreements in the prior year period as compared with the current year period, and net foreign currency transaction losses in the current year period.

Year Ended March 31, 2022 Compared to Year Ended March 31, 2021

Investment income increased $9.8 million, or 59%, to $26.2 million for fiscal 2022 as compared to fiscal 2021, primarily reflecting overall changes in the valuations of the underlying investments in the StepStone Funds.

Legacy Greenspring investment income of $32.6 million for fiscal 2022 reflects gross realized investment income of $7.8 million and unrealized investment income, net of the reversal of realized investment income, of $24.8 million for the period from September 20, 2021 to March 31, 2022.

Interest income decreased $0.1 million, or 18%, to $0.3 million for fiscal 2022 as compared to fiscal 2021.

Interest expense decreased $6.2 million, or 85%, to $1.1 million for fiscal 2022 as compared to fiscal 2021. The decrease was primarily due to the full repayment of our previously outstanding senior secured term loan in connection with the IPO in September 2020, partially offset by interest on average outstanding balances under the Revolver during the current period.

Other income (loss) increased $2.0 million, or 922%, to $2.2 million for fiscal 2022 as compared to fiscal 2021, primarily reflecting gains related to adjustments in connection with the Tax Receivable Agreements, offset by net foreign currency transaction losses and losses related to the write-off of certain property and equipment.

Income Tax Expense

Income tax expense primarily reflects U.S. federal and state income taxes on our share of taxable income generated by the Partnership, as well as local and foreign income taxes of certain of the Partnership’s subsidiaries.

Our effective income tax rate was (9.2)%, 5.5%, and 6.9% for fiscal 2023, 2022 and 2021, respectively. Our overall effective tax rate in each of the periods described above is less than the statutory rate primarily because a portion of income is allocated to non-controlling interests, as the tax liability on such income is borne by the holders of such non-controlling interests. During fiscal 2022, we recorded a benefit of $25.3 million related to the full release of the valuation allowance as a result of the deferred tax liability recorded in connection with the Greenspring acquisition. For the period prior to the Reorganization and IPO, we operated as a partnership for U.S. federal income tax purposes and were not subject to U.S. federal and state income taxes.

Year Ended March 31, 2023 Compared to Year Ended March 31, 2022

Income tax expense decreased $24.5 million, or 86%, to $3.8 million for fiscal 2023 as compared to fiscal 2022. The decrease in tax expense was primarily driven by pre-tax net loss for fiscal 2023 compared to pre-tax net income for fiscal 2022.

Year Ended March 31, 2022 Compared to Year Ended March 31, 2021

Income tax expense increased $5.0 million, or 22%, to $28.3 million for fiscal 2022 as compared to fiscal 2021. The increase was primarily due to the additional U.S. federal and state income taxes recognized on our share of taxable income generated by the Partnership as a result of our increased ownership in the Partnership, partially offset by a benefit of $25.3 million related to the release of a valuation allowance during fiscal 2022 as a result of the Greenspring acquisition. Additionally, for the period prior to the Reorganization and IPO, we operated as a partnership for U.S. federal income tax purposes and were not subject to U.S. federal and state income taxes.

Net Income Attributable to Non-Controlling Interests in Subsidiaries

Net income attributable to non-controlling interests in subsidiaries increased $8.6 million, or 32%, to $35.2 million for fiscal 2023 as compared to fiscal 2022. The increase was primarily attributable to an increase in income generated by our consolidated subsidiaries not wholly-owned by us.

Net income attributable to non-controlling interests in subsidiaries increased $3.4 million, or 15%, to $26.6 million for fiscal 2022 as compared to fiscal 2021. The increase was primarily attributable to an increase in income generated by our consolidated subsidiaries not wholly-owned by us.

Net Income (Loss) Attributable to Non-Controlling Interests in Legacy Greenspring Entities

Net income (loss) attributable to non-controlling interests in legacy Greenspring entities represents the net income or loss attributable to the interests held by the legacy Greenspring general partner entities. We did not acquire any direct economic interests in the legacy Greenspring general partner entities. As a result, all of the net income or loss related to the legacy Greenspring general partner entities is allocated to non-controlling interests in legacy Greenspring entities. Net income (loss) attributable to non-controlling interests in legacy Greenspring entities was $(44.1) million and $32.6 million for fiscal 2023 and 2022, respectively.

Net Income (Loss) Attributable to Non-Controlling Interests in the Partnership

Net income (loss) attributable to non-controlling interests in the Partnership represents the portion of net income or loss attributable to the interests held by the Class B and Class C unitholders of the Partnership. Net income (loss) attributable to non-controlling interests in the Partnership was $(19.8) million, $231.2 million and $228.8 million for fiscal 2023, 2022 and 2021, respectively. Prior to the Reorganization and IPO, all of our income or loss relates to the Partnership and has been presented as non-controlling interests in the Partnership.

Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Funds

Net income attributable to redeemable non-controlling interests in Consolidated Funds was $1.8 million for fiscal 2023, which represents income of the Consolidated Funds attributable to third-party investors. We did not consolidate any StepStone Funds prior to fiscal 2023.

Operating Metrics

Assets Under Management

AUM was $86 billion as of March 31, 2021, $134 billion as of March 31, 2022 and $138 billion as of March 31, 2023. The acquisition of Greenspring added $22 billion of AUM as of September 20, 2021.

Assets Under Advisement

Assets related to our advisory accounts were $340 billion as of March 31, 2021, $436 billion as of March 31, 2022 and $482 billion as of March 31, 2023.

Fee-Earning AUM

Year Ended March 31, 2023

FEAUM increased $10.3 billion, or 14%, to $85.4 billion as of March 31, 2023 as compared to $75.2 billion as of March 31, 2022. Of the increase, $5.8 billion was from SMAs and $4.5 billion was from focused commingled funds.

Year Ended March 31, 2022

FEAUM increased $23.2 billion, or 45%, to $75.2 billion as of March 31, 2022 as compared to $52.0 billion as of March 31, 2021. The increase was primarily attributable to a $14.1 billion increase in focused commingled funds due to the Greenspring acquisition, which added $11.4 billion of FEAUM, and $9.0 billion from SMAs.

	Year Ended March 31, 2023		
(in millions)	SMAs	Focused Commingled Funds	Total
Beginning balance	$ 49,586	$ 25,587	$ 75,173
Contributions[1]	9,658	5,509	15,167
Distributions[2]	(4,208)	(1,162)	(5,370)
Market value, FX and other[4]	309	152	461
Ending balance	$ 55,345	$ 30,086	$ 85,431

(in millions)	Year Ended March 31, 2022 SMAs	Focused Commingled Funds	Total
Beginning balance	$ 40,561	$ 11,447	$ 52,008
Contributions[1]	11,839	4,364	16,203
Distributions[2]	(3,235)	(1,564)	(4,799)
Acquisitions[3]	—	11,407	11,407
Market value, FX and other[4]	421	(67)	354
Ending balance	$ 49,586	$ 25,587	$ 75,173

(1) Contributions consist of new capital commitments that earn fees on committed capital and capital contributions to funds and accounts that earn fees on net invested capital or NAV.
(2) Distributions consist of returns of capital from funds and accounts that pay fees on net invested capital or NAV and reductions in fee-earning AUM from funds that moved from a committed capital to net invested capital fee basis or from funds and accounts that no longer pay fees.
(3) Includes $11.4 billion of focused commingled funds added as a result of the Greenspring acquisition.
(4) Market value, FX and other primarily consist of changes in market value appreciation (depreciation) for funds that pay on NAV and the effect of foreign exchange rate changes on non-U.S. dollar denominated commitments.

The following tables set forth FEAUM by asset class and selected weighted-average management fee rate data:

	As of March 31,		
(in millions)	2023	2022	2021
FEAUM			
Private equity[1]	$ 45,766	$ 40,396	$ 24,533
Infrastructure	19,274	17,737	12,605
Private debt	14,361	12,216	10,483
Real estate	6,030	4,824	4,387
Total	$ 85,431	$ 75,173	$ 52,008

(1) Balance as of March 31, 2022 includes $11.4 billion of focused commingled funds added as a result of the Greenspring acquisition.

	As of March 31,	
	2023	2022
Weighted-average fee rate[1]		
Private equity[2]	0.66 %	0.64 %
Real estate, infrastructure and private debt asset classes[3]	0.41 %	0.40 %
Total	0.54 %	0.52 %

(1) Weighted-average fee rates reflect the applicable management fees for the last 12 months ending on each period presented, and is inclusive of any retroactive fees for such period.
(2) The change in weighted-average fee rates primarily reflected the timing of new funds and shifts in mix between SMAs and focused commingled funds.
(3) The change in weighted-average fee rates primarily reflected the timing of new funds and shifts in asset class mix.

Undeployed Fee-Earning Capital

As of March 31, 2023, we had $15.7 billion of undeployed fee-earning capital, which will generate management fee revenue once this capital is invested or activated.

Non-GAAP Financial Measures

Below is a description of our non-GAAP financial measures. These measures are presented on a basis other than GAAP and should be considered in addition to, and not as a substitute for or superior to, financial measures calculated in accordance with GAAP.

Adjusted Net Income

Adjusted net income ("ANI") is a non-GAAP performance measure that we present on a pre-tax and after-tax basis used to evaluate profitability and is presented excluding the consolidation of our funds. 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, profits interests issued by our non-wholly owned subsidiaries, and unrealized mark-to-market changes in the fair value of the profits interests issued in connection with the Private Wealth Transaction, (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 does not reflect legacy Greenspring carried interest allocation revenues, legacy Greenspring carried interest-related compensation and legacy Greenspring investment income as none of the economics are attributable to us. ANI is income before taxes fully taxed at our blended statutory 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.

Adjusted Revenues

Adjusted revenues represents the components of revenues used in the determination of ANI and comprise net management and advisory fees, incentive fees (including the deferred portion) and realized carried interest allocations. We believe adjusted revenues is useful to investors because it presents a measure of realized revenues.

Fee-Related Earnings

Fee-related earnings ("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 adjusted expenses which are operating expenses other than (a) performance fee-related compensation, (b) equity-based compensation for awards granted prior to and in connection with our IPO, profits interests issued by our non-wholly owned subsidiaries, and unrealized mark-to-market changes in the fair value of the profits interests issued in connection with the Private Wealth Transaction, (c) amortization of intangibles, and (d) 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. 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.

Adjusted Net Income Per Share

ANI per share measures our per-share earnings assuming all Class B units and Class C units in the Partnership are exchanged for Class A common stock in SSG, including the dilutive impact of outstanding equity-based awards. 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

Year Ended March 31, 2023 Compared to Year Ended March 31, 2022

FRE increased $33.9 million, or 28%, to $156.2 million for fiscal 2023 as compared to fiscal 2022, primarily reflecting higher net management and advisory fees, partially offset by higher adjusted cash-based compensation, adjusted general, administrative and other expenses and adjusted equity-based compensation.

Year Ended March 31, 2022 Compared to Year Ended March 31, 2021

FRE increased $32.8 million, or 37%, to $122.2 million for fiscal 2022 as compared to fiscal 2021, primarily reflecting higher net management and advisory fees, partially offset by higher adjusted cash-based compensation, adjusted general, administrative and other expenses and adjusted equity-based compensation.

Adjusted Revenues and Adjusted Net Income

Year Ended March 31, 2023 Compared to Year Ended March 31, 2022

Adjusted revenues increased $48.0 million, or 8%, to $642.0 million for fiscal 2023 as compared to fiscal 2022, primarily reflecting increases in net management and advisory fees and incentive fees, including the deferred portion, partially offset by lower realized carried interest allocation revenues.

ANI decreased $30.3 million, or 18%, to $142.7 million for fiscal 2023 as compared to fiscal 2022, primarily due to lower net realized performance fee-related earnings (incentive fees, including the deferred portion, plus realized carried interest allocation revenues, less realized performance fee-related compensation), a higher allocation of income to non-controlling interests and higher interest expense. The decrease was partially offset by the increase in FRE.

Year Ended March 31, 2022 Compared to Year Ended March 31, 2021

Adjusted revenues increased $235.4 million, or 66%, to $594.0 million for fiscal 2022 as compared to fiscal 2021, primarily reflecting increases in net management and advisory fees, realized carried interest allocation revenues and incentive fees (including the deferred portion).

ANI increased $87.5 million, or 103%, to $172.9 million for fiscal 2022 as compared to fiscal 2021, primarily due to increases in FRE, as well as higher net realized performance fee-related earnings. These increases were partially offset by a higher allocation of income to non-controlling interests.

Adjusted Net Income Per Share

The following table shows a reconciliation of diluted weighted-average shares of Class A common stock outstanding to adjusted shares outstanding used in the computation of ANI per share for fiscal 2023, 2022 and 2021. As Class A common stock did not exist prior to the Reorganization and IPO, the number of adjusted shares outstanding used in the computation of ANI per share for fiscal 2021 reflects the number of adjusted shares for the period from the IPO date to September 30, 2020 for comparability purposes.

	Year Ended March 31,		
	2023	2022	2021
(in thousands, except share and per share amounts)			
Adjusted net income	$ 142,663	$ 172,943	$ 85,402
Weighted-average shares of Class A common stock outstanding – Basic[1]	61,884,671	49,833,760	29,657,805
Assumed vesting of RSUs	669,966	1,289,809	1,151,579
Assumed vesting and exchange of Class B2 units	2,475,501	2,476,681	2,465,420
Exchange of Class B units in the Partnership[1]	46,780,724	52,028,095	65,158,526
Exchange of Class C units in the Partnership[2]	2,807,243	1,563,316	—
Adjusted shares[3]	114,618,105	107,191,661	98,433,330
Adjusted net income per share	$ 1.24	$ 1.61	$ 0.87

(1) Assumes the full exchange of Class B units in the Partnership for Class A common stock of SSG pursuant to the Class B Exchange Agreement.
(2) Assumes the full exchange of Class C units in the Partnership for Class A common stock of SSG pursuant to the Class C Exchange Agreement.
(3) Class A common stock did not exist prior to the Reorganization and IPO in September 2020. As a result, the computation of ANI per share for fiscal 2021 assumes the same number of adjusted shares outstanding as reported for the period after the IPO through September 30, 2020.

Reconciliation of GAAP to Non-GAAP Financial Measures

The table below shows a reconciliation of revenues to adjusted revenues.

	Year Ended March 31,		
(in thousands)	2023	2022	2021
Total revenues	$ (67,574)	$ 1,365,525	$ 787,716
Unrealized carried interest allocations	253,342	(585,851)	(433,827)
Deferred incentive fees	3,892	1,438	4,700
Legacy Greenspring carried interest allocations	452,163	(187,106)	—
Management and advisory fee revenues for the Consolidated Funds[1]	147	—	—
Adjusted revenues	$ 641,970	$ 594,006	$ 358,589

(1) Reflects the add back of management and advisory fee revenues for the Consolidated Funds, which have been eliminated in consolidation.

The table below shows a reconciliation of additional GAAP measures to adjusted measures. We use the non-GAAP measures presented below as components when calculating ANI and FRE.

	Year Ended March 31,		
(in thousands)	**2023**	**2022**	**2021**
GAAP Management and advisory fees, net	$ 497,179	$ 380,257	$ 285,462
Management and advisory fee revenues for the Consolidated Funds[(1)]	147	—	—
Management and advisory fees, net	$ 497,326	$ 380,257	$ 285,462
GAAP Interest income	$ 1,921	$ 337	$ 413
Interest income earned by the Consolidated Funds[(2)]	(195)	—	—
Non-GAAP interest income	$ 1,726	$ 337	$ 413
GAAP Other income (loss)	$ (1,420)	$ 2,249	$ 220
Adjustments[(3)]	86	(3,560)	—
Adjusted other income (loss)	$ (1,334)	$ (1,311)	$ 220

(1) Reflects the add-back of management and advisory fee revenues for the Consolidated Funds, which have been eliminated in consolidation.
(2) Reflects the removal of interest income earned by the Consolidated Funds.
(3) Reflects the removal of amounts for Tax Receivable Agreements adjustments recognized as other income (loss) and the removal of the impact of the consolidation of the Consolidated Funds.

The table below shows a reconciliation of income (loss) before income tax to ANI and FRE.

	Year Ended March 31,		
(in thousands)	2023	2022	2021
Income (loss) before income tax	$ (41,454)	$ 512,581	$ 337,849
Net income attributable to non-controlling interests in subsidiaries[1]	(39,054)	(28,100)	(23,952)
Net (income) loss attributable to non-controlling interests in legacy Greenspring entities	44,075	(32,586)	—
Unrealized carried interest allocations	253,342	(585,851)	(433,827)
Unrealized performance fee-related compensation	(119,039)	312,903	215,508
Unrealized investment (income) loss	8,012	(17,661)	(11,066)
Impact of Consolidated Funds	(8,897)	—	—
Deferred incentive fees	3,892	1,438	4,700
Equity-based compensation[2]	21,914	13,174	7,848
Amortization of intangibles	43,481	24,497	3,339
Write-off of unamortized deferred financing costs	—	—	3,526
Tax Receivable Agreements adjustments through earnings	(244)	(3,560)	—
Non-core items[3]	17,580	26,260	6,342
Pre-tax adjusted net income	183,608	223,095	110,267
Income taxes[4]	(40,945)	(50,152)	(24,865)
Adjusted net income	142,663	172,943	85,402
Income taxes[4]	40,945	50,152	24,865
Realized carried interest allocations	(131,089)	(200,718)	(62,953)
Realized performance fee-related compensation[5]	79,846	91,208	30,532
Realized investment income	(5,503)	(8,499)	(5,341)
Incentive fees	(9,663)	(11,593)	(5,474)
Deferred incentive fees	(3,892)	(1,438)	(4,700)
Non-GAAP interest income[6]	(1,726)	(337)	(413)
Interest expense	4,189	1,113	7,360
Adjusted other (income) loss[6][7]	1,334	1,311	(220)
Write-off of unamortized deferred financing costs	—	—	(3,526)
Net income attributable to non-controlling interests in subsidiaries[1]	39,054	28,100	23,952
Fee-related earnings	$ 156,158	$ 122,242	$ 89,484

(1) Reflects the portion of pre-tax adjusted net income of our subsidiaries attributable to non-controlling interests.

(2) Reflects equity-based compensation for awards granted prior to and in connection with the IPO, profits interests issued by our non-wholly owned subsidiaries, and unrealized mark-to-market changes in the fair value of the profits interests issued in connection with the Private Wealth Transaction.

(3) Includes (income) expense related to transaction costs ($6.9 million in fiscal 2023, $14.2 million in fiscal 2022, and $0.4 million in fiscal 2021), lease remeasurement adjustments ($(2.7) million in fiscal 2023), accelerated depreciation of leasehold improvements for changes in lease terms ($1.5 million in fiscal 2023), severance costs ($0.3 million in fiscal 2023, $1.6 million in fiscal 2022, and $4.2 million in fiscal 2021), loss on change in fair value for contingent consideration obligation ($9.4 million in fiscal 2023, $9.6 million in fiscal 2022, and $1.6 million in fiscal 2021), compensation paid to certain employees as part of an acquisition earn-out ($2.3 million in fiscal 2023 and $0.8 million in fiscal 2022) and other non-core operating income and expenses.

(4) Represents corporate income taxes at a blended statutory rate of 22.3%, 22.5% and 22.6% applied to pre-tax adjusted net income for fiscal 2023, 2022 and 2021, respectively. The 22.3% rate for fiscal 2023 is based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 1.3%. The 22.5% rate for fiscal 2022 is based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 1.5%. The 22.6% rate for fiscal 2021 is based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 1.6%. The decline in the blended statutory rate for fiscal 2023 compared to fiscal 2022 was due to updates in our state apportionment based on our most recently filed tax returns and is our best estimate of our blended statutory tax rate moving forward. The decline in the blended statutory rate for fiscal 2022 compared to fiscal 2021 was due to updates in our state apportionment.

(5) Includes carried interest-related compensation expense related to the portion of net carried interest allocation revenue attributable to equity holders of the Company's consolidated subsidiaries that are not 100% owned ($11.3 million in fiscal 2023, $1.8 million in fiscal 2022, and $1.3 million in fiscal 2021).

(6) Excludes the impact of consolidating the Consolidated Funds.

(7) Excludes amounts for Tax Receivable Agreements adjustments recognized as other income (loss) ($0.2 million in fiscal 2023 and $3.6 million in fiscal 2022).

Investment Performance

The following tables present information relating to the performance of all the investments that StepStone has recommended and subsequently tracked across asset classes and investment strategies, except as set forth in greater detail below. The data for these investments is generally presented from the inception date of each strategy and asset class through December 31, 2022 and have not been adjusted to reflect acquisitions or disposals of investments subsequent to that date.

The historical results of our investments are not indicative of future results to be expected of existing or new investment funds, and are not a proxy for the performance of our Class A common stock, including because:

- market conditions and investment opportunities may differ from those in the past;
- the performance of our funds is largely based on the NAV (as defined below) of the funds' investments, including unrealized gains, which may never be realized;
- newly-established funds may generate lower investment returns during the period that they initially deploy their capital;
- changes in the global tax and regulatory environment may impact both the investment preferences of our clients and the financing strategies employed by businesses in which particular funds invest, which may reduce the overall capital available for investment and the availability of suitable investments, thereby reducing investment returns in the future;
- competition for investment opportunities, resulting from the increasing amount of capital invested in private markets alternatives, may increase the cost and reduce the availability of suitable investments, thereby reducing investment returns in the future; and
- the industries and businesses in which particular funds invest will vary.

Historical and future returns of investments included in our track record are not directly correlated to potential returns on our Class A common stock.

For the purposes of the following tables:

- "Invested capital" refers to the total amount of all investments made by a fund, including commitment-reducing and non-commitment-reducing capital calls;

- “NAV” refers to the estimated fair value of unrealized investments plus any net assets or liabilities associated with the investment as of December 31, 2022;
- “Net Multiple of Invested Capital” refers to (a) the sum of Realized Distributions from underlying investments to the fund plus the fund’s NAV, divided by (b) Cumulative Invested Capital. Multiple of Invested Capital is presented net of management fees, carried interest and expenses charged by underlying fund managers, as well as StepStone’s management fees, performance fees and expenses;
- “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 December 31, 2022 (except as noted otherwise below), based on contributions, distributions and unrealized value;
- “Gross IRR” refers to IRR net of management fees, performance fees and expenses charged by the underlying fund managers, but gross of StepStone’s management fees, performance fees and expenses;
- “Net IRR” refers to IRR net of fees and expenses charged by both the underlying fund managers and StepStone;
- “MSCI ACWI Direct Alpha” refers to the MSCI All Country World Index, the benchmark index used for comparison below. The MSCI All Country World Index is a free float-adjusted market capitalization-weighted index of nearly 2,900 world stocks that is designed to measure the equity market performance of developed and emerging markets. We believe the MSCI All Country World Index is commonly used by private markets investors to evaluate performance. The Direct Alpha calculation methodology allows private markets investment performance to be evaluated against a public index by compounding capital invested, capital distributed and net asset values to a single point in time in the benchmark’s life, removing fluctuations of the public index and leaving only the non-market return above/below the index; and
- “Net TVM” refers to the total value to paid-in capital or invested capital expressed as a multiple, and is calculated as distributions plus unrealized valuations divided by invested capital (including all capitalized costs).

StepStone Performance Summary by Investment Strategy[(1),(2)]

(in billions except percentages and multiples)

Strategy[(3)]	Committed Capital	Cumulative Invested Capital	Realized Distributions	NAV	Total	Gross IRR[(4)]	Net IRR[(4)]	Net Multiple of Invested Capital[(4)]	Net IRR versus Benchmark[(5)]
Primaries	$ 273.8	$ 192.0	$ 122.9	$ 153.7	$ 276.6	12.8 %	12.5 %	1.4x	4.7 %
Secondaries	17.0	14.2	9.0	12.3	21.3	21.1 %	17.2 %	1.4x	9.3 %
Co-investments	40.5	38.1	19.2	42.1	61.3	19.2 %	16.7 %	1.5x	9.1 %
Total	**$ 331.3**	**$ 244.3**	**$ 151.1**	**$ 208.1**	**$ 359.2**	**13.8 %**	**13.2 %**	**1.4x**	**5.4 %**

(1) Performance data shown in the table above is on an inception-to-date basis as of December 31, 2022. Overall performance includes all investments StepStone recommends and subsequently tracks, including advisory co-investments and infrastructure investments made prior to January 1, 2015, the performance summary of Courtland, for which the track record dates back to September 1994. Overall performance excludes (i) all client-direct investments, (ii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment, (iii) syndicated loan portfolio totaling $0.4 billion, and (iv) investments made by legacy private equity acquired businesses. USD returns for StepStone recommended investments are calculated on a constant currency adjusted USD 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. Primaries include open-end investments, and co-investments include venture capital and growth equity direct investments for private equity, and asset management investments for infrastructure direct asset management investments.

(2) 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 'liquidate' 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 the 'liquidation' date.

(3) Inception date reflects date of the first investment: September 1994 for primaries, January 2005 for secondaries and June 2001 for co-investments.

(4) Returns are net of fees and expenses charged by both the underlying investment and hypothetical StepStone fees. Investments shown herein include investments across different funds and accounts. The aggregate returns are not indicative of the returns an individual investor would receive from these investments. No individual investor received the aggregate returns described herein as the investments were made across multiple mandates over multiple years. Fees are available upon request. 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 fees, charged quarterly.

ii. Secondaries: 125 basis points (60 basis points for infrastructure) of capital commitments in years 1 through 4 for management fees, charged quarterly. In year 5, management fees step down to 90% of the previous year's fee.

iii. Co-investments: 100 basis points (85 and 50 basis points for infrastructure co-investments and direct asset management investments, respectively) on net committed capital for management fees, charged quarterly.

Additionally, all investment types assess 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 and co-investments include 12.5% and 10.0% of paid and unrealized carry, respectively, with an 8.0% preferred return hurdle. Real Estate secondaries and co-investments include 15.0% of paid and unrealized carry, with an 8.0% preferred return hurdle.

(5) Reflects outperformance of investments as compared to the MSCI ACWI Total Return using the Direct Alpha public market equivalent method.

StepStone Performance Summary by Asset Class

PRIVATE EQUITY

INVESTMENT STRATEGY[1,2,4]	NET IRR[3]	NET TVM[3]
Primaries	17.4%	1.6x
Secondaries	18.0%	1.5x
Co-investments[7]	20.7%	1.7x

REAL ESTATE

INVESTMENT STRATEGY[1,4,5]	NET IRR[3]	NET TVM[3]
Core/Core+ fund investments	8.8%	1.6x
Value-add/opportunistic fund investments	10.1%	1.4x
Real estate debt fund investments	5.9%	1.2x
Value-add/opportunistic secondaries & co-investments	13.8%	1.3x

INFRASTRUCTURE

INVESTMENT STRATEGY[1,4,6]	NET IRR[3]
Primaries	10.7%
Secondaries	10.5%
Co-investments[7]	9.3%

PRIVATE DEBT

INVESTMENT STRATEGY[1,4,8]	NET IRR[3]
Direct lending	6.5%
Distressed debt	9.3%
Other[9]	6.0%

(1) Investment returns reflect NAV data for underlying investments as of December 31, 2022, as reported by underlying managers up to 114 days following December 31, 2022. For investment returns where NAV data is not available 114 days following December 31, 2022, such NAVs are adjusted for cash activity following the last available reported NAV. 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.

(2) Private equity includes 2,384 investments totaling $168.8 billion of capital commitments and excludes (i) two advisory co-investments, totaling $100.0 million of capital commitments, (ii) all client-directed private equity investments (245 investments totaling $27.5 billion of capital commitments), and (iii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment..

(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 and are net of fees and expenses charged by both the underlying investment and hypothetical StepStone fees. The aggregate returns are not indicative of the returns an individual investor would receive from these investments. No individual investor received the aggregate returns described herein as the investments were made across multiple mandates over multiple years. StepStone fees and expenses are based on the following assumptions (management fees and expenses represent an annual rate):

i. Primaries: 25 basis points of net invested capital for management fees (and on NAV for private debt), charged quarterly.

ii. Secondaries: 125 basis points (60 basis points for infrastructure) of capital commitments in years 1 through 4 for management fees, charged quarterly. In year 5, management fees step down to 90% of the previous year’s fee; 65 basis points for private debt, assessed quarterly on the net asset value.

iii. Co-investments: 100 basis points (85 and 50 basis points for infrastructure co-investments and direct asset management investments, respectively) on net committed capital for management fees, charged quarterly; 65 basis points for private debt, assessed quarterly on net asset value.

iv. All investment types assess 5 basis points of capital commitments for fund expenses, charged quarterly, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs.

v. Private equity and infrastructure secondaries and co-investments include 12.5% and 10.0% of paid and unrealized carry, respectively, with an 8.0% preferred return hurdle. Real estate secondaries and co-investments include 15.0% of paid and unrealized carry, with an 8.0% preferred return hurdle. Private debt secondaries and co-investments include 10.0% of paid and unrealized carry, with an 5.0% 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 ‘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 466 investments totaling $73.4 billion of capital commitments and excludes (i) all client-directed real estate investments (78 investments totaling $11.7 billion of capital commitments), (ii) nine secondary/co-investment core/core+ or credit investments, totaling $537.0 million of capital commitments, (iii) four advisory fund investments totaling $463.6 million of capital commitments, and (iv) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment. Includes the discretionary track record of Courtland Partners, Ltd., which StepStone acquired on April 1, 2018 (the “Courtland acquisition”).
(6) Infrastructure includes 224 investments totaling $46.3 billion of capital commitments and excludes (i) 11 infrastructure investments made by the Partnership prior to the formation of the Infrastructure subsidiary in 2013 or made prior to the Courtland acquisition totaling $501.9 million of capital commitments, (ii) all client-directed infrastructure investments (27 investments totaling $4.1 billion of capital commitments), and (iii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment.
(7) Co-investments includes venture capital and growth equity direct investments for Private Equity, and asset management investments for Infrastructure.
(8) Private debt includes 766 investments totaling $43.5 billion of capital commitments and excludes (i) all client-directed debt investments (40 investments, totaling $2.9 billion of capital commitments), (ii) real estate credit investments that were recommended by Courtland Partners, Ltd. prior to the Courtland acquisition (54 investments totaling $5.2 billion of capital commitments), and (iii) investments for which StepStone does not provide monitoring and reporting services to the client that made the investment.
(9) Other includes mezzanine debt, collateralized loan obligations, leasing, regulatory capital, trade finance, intellectual property/royalty, real estate debt and infrastructure debt.

Liquidity and Capital Resources

Sources and Uses of Liquidity

We generate cash primarily from management and advisory fees and realized carried interest allocations. We have historically managed our liquidity and capital resource needs through (a) cash generated from our operating activities, (b) realizations from investment activities, (c) borrowings, interest payments and repayments under credit agreements and other borrowing arrangements, (d) funding capital commitments to our funds, and (e) funding our growth initiatives, including capital expenditures and acquisitions to expand into new businesses.

As of March 31, 2023, we had $103.5 million of cash, cash equivalents and restricted cash ($129.5 million including Consolidated Funds) and $1,342.4 million of investments in StepStone Funds, including $1,227.2 million of accrued carried interest allocations, against $98.4 million in debt obligations, net of debt issuance costs, and $644.5 million in accrued carried interest-related compensation payable.

Ongoing sources of cash include (a) management and advisory fees, which are collected monthly or quarterly, (b) carried interest allocations and incentive fees, which are volatile and largely unpredictable as to amount and timing; and (c) distributions from our investments in the StepStone Funds. We use cash flow from operations and distributions from our investments in the StepStone Funds to pay compensation and related expenses, general and administrative expenses, income taxes, debt service, capital expenditures, dividends to our stockholders and distributions to holders of Partnership units, and to make investments in the StepStone Funds. We believe we will have sufficient cash to meet our obligations for the next 12 months.

Cash Flows

The accompanying consolidated cash flows include the Consolidated Funds, which activities primarily consist of raising capital from third-party investors, purchasing investments, making payment for the operating costs of the fund, generating cash flows from realized income allocations of investments and sales of investments, and making distributions to investors. The Consolidated Funds are accounted for as investment companies and therefore the cash flows from investing activities are included in cash flows from operations.

The following table summarizes our cash flows attributable to operating, investing and financing activities:

	Year Ended March 31,		
(in thousands)	2023	2022	2021
Net cash provided by operating activities	$ 151,183	$ 214,281	$ 149,299
Net cash used in investing activities	(30,807)	(210,241)	(11,166)
Net cash used in financing activities	(108,021)	(70,439)	(45,306)
Effect of exchange rate changes	(287)	(15)	1,097
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 12,068	$ (66,414)	$ 93,924

Operating Activities

Operating activities provided $151.2 million, $214.3 million and $149.3 million of cash for fiscal 2023, 2022 and 2021, respectively. For fiscal 2023, 2022 and 2021, respectively, these amounts primarily consisted of the following:

- net income, after adjustments for non-cash items (including unrealized carried interest allocations, unrealized performance fee-related compensation, unrealized investment income and acquisition-related contingent consideration), of $214.5 million, $222.9 million and $120.0 million;
- net change in operating assets and liabilities of $(32.6) million, $(8.6) million and $29.3 million;
- adjustments for unrealized investment income from Consolidated Funds of $(9.3) million, $0 million and $0 million;
- net purchases of investments of Consolidated Funds of $21.3 million, $0 million and $0 million; and
- net change in operating assets and liabilities of Consolidated Funds of $(0.2) million, $0 million and $0 million.

Investing Activities

Investing activities used $30.8 million, $210.2 million and $11.2 million of cash for fiscal 2023, 2022 and 2021, respectively, and primarily consisted of the following amounts:

- net contributions to investments of $16.4 million, $15.1 million and $9.9 million;
- net contributions to investments in legacy Greenspring entities of $8.8 million, $11.6 million and $0 million;
- purchases of fixed assets of $5.6 million, $2.1 million and $1.3 million; and

- cash payments for acquisitions, net of cash acquired, of $0 million, $181.5 million and $0 million.

Financing Activities

Financing activities used $108.0 million, $70.4 million and $45.3 million for fiscal 2023, 2022 and 2021, respectively, and primarily consisted of the following:

- sale of non-controlling interests of $0 million, $0 million and $3.3 million;
- proceeds from capital contributions from non-controlling interests $0.2 million, $0.1 million and $2.8 million;
- proceeds from IPO, net of underwriting discounts of $0 million, $0 million and $337.8 million;
- net borrowings on revolving credit facility (including payment of deferred financing costs) of $35.0 million, $62.6 million and $0 million;
- purchase of non-controlling interests of $0 million, $3.0 million and $131.3 million;
- payment of deferred offering costs of $0 million, $1.7 million and $10.1 million;
- payments on prior term loan of $0 million, $0 million and $147.0 million;
- distributions to non-controlling interests of $109.5 million, $107.5 million and $97.7 million;
- proceeds from capital contributions to legacy Greenspring entities of $13.4 million, $15.1 million and $0 million;
- distributions to non-controlling interests in legacy Greenspring entities of $11.1 million, $11.3 million and $0 million;
- dividends paid to common stockholders of $50.0 million, $23.9 million and $2.0 million;
- payments for employee taxes related to the net settlement of RSUs of $2.7 million, $0 million and $0 million;
- payments to related parties under the Tax Receivable Agreements of $6.0 million, $0.8 million and $0 million; and
- contributions from redeemable non-controlling interests in Consolidated Funds of $22.8 million, $0 million and $0 million.

Revolving Credit Facility

We are party to the Credit Agreement that was arranged by JPMorgan Chase Bank, N.A., as administrative agent, and provides for a $225.0 million multicurrency Revolver with a five-year maturity. As of March 31, 2023, we had $98.4 million outstanding on the Revolver, net of debt issuance costs.

Borrowings under the Revolver bear interest at a variable rate per annum. We may designate each borrowing as (i) in the case of any borrowing in U.S. dollars, a base rate loan or a LIBOR rate loan, (ii) in the case of any borrowing denominated in Euros, a EURIBOR rate loan, (iii) in the case of any borrowing denominated in British Pounds Sterling, a Sterling Overnight Index Average (“SONIA”) loan, (iv) in the case of any borrowing denominated in Swiss Francs, a Swiss Average Rate Overnight (“SARON”) loan, and (v) in the case of any borrowing denominated in Australian dollars, an AUD rate loan. Borrowings bear interest equal to (i) in the case of base rate loans, 1.00% plus the greatest of (a) the Prime Rate, (b) the New York Federal Reserve Bank Rate plus 0.50% and (c) the 1 month LIBOR, multiplied by the Statutory Reserve Rate (as defined in the Credit Agreement), plus 1.00%, (ii) in the case of a LIBOR rate loan, the LIBOR rate multiplied by the Statutory Reserve Rate plus 2.00%, (iii) in the case of a EURIBOR rate loan, the EURIBOR rate multiplied by the Statutory Reserve Rate plus 2.00%, (iv) in the case of a SONIA loan, the Sterling Overnight Index Average plus 2.03%, (v) in the case of a SARON loan, the Swiss Average Rate Overnight plus 2.00%, and (vi) in the case of an AUD rate loan, the AUD Screen Rate (as defined in the Credit Agreement) multiplied by the Statutory Reserve Rate plus 2.20%. The weighted-average interest rate in effect for the Revolver as of March 31, 2023 was 6.86%.

Borrowings under the Revolver may be repaid at any time during the term of the Credit Agreement and, subject to certain terms and conditions, may be reborrowed prior to the maturity date. Any outstanding principal amounts, together with any accrued interest thereon, shall be due and payable on the maturity date. The maturity date for the Revolver is September 20, 2026.

The Revolver bears a fee on undrawn commitments equal to 0.25% per annum if total utilization of revolving commitments is equal to or greater than 50% and 0.35% per annum if total utilization of revolving commitments is less than 50%.

Under the terms of the Credit Agreement, certain of our assets serve as pledged collateral. In addition, the Credit Agreement contains covenants that, among other things: limit our ability to incur indebtedness; create, incur or allow liens; transfer or dispose of assets; merge with other companies; make certain investments; pay dividends or make distributions; engage in new or different lines of business; and engage in transactions with affiliates. The Credit Agreement also contains financial covenants requiring us to maintain a total net leverage ratio, and a minimum total of fee-earning assets under management. As of March 31, 2023, we were in compliance with the total net leverage ratio and minimum fee-earning assets under management covenants.

We can use available funding capacity under the Revolver to satisfy letters of credit in amounts up to $10.0 million. Amounts used to satisfy the letters of credit reduce the available capacity under the Revolver. As of March 31, 2023, we had outstanding letters of credit totaling $7.8 million.

In April 2023, we amended the Credit Agreement such that any request for borrowing of, continuation of, or conversion to a Eurocurrency Loan, as applicable, shall be deemed to be a request for borrowing of, continuation of, or conversion to, as applicable, a loan bearing interest at the adjusted term Secured Overnight Financing Rate (“SOFR”). All Eurocurrency Loans outstanding as of March 31, 2023 shall continue to bear interest at the adjusted LIBOR Rate (as defined in the Credit Agreement) and remain outstanding as Eurocurrency Loans until the expiration of the current interest period (as defined in the Credit Agreement).

Equity Transactions

In June 2022, we issued 257,776 shares of Class A common stock to certain limited partners of the Partnership in exchange for 257,776 Class B units. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us.

In September 2022, we issued 175,000 shares of Class A common stock to certain limited partners of the Partnership in exchange for 175,000 Class B units. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us.

In December 2022, we issued 296,756 shares of Class A common stock to certain limited partners of the Partnership in exchange for 296,756 Class B units. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to us. On the same date, we also issued 414,739 shares of Class A common stock to certain limited partners of the Partnership in exchange for 414,739 Class C units.

Future Sources and Uses of Liquidity

In the future, we may issue additional equity or debt with the objective of increasing our available capital. We believe that we will be able to continue to meet our current and long-term liquidity and capital requirements through our cash flows from operating activities, existing cash and cash equivalents, and our ability to obtain future financing.

Dividend and Distribution Policy

On May 24, 2023, we announced a quarterly cash dividend of $0.20 per share of Class A common stock and a supplemental cash dividend of $0.25 per share of Class A common stock, both payable on June 30, 2023 to holders of record as of the close of business on June 15, 2023. The quarterly cash dividend and supplemental cash dividend relate to earnings in respect of our fourth fiscal quarter and full fiscal year 2023, respectively. The declaration of this supplemental dividend does not guarantee that we will declare supplemental dividends in the future and our board of directors may, in its discretion, decrease the level of dividends or discontinue the payment of dividends entirely. See “Risk Factors—Risks Related to Our Organizational Structure—We currently pay dividends to our stockholders, but our ability to do so is subject to the discretion of our board of directors and may be limited by our holding company structure and applicable provisions of Delaware law.”

The following table presents information regarding quarterly cash dividends on Class A common shares for the periods indicated:

Quarterly Fiscal Period[1]	Dividend Payment Date	Dividend Per Share of Class A Common Stock
First quarter		N/A
Second quarter		N/A
Third quarter		N/A
Fourth quarter	March 12, 2021	$ 0.07
Total dividends paid in FY2021		$ 0.07
First quarter	July 15, 2021	$ 0.07
Second quarter	September 15, 2021	0.07
Third quarter	December 15, 2021	0.15
Fourth quarter	March 15, 2022	0.15
Total dividends paid in FY2022		$ 0.44
First quarter	June 30, 2022	$ 0.20
Second quarter	September 15, 2022	0.20
Third quarter	December 15, 2022	0.20
Fourth quarter	March 15, 2023	0.20
Total dividends paid in FY2023		$ 0.80

(1) Prior to the Company's IPO on September 16, 2020, it was a wholly-owned subsidiary of the Partnership, had a single class of common stock and did not pay dividends. As such, there is no quarterly dividend information reported for the quarter ended September 30, 2020 or any periods prior. Dividends paid, as reported in this table, relate to the preceding quarterly period in which they were earned.

We may pay additional dividends to holders of our Class A common stock in the future. The declaration and payment by us of any future dividends to Class A stockholders is at the sole discretion of our board of directors. Subject to funds being legally available, we will cause the Partnership to make pro rata distributions to its limited partners, including us, in amounts sufficient to make payment of applicable income and other taxes, to make payments under the Tax Receivable Agreements, and to make payment for corporate and other general expenses. Because our board of directors may determine to pay or not pay dividends to our Class A stockholders, our Class A stockholders may not necessarily receive dividend distributions relating to our excess distributions, even if the Partnership makes excess distributions to us.

Tax Receivable Agreements

We have entered into an Exchanges Tax Receivable Agreement with the Class B limited partners and Class C limited partners, and a Reorganization Tax Receivable Agreement with certain pre-IPO institutional investors (collectively, the "Tax Receivable Agreements"). The Tax Receivable Agreements provide for payment by SSG to these partners and pre-IPO institutional investors of the Partnership of 85% of the amount of the net cash tax savings, if any, that SSG realizes (or, under certain circumstances, is deemed to realize) as a result of increases in tax basis (and utilization of certain other tax benefits) resulting from (i) SSG's acquisition of such partner's and institutional investor's Partnership units and (ii) in the case of the Exchanges Tax Receivable Agreement, any payments SSG makes under the Exchanges Tax Receivable Agreement (including tax benefits related to imputed interest). SSG will retain the benefit of the remaining 15% of these net cash tax savings under both Tax Receivable Agreements.

Capital Requirements of Regulated Entities

We are required to maintain minimum net capital balances for regulatory purposes in the United States and certain non-U.S. jurisdictions in which we do business. These net capital requirements are met by retaining cash and cash equivalents in those jurisdictions. As a result, we may be restricted in our ability to transfer cash between different operating entities and jurisdictions. As of March 31, 2023, we were required to maintain approximately $15.8 million in net capital at these subsidiaries and were in compliance with all regulatory minimum net capital requirements.

Contractual Obligations and Commitments

In the ordinary course of business, we enter into contractual arrangements that require future cash payments.

The following table sets forth information regarding our anticipated future cash payments under our contractual obligations as of March 31, 2023:

	Total	Less than 1 year	Years 1-3	Years 3-5	Thereafter
Operating lease obligations(1)	$ 164,918	$ 12,337	$ 29,241	$ 26,836	$ 96,504
Contingent earn-out payments(2)	36,745	105	36,640	—	—
Debt obligations(3)	100,000	—	—	100,000	—
Interest on debt obligations(4)	23,841	6,863	13,725	3,253	—
Capital commitments(5)	84,334	84,334	—	—	—
Capital commitments in legacy Greenspring funds(6)	50,558	50,558	—	—	—
Total	$ 460,396	$ 154,197	$ 79,606	$ 130,089	$ 96,504

(1) We lease office space and certain office equipment under agreements that expire periodically through 2039. The table only includes guaranteed minimum lease payments under these agreements, including leases signed but not yet commenced at the period end, and does not project other lease-related payments.

(2) In September 2021, we completed the acquisition of 100% of Greenspring. The transaction agreement provides for the payment of an earn-out of up to $75 million that is payable in 2025 subject to the achievement of certain management fee revenue targets for calendar year 2024. Future cash payments represent the fair values as of March 31, 2023. See note 6 to our consolidated financial statements included elsewhere in this annual report for more information on contingent consideration liabilities.

(3) Debt obligations presented in the table relate to the Revolver, which has a maturity date of September 20, 2026. The balance outstanding under the Revolver as of March 31, 2023 has been presented as an obligation payable in the years

3-5 column as there are no scheduled or required principal payments on the Revolver until the maturity date on September 20, 2026.

(4) Interest on debt obligations consists of projected future interest payments for amounts drawn on the Revolver using interest rates in effect as of March 31, 2023, which has been calculated assuming no additional principal payments will be made and the outstanding balance will be held until its final maturity date. These projected interest payments may differ in the future based on the balance outstanding on the Revolver, as well as changes in market interest rates.

(5) Capital commitments represent our obligations to provide general partner capital funding to the StepStone Funds. These amounts are generally due on demand, and accordingly, have been presented as obligations payable in the less than 1 year column. Capital commitments are expected to be called over a period of several years.

(6) In connection with the Greenspring acquisition, we, indirectly through our subsidiaries, became the sole and/or managing member of certain entities, each of which is the general partner of an investment fund ("legacy Greenspring general partner entities"). We did not acquire any direct economic interests attributable to the legacy Greenspring general partner entities, including legacy Greenspring investments in funds and carried interest allocations. We determined that the legacy Greenspring general partner entities are VIEs and that we are the primary beneficiary of each such entity because we have a controlling financial interest in each entity. As a result, we consolidate these entities. Capital commitments in legacy Greenspring funds represent our obligations to provide general partner capital funding in legacy Greenspring funds for which we do not hold any direct economic interests. These amounts are generally due on demand, and accordingly, have been presented as obligations payable in the less than 1 year column. Capital commitments are expected to be called over a period of several years.

The payments that we are required to make under the Tax Receivable Agreements are expected to be substantial and are not reflected in the contractual obligations table set forth above as they are dependent upon future taxable income.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that would expose us to any liability or require us to fund losses or guarantee target returns to clients in our funds that are not reflected in our consolidated financial statements. See notes 4 and 16, respectively, to our consolidated financial statements included in Part II, Item 8 of this annual report for information on variable interest entities and commitments and contingencies.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and judgments, however, are both subjective and subject to change, and actual amounts may differ from our assumptions and estimates. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates or judgments. See note 2 to our consolidated financial statements included in Part II, Item 8 of this annual report for a summary of our significant accounting policies.

Consolidation

We consolidate all entities that we control through a majority voting interest or as the primary beneficiary of a variable interest entity ("VIE"). We use, and expect to continue to use, a combination of our equity ownership, governance rights and other contractual arrangements to control operations of these entities. However, these arrangements may not be as effective in providing us with control over these operations as would wholly owning these entities. See note 4 to our consolidated financial statements included in Part II, Item 8 of this annual report for information on variable interest entities.

Under the VIE model, we are required to perform an analysis as to whether we have a variable interest in an entity and whether the entity is a VIE. In evaluating whether we hold a variable interest, we review all of our financial relationships to determine whether we are exposed to the risks and rewards created and distributed by an entity. We hold variable interests in certain operating subsidiaries not wholly-owned by us and in the StepStone Funds in which we serve as the general partner or managing member. We also assess whether the fees received from the StepStone Funds as a decision maker or in exchange for services (including management fees, incentive fees and carried interest allocations) are customary and commensurate with the level of effort required to provide the services. We consider all economic interests, including indirect interests, to determine if a fee is considered a variable interest. We determined our fee arrangements with the StepStone Funds are not considered to be variable interests.

If we have a variable interest in an entity, we further assess whether the entity is a VIE and, if so, whether we are the primary beneficiary. Entities that do not qualify as VIEs are assessed for consolidation under the voting interest model. The assessment of whether an entity is a VIE requires an evaluation of qualitative factors and, where applicable, quantitative factors. These judgments include: (a) determining whether the entity has sufficient equity at risk, (b) evaluating whether the equity holders, as a group, lack the ability to make decisions that significantly affect the economic performance of the entity and (c) determining whether the entity is structured with disproportionate voting rights in relation to their equity interests.

For entities that are determined to be VIEs, we are required to consolidate those entities where we have concluded that we are the primary beneficiary. The primary beneficiary is defined as the variable interest holder with (a) the power to direct the activities of a VIE that most significantly affect the entity’s economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. In evaluating whether we are the primary beneficiary, we evaluate our economic interests in the entity held either directly or indirectly by us. At each reporting date, we determine whether any reconsideration events have occurred that require us to revisit the primary beneficiary analysis, and we will consolidate or deconsolidate accordingly.

We provide investment advisory services to the StepStone Funds, which have third-party investors. Certain StepStone Funds are VIEs because they have not granted the third-party investors substantive rights to terminate or remove the general partner or participating rights. We do not consolidate most of the StepStone Funds that are VIEs because we are not the primary beneficiary of those funds, primarily because our fee arrangements are considered customary and commensurate and thus not deemed to be variable interests, and we do not hold any other interests in those funds that are considered more than insignificant. We consolidate certain of our operating subsidiaries that are VIEs because we are the primary beneficiary.

The Consolidated Funds comprise certain entities that constitute client investment funds that we manage or control and have been consolidated in the accompanying consolidated financial statements. Including the results of the Consolidated Funds increases the reported amounts of the assets, liabilities, expenses and cash flows in the accompanying consolidated financial statements, and amounts related to economic interests held by third-party investors are reflected as redeemable non-controlling interests in Consolidated Funds. The revenues earned by us as investment manager of the Consolidated Funds are eliminated in consolidation and generally have no direct effect on the net income attributable to SSG or to Stockholders' Equity.

Revenues

We recognize revenue in accordance with ASC 606. Revenue is recognized in a manner that depicts the transfer of promised goods or services to customers and for an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The application of ASC 606 requires us to identify our contract(s) with a customer, identify the performance obligations in a contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, variable consideration is included only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. We have elected to apply the variable consideration allocation exception for our fee arrangements with our customers.

Management and Advisory Fees, Net

We recognize management and advisory fee revenues when control of the promised services is transferred to customers, in an amount that reflects the consideration that we expect to receive in exchange for those services. For asset management services and the arrangement of administrative services, we satisfy these performance obligations over time because the customer simultaneously receives and consumes the benefits of the services as they are performed. Advisory fees from contracts where we do not have discretion over investment decisions are generally based on fixed amounts and typically billed quarterly. Management fees are reflected net of certain professional and administrative services and distribution and servicing fees paid to third parties for which we are acting as an agent.

Performance Fees

We earn two types of performance fee revenues: incentive fees and carried interest allocations, as described below.

Incentive fees are generally calculated as a percentage of the profits (up to 15%) earned in respect of certain accounts, including certain permanent capital vehicles, for which we are the investment adviser, subject to the achievement of minimum return levels or performance benchmarks. Incentive fees are a form of variable consideration and represent contractual fee arrangements in our contracts with our customers. Incentive fees are typically subject to reversal until the end of a defined performance period, as these fees are affected by changes in the fair value of the assets under management or advisement over such performance period. Moreover, incentive fees that are received prior to the end of the defined performance period are typically subject to clawback, net of tax.

We recognize incentive fee revenue only when these amounts are realized and no longer subject to significant risk of reversal, which is typically at the end of a defined performance period and/or upon expiration of the associated clawback period (i.e., crystallization). However, clawback terms for incentive fees received prior to crystallization only require the return of amounts on a net of tax basis. Accordingly, the tax-related portion of incentive fees received in advance of crystallization is not subject to clawback and is therefore recognized as revenue immediately upon receipt. Incentive fees received in advance of crystallization that remain subject to clawback are recorded as deferred incentive fee revenue and included in accounts payable, accrued expenses and other liabilities in the consolidated balance sheets.

Carried interest allocations include the allocation of performance-based fees, commonly referred to as carried interest, to us from unaffiliated limited partners in the StepStone Funds in which we hold an equity interest. We are entitled to a carried interest allocation (typically 5% to 15%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. These carried interest allocations are subject to the achievement of minimum return levels (typically 5% to 10%), in accordance with the terms set forth in each respective fund's governing documents. We account for our investment balances in the StepStone Funds, including carried interest allocations, under the equity method of accounting because it is presumed to have significant influence as the general partner or managing member. Accordingly, carried interest allocations are not deemed to be within the scope of ASC 606.

Legacy Greenspring carried interest allocations include the allocation of carried interest to legacy Greenspring general partner entities from limited partners in certain legacy Greenspring funds in which the legacy Greenspring general partner entities hold an equity interest. The legacy Greenspring general partner entities are entitled to a carried interest allocation (typically 5% to 20%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. We account for the investment balances in the legacy Greenspring funds, including carried interest allocations, under the equity method of accounting because it is presumed to have significant influence as the general partner or managing member. Accordingly, legacy Greenspring carried interest allocations are not deemed to be within the scope of ASC 606. We do not hold any direct economic interests in the legacy Greenspring general partner entities and thus are not entitled to any carried interest allocation from the legacy funds. All of the carried interest allocations in respect of the legacy Greenspring funds are payable to employees who are considered affiliates to us and are therefore reflected as legacy Greenspring performance fee-related compensation in the consolidated statements of income.

We recognize revenue attributable to carried interest allocations from a fund based on the amount that would be due to us pursuant to the fund's governing documents, assuming the fund was liquidated based on the current fair value of its underlying investments as of that date. Accordingly, the amount recognized as carried interest allocation revenue reflects our share of the gains and losses of the associated fund's underlying investments measured at their then-fair values, relative to the fair values as of the end of the prior period. We record the amount of carried interest allocated to us as of each period end as accrued carried interest allocations receivable, which is included as a component of investments in the consolidated balance sheets. Our determination of fair value for investments in the underlying funds includes various valuation techniques. These techniques may include a market approach, recent transaction price, net asset value approach, or discounted cash flows, and may use one or more significant unobservable inputs such as EBITDA, revenue multiples, discount rates, weighted-average cost of capital, exit multiples, or terminal growth rates.

Carried interest is generally realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the specific hurdle rates, as defined in the applicable governing documents. Carried interest is generally subject to reversal to the extent that the amount received to date exceeds the amount due to us based on cumulative results. As such, a liability is accrued for potential clawback obligations if amounts previously distributed to us would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life.

Fair Value Measurements

GAAP establishes a hierarchical disclosure framework, which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace – including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and therefore a lesser degree of judgment is used in measuring their fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of their fair values, as follows:

- Level I – Pricing inputs are unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies. The types of financial instruments classified in this category include less liquid securities traded in active markets and securities traded in other than active markets.
- Level III – Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the financial instrument.

The availability of observable inputs can vary depending on the financial asset or liability and is affected by a wide variety of factors including, for example, the type of instrument, whether the instrument has recently been issued, whether the instrument is traded on an active exchange or in the secondary market, and current market conditions. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for financial instruments categorized in Level III. The variability and availability of the observable inputs affected by the factors described above may result in transfers between Levels I, II, and III.

We consider our cash, cash equivalents, restricted cash, fees and accounts receivable, accounts payable, investments, revolving credit facility, contingent consideration and liability classified award balances to be financial instruments. The carrying amounts of cash, cash equivalents, restricted cash, fees and accounts receivable and accounts payable equal or approximate their fair values due to their nature and/or the relatively short period over which they are held. See note 6 to our consolidated financial statements for additional details regarding the fair value of our contingent consideration and liability classified award balances and note 9 for additional details regarding the fair value of our revolving credit facility balance.

Equity-Based Compensation

We account for grants of equity-based awards, including RSUs, to certain employees and directors at fair value as of the grant date. We recognize non-cash compensation expense attributable to these grants on a straight-line basis over the requisite service period, which is generally the vesting period. Expense related to grants of equity-based awards is recognized as equity-based compensation expense in the consolidated statements of income. The fair value of RSUs is determined by the closing stock price on the grant date. Forfeitures of equity-based awards are recognized as they occur. Awards classified as liabilities are remeasured at the end of each reporting period until settlement. See note 10 to our consolidated financial statements for additional information regarding our accounting for equity-based awards.

Performance Fee-Related Compensation

A portion of the carried interest allocation revenue and incentive fees we earn is awarded to employees and other carry participants in the form of award letters ("carry awards") as a form of long-term incentive compensation. Performance fee-related compensation is generally tied to the investment performance of the StepStone Funds. Approximately 50% of carried interest allocation revenue is awarded to employees and other participants as part of our long-term incentive compensation plan, fostering alignment of interest with our clients and investors, and retaining key investment professionals. Carry awards to employees and other participants are accounted for as a component of compensation and benefits expense in conjunction with our recognition of the related realized and unrealized carried interest allocation revenue and, until paid, is recorded as accrued carried interest-related compensation in the consolidated balance sheets. Performance fee-related compensation also includes the portion of carried interest-related compensation expense attributable to equity holders of our consolidated subsidiaries that are not 100% owned by us. Upon a reversal of carried interest allocation revenue, the related compensation expense, if any, is also reversed. Liabilities recognized for carried interest-related compensation amounts due to affiliates are not paid until the related carried interest allocation revenue is realized. Incentive fee-related compensation is accrued as performance fee-related compensation expense when it is probable and estimable that payment will be made. The incentive fee-related compensation accrual is based on a number of factors, including the cumulative activity for the period and the distribution of the net proceeds in accordance with the applicable governing agreement.

Income Taxes

SSG is a corporation for U.S. federal income tax purposes and therefore is subject to U.S. federal and state income taxes on its share of taxable income generated by the Partnership. The Partnership is treated as a pass-through entity for U.S. federal and state income tax purposes. As such, income generated by the Partnership flows through to its limited partners, including SSG, and is generally not subject to U.S. federal or state income tax at the Partnership level. The Partnership's non-U.S. subsidiaries generally operate as corporate entities in non-U.S. jurisdictions, with certain of these entities subject to non-U.S. income taxes. Additionally, certain subsidiaries are subject to local jurisdiction taxes at the entity level, which are reflected within income tax expense in the consolidated statements of income. As a result, the Partnership does not record U.S. federal and state income taxes on income in the Partnership or its subsidiaries, except for certain local and foreign income taxes discussed above.

Taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases, using tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period when the change is enacted. Deferred tax liabilities are included within accounts payable, accrued expenses and other liabilities in the consolidated balance sheets. The principal items giving rise to temporary differences are certain basis differences resulting from exchanges of Partnership units. See Tax Receivable Agreements below.

Deferred tax assets are reduced by a valuation allowance when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent on the amount, timing and character of our future taxable income. When evaluating the realizability of deferred tax assets, all evidence – both positive and negative – is considered. This evidence includes, but is not limited to, expectations regarding future earnings, future reversals of existing temporary tax differences and tax planning strategies.

We are subject to the provisions of ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes*. This standard establishes consistent thresholds as it relates to accounting for income taxes. It defines the threshold for recognizing the benefits of tax return positions in the financial statements as more-likely-than-not to be sustained by the relevant taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50% likely to be realized. If upon performance of an assessment pursuant to this subtopic, management determines that uncertainties in tax positions exist that do not meet the minimum threshold for recognition of the related tax benefit, a liability is recorded in the consolidated financial statements. We recognize interest and penalties, if any, related to unrecognized tax benefits as interest expense and general, administrative and other expenses, respectively, in the consolidated statements of income. See note 11 to our consolidated financial statements for more information.

The Company has elected to account for global intangible low-taxed income (“GILTI”) earned by foreign subsidiaries in the period the tax is incurred.

Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties under GAAP. We review our tax positions quarterly and adjust our tax balances as new information becomes available.

Tax Receivable Agreements

The Tax Receivable Agreements provide for payment by SSG to the Class B limited partners, Class C limited partners and pre-IPO institutional investors of the Partnership of 85% of the amount of the net cash tax savings, if any, that SSG realizes (or, under certain circumstances, is deemed to realize) as a result of increases in tax basis (and utilization of certain other tax benefits) resulting from (i) SSG’s acquisition of such partners’ and institutional investors’ Partnership units and (ii) in the case of the Exchanges Tax Receivable Agreement, any payments SSG makes under the Exchanges Tax Receivable Agreement (including tax benefits related to imputed interest). SSG will retain the benefit of the remaining 15% of these net cash tax savings under both Tax Receivable Agreements. In connection with the Greenspring acquisition, the sellers receiving Class C units of the Partnership became parties to the Exchanges Tax Receivable Agreement. See notes 14 and 15 to our consolidated financial statements for more information.

Recent Accounting Developments

Information regarding recent accounting developments and their effects to us can be found in note 2 to our consolidated financial statements included in Part II, Item 8 of this annual report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, we are exposed to a broad range of risks inherent in the financial markets in which we participate, including price risk, interest-rate risk, access to and cost of financing risk, liquidity risk, counterparty risk and foreign exchange-rate risk. Potentially negative effects of these risks may be mitigated to a certain extent by those aspects of our investment approach, investment strategies, fundraising practices or other business activities that are designed to benefit, either in relative or absolute terms, from periods of economic weakness, tighter credit markets or financial market dislocations.

Market Risk

Our predominant exposure to market risk is related to our role as general partner or investment manager for our focused commingled funds and SMAs and the sensitivities to movements in the fair value of their investments, which may adversely affect our performance fee revenues and investment income.

Our management fee and advisory fee revenue is only marginally affected by changes in investment values because our management fees are generally based on commitments or net invested capital and our advisory fees are fixed. As of March 31, 2023 and 2022 , NAV-based management fees represented approximately 7% and 3%, respectively, of total net management and advisory fees. We estimate that a 10% decline in market values of the investments held in our funds as of March 31, 2023 and 2022 would result in an approximate decrease to annual management fees of $3.4 million and $1.5 million, respectively.

The fair value of the financial assets and liabilities of our focused commingled funds and SMAs may fluctuate in response to changes in the fair value of a fund's underlying investments, foreign currency exchange rates, commodity prices and interest rates. The effect of these risks is as follows:

- Incentive fees from our funds are not materially affected by changes in the fair value of unrealized investments because they are based on realized gains and subject to achievement of performance criteria rather than on the fair value of the fund's assets prior to realization. As of March 31, 2023 and 2022, we had $18.1 million and $14.2 million, respectively, of deferred incentive fee revenue recorded in accounts payable, accrued expenses and other liabilities in the consolidated balance sheets.

- We earn carried interest allocation revenue from certain of the StepStone Funds based on cumulative fund performance to date, subject to specified performance criteria. Our carried interest allocation is affected by changes in market factors. However, the degree of impact will vary depending on several factors, including but not limited to (i) the performance criteria for each individual fund in relation to how that fund's results of operations are affected by changes in market factors; (ii) whether such performance criteria are annual or over the life of the fund; (iii) to the extent applicable, the previous performance of each fund in relation to its performance criteria; and (iv) whether each funds' performance related distributions are subject to contingent repayment. As a result, the impact of changes in market factors on carried interest allocation revenue will vary widely from fund to fund. An overall decrease of 10% in the general equity markets would not necessarily drive the same impact on our funds' valuations, as many of our investments in our funds are illiquid and do not trade on any exchange. Additionally, as a large percentage of our carried interest allocation revenues are paid to employees as carried interest-related compensation, the overall net impact to our income would be mitigated by lower compensation payments. As of March 31, 2023 and 2022, the maximum amount of carried interest allocations (excluding legacy Greenspring carried interest allocations) subject to contingent repayment, net of tax, was an estimated $264.1 million and $204.8 million, respectively, assuming the fair value of all investments was zero, a possibility that we view as remote. The primary driver for the change in the contingent repayment between periods is due to additional carried interest allocation realizations in fiscal 2023 that are potentially subject to clawback.

- Investment income changes in relation to realized and unrealized gains and losses of the underlying investments in our funds in which we have a general partner commitment. Based on investments (excluding legacy Greenspring investments in funds and investments of Consolidated Funds) held as of March 31, 2023 and 2022, we estimate that a 10% decline in fair value of the investments in funds and investments, at fair value, of Consolidated Funds would result in a decrease in investment income of $11.5 million and $10.7 million, respectively.

Exchange Rate Risk

Our business is affected by movements in the exchange rate between the U.S. dollar and non-U.S. dollar currencies in respect of revenues and expenses of our foreign offices that are denominated in non-U.S. dollar currencies and cash and other balances we hold in non-functional currencies. The amount of revenues and expenses attributable to our foreign offices is not material in relation to our U.S. offices. Therefore, changes in exchange rates are not expected to materially affect our consolidated financial statements.

Certain of our focused commingled funds and SMAs hold investments denominated in non-U.S. dollar currencies that may be affected by movements in the exchange rate between the U.S. dollar and foreign currencies, which could affect investment performance. The currency exposure related to investments in foreign currency assets is limited to our general partner interest, which is typically no more than 1% of total capital commitments. Changes in exchange rates are not expected to materially affect our consolidated financial statements.

Interest Rate Risk

As of March 31, 2023 and 2022, we had $100.0 million and $65.0 million, respectively, in borrowings outstanding under our Revolver. The Revolver accrues interest at a variable rate. As of March 31, 2023 and 2022, we estimate that interest expense would increase by $1.0 million and $0.7 million, respectively, on an annualized basis as a result of a 100 basis point increase in interest rates. Based on the $103.5 million and $117.4 million of cash, cash equivalents and restricted cash (excluding Consolidated Funds) as of March 31, 2023 and 2022, respectively, we estimate that interest income would increase by $1.0 million and $1.2 million, respectively, on an annualized basis as a result of a 100 basis point increase in interest rates.

Credit Risk

We are party to agreements providing for various financial services and transactions that contain an element of risk in the event that the counterparties are unable to meet the terms of such agreements. In such agreements, we depend on the respective counterparty to make payment or otherwise perform. We generally endeavor to minimize our risk of exposure by limiting the counterparties with which we enter into financial transactions to reputable financial institutions. In other circumstances, availability of financing from financial institutions may be uncertain due to market events, and we may not be able to access these financing markets.

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of StepStone Group Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of StepStone Group Inc. (the Company) as of March 31, 2023 and 2022, the related consolidated statements of income (loss), comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended March 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 26, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	Valuation of underlying investments of equity method investments
Description of the Matter	The Company has investments in funds of $115.2 million and accrued carried interest allocations of $1,227.2 million as of March 31, 2023. As discussed in Notes 2 and 5 to the consolidated financial statements, a significant input to the measurement of the Company’s investments in funds and accrued carried interest allocations is management’s estimate of the fair value of the underlying investments held by the StepStone Funds, specifically co-investment funds which invest in portfolio companies that are valued using significant unobservable inputs. Auditing management’s determination of the fair value of the co-investment fund investments that are valued using significant unobservable inputs involved a high degree of auditor subjectivity because these investments exhibit higher estimation uncertainty.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s investment valuation process for the co-investment fund investments. This included management’s review controls over the assessment of the valuation techniques and significant unobservable inputs used to estimate the fair value of the co-investment fund investments and management’s review of the completeness and accuracy of the data used in these estimates. Our audit procedures included, among others, evaluating, on a sample basis, the valuation techniques and significant unobservable inputs used by the Company in valuing the co-investment fund investments and testing, on a sample basis, the mathematical accuracy of the related valuation models. For example, for a sample of co-investment fund investments, we performed procedures to evaluate the significant unobservable inputs such as the selected earnings before interest, taxes, depreciation and amortization multiples or revenue multiples that were derived from comparable companies. These procedures included assessing management’s determination of the comparable companies, and, where applicable, comparing the selected multiples to market observed transactions of such companies. We searched for and evaluated information that corroborated or contradicted the significant unobservable inputs. We also evaluated subsequent events and transactions and considered whether they corroborated or contradicted the year-end valuations. In addition, we involved more senior, more experienced audit team members to perform audit procedures.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2009.

Los Angeles, CA

May 26, 2023

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of StepStone Group Inc.

Opinion on Internal Control over Financial Reporting

We have audited StepStone Group Inc.’s internal control over financial reporting as of March 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, StepStone Group Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 31, 2023 and 2022, the related consolidated statements of income (loss), comprehensive income (loss), changes in stockholders’ equity, and cash flows for each of the three years in the period ended March 31, 2023, and the related notes and our report dated May 26, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Los Angeles, CA

May 26, 2023

StepStone Group Inc.
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	As of March 31, 2023	As of March 31, 2022
Assets		
Cash and cash equivalents	$ 102,565	$ 116,386
Restricted cash	955	1,063
Fees and accounts receivable	44,450	34,141
Due from affiliates	54,322	19,369
Investments:		
Investments in funds	115,187	107,045
Accrued carried interest allocations	1,227,173	1,480,515
Legacy Greenspring investments in funds and accrued carried interest allocations[1]	770,652	1,334,581
Deferred income tax assets	44,358	27,866
Lease right-of-use assets, net	101,130	61,065
Other assets and receivables	44,060	27,426
Intangibles, net	354,645	398,126
Goodwill	580,542	580,542
Assets of Consolidated Funds:		
Cash and cash equivalents	25,997	—
Investments, at fair value	30,595	—
Other assets	772	—
Total assets	$ 3,497,403	$ 4,188,125
Liabilities and stockholders' equity		
Accounts payable, accrued expenses and other liabilities	$ 89,396	$ 80,541
Accrued compensation and benefits	66,614	46,397
Accrued carried interest-related compensation	644,517	763,557
Legacy Greenspring accrued carried interest-related compensation[1]	617,994	1,140,101
Due to affiliates	205,424	199,355
Lease liabilities	121,224	70,965
Debt obligations	98,351	62,879
Liabilities of Consolidated Funds:		
Other liabilities	566	—
Total liabilities	1,844,086	2,363,795
Commitments and contingencies (Note 16)		
Redeemable non-controlling interests in Consolidated Funds	24,530	—
Stockholders' equity:		
Class A common stock, $0.001 par value, 650,000,000 authorized; 62,834,791 and 61,141,306 issued and outstanding as of March 31, 2023 and 2022, respectively	63	61
Class B common stock, $0.001 par value, 125,000,000 authorized; 46,420,141 and 47,149,673 issued and outstanding as of March 31, 2023 and 2022, respectively	46	48
Additional paid-in capital	610,567	587,243
Retained earnings	160,430	229,615
Accumulated other comprehensive income	461	658
Total StepStone Group Inc. stockholders' equity	771,567	817,625
Non-controlling interests in subsidiaries	36,380	32,063
Non-controlling interests in legacy Greenspring entities[1]	152,658	194,480
Non-controlling interests in the Partnership	668,182	780,162
Total stockholders' equity	1,628,787	1,824,330
Total liabilities and stockholders' equity	$ 3,497,403	$ 4,188,125

(1) Reflects amounts attributable to consolidated VIEs for which the Company did not acquire any direct economic interests. See notes 5 and 15 for more information.

See accompanying notes to consolidated financial statements.

StepStone Group Inc.
Consolidated Balance Sheets
(in thousands)

The following presents the portion of the consolidated balances presented above attributable to consolidated variable interest entities.

	As of March 31,	
	2023	2022
Assets		
Cash and cash equivalents	$ 25,959	$ 19,386
Restricted cash	955	1,063
Fees and accounts receivable	39,996	29,060
Due from affiliates	14,061	5,252
Investments in funds	31,569	22,808
Legacy Greenspring investments in funds and accrued carried interest allocations	770,652	1,334,581
Deferred income tax assets	451	301
Lease right-of-use assets, net	15,084	17,206
Other assets and receivables	8,101	5,588
Assets of Consolidated Funds:		
Cash and cash equivalents	25,997	—
Investments, at fair value	30,595	—
Other assets	772	—
Total assets	$ 964,192	$ 1,435,245
Liabilities		
Accounts payable, accrued expenses and other liabilities	$ 13,444	$ 8,548
Accrued compensation and benefits	29,869	14,806
Legacy Greenspring accrued carried interest-related compensation	617,994	1,140,101
Due to affiliates	4,962	190
Lease liabilities	15,883	17,593
Liabilities of Consolidated Funds:		
Other liabilities	566	—
Total liabilities	$ 682,718	$ 1,181,238

See accompanying notes to consolidated financial statements.

StepStone Group Inc.
Consolidated Statements of Income (Loss)
(in thousands, except share and per share amounts)

	Year Ended March 31,		
	2023	2022	2021
Revenues			
Management and advisory fees, net	$ 497,179	$ 380,257	$ 285,462
Performance fees:			
Incentive fees	9,663	11,593	5,474
Carried interest allocations:			
Realized	131,089	200,718	62,953
Unrealized	(253,342)	585,851	433,827
Total carried interest allocations	(122,253)	786,569	496,780
Legacy Greenspring carried interest allocations[1]	(452,163)	187,106	—
Total revenues	(67,574)	1,365,525	787,716
Expenses			
Compensation and benefits:			
Cash-based compensation	252,180	197,482	157,123
Equity-based compensation	24,940	13,996	7,899
Performance fee-related compensation:			
Realized	79,846	91,208	30,532
Unrealized	(119,039)	312,903	215,508
Total performance fee-related compensation	(39,193)	404,111	246,040
Legacy Greenspring performance fee-related compensation[1]	(452,163)	187,106	—
Total compensation and benefits	(214,236)	802,695	411,062
General, administrative and other	147,159	110,468	48,485
Total expenses	(67,077)	913,163	459,547
Other income (expense)			
Investment income (loss)	(2,509)	26,160	16,407
Legacy Greenspring investment income (loss)[1]	(44,075)	32,586	—
Investment income of Consolidated Funds	9,315	—	—
Interest income	1,921	337	413
Interest expense	(4,189)	(1,113)	(7,360)
Other income (loss)	(1,420)	2,249	220
Total other income (expense)	(40,957)	60,219	9,680
Income (loss) before income tax	(41,454)	512,581	337,849
Income tax expense	3,821	28,300	23,256
Net income (loss)	(45,275)	484,281	314,593
Less: Net income attributable to non-controlling interests in subsidiaries	35,194	26,608	23,176
Less: Net income (loss) attributable to non-controlling interests in legacy Greenspring entities[1]	(44,075)	32,586	—
Less: Net income (loss) attributable to non-controlling interests in the Partnership	(19,772)	231,202	228,783
Less: Net income attributable to redeemable non-controlling interests in Consolidated Funds	1,776	—	—
Net income (loss) attributable to StepStone Group Inc.	$ (18,398)	$ 193,885	$ 62,634
Net income (loss) per share of Class A common stock:			
Basic	$ (0.30)	$ 3.89	$ 2.11
Diluted	$ (0.30)	$ 3.84	$ 2.06
Weighted-average shares of Class A common stock:			
Basic	61,884,671	49,833,760	29,657,805
Diluted	61,884,671	53,600,250	33,274,804
Dividends declared per share of Class A common stock	$ 0.80	$ 0.44	$ 0.07

(1) Reflects amounts attributable to consolidated VIEs for which the Company did not acquire any direct economic interests. See notes 3, 5 and 15 for more information.

See accompanying notes to consolidated financial statements.

StepStone Group Inc.
Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	Year Ended March 31,		
	2023	2022	2021
Net income (loss)	$ (45,275)	$ 484,281	$ 314,593
Other comprehensive income (loss):			
Foreign currency translation adjustment	(181)	329	1,619
Unrealized gain (loss) on defined benefit plan, net	(506)	1,365	(244)
Total other comprehensive income (loss)	(687)	1,694	1,375
Comprehensive income (loss) before non-controlling interests	(45,962)	485,975	315,968
Less: Comprehensive income attributable to non-controlling interests in subsidiaries	34,856	27,446	23,877
Less: Comprehensive income (loss) attributable to non-controlling interests in legacy Greenspring entities	(44,075)	32,586	—
Less: Comprehensive income (loss) attributable to non-controlling interests in the Partnership	(19,925)	231,609	229,339
Less: Comprehensive income attributable to redeemable non-controlling interests in Consolidated Funds	1,776	—	—
Comprehensive income (loss) attributable to StepStone Group Inc.	$ (18,594)	$ 194,334	$ 62,752

See accompanying notes to consolidated financial statements.

StepStone Group Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)

	Partners' Capital	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interests in Subsidiaries	Non-Controlling Interests in the Partnership	Total Stockholders' Equity / Partners' Capital
Balance at March 31, 2020	$ 216,051	$ —	$ —	$ —	$ —	$ 178	$ 20,738	$ —	$ 236,967
Net income prior to Reorganization and IPO	45,265	—	—	—	—	—	12,428	—	57,693
Other comprehensive income prior to Reorganization and IPO	—	—	—	—	—	335	350	—	685
Contributed capital prior to Reorganization and IPO	27	—	—	—	—	—	—	—	27
Equity-based compensation prior to Reorganization and IPO	723	—	—	—	—	—	2	—	725
Sale of non-controlling interests prior to Reorganization and IPO	—	—	—	—	—	—	3,308	—	3,308
Purchase of non-controlling interests prior to Reorganization and IPO	—	—	—	—	—	—	(3,308)	—	(3,308)
Distributions prior to Reorganization and IPO	(50,424)	—	—	—	—	—	(13,161)	—	(63,585)
Equity reallocation between controlling and non-controlling interests prior to Reorganization and IPO	252	—	—	—	—	—	(252)	—	—
Effect of Reorganization and purchase of units in the Partnership	(211,894)	9	73	23,432	—	(513)	—	188,893	—
Issuance of Class A common stock sold in IPO, net of underwriting discounts	—	20	—	337,778	—	—	—	—	337,798
Purchase of partnership interests with IPO net proceeds	—	—	(7)	(127,979)	—	—	—	—	(127,986)
Net income subsequent to Reorganization and IPO	—	—	—	—	62,634	—	10,748	183,518	256,900
Other comprehensive income subsequent to Reorganization and IPO	—	—	—	—	—	118	351	221	690
Contributed capital subsequent to Reorganization and IPO	—	—	—	—	—	—	2,709	40	2,749
Equity-based compensation subsequent to Reorganization and IPO	—	—	—	2,239	—	—	12	4,923	7,174
Distributions subsequent to Reorganization and IPO	—	—	—	—	—	—	(8,040)	(26,051)	(34,091)
Dividends declared subsequent to Reorganization and IPO	—	—	—	—	(2,227)	—	—	—	(2,227)
Exchange of Class B units for Class A common stock and redemption of corresponding Class B common shares in connection with registered offering subsequent to Reorganization and IPO	—	9	(9)	(9)	—	—	—	—	(9)
Deferred offering costs	—	—	—	(3,611)	—	—	—	(7,610)	(11,221)
Equity reallocation between controlling and non-controlling interests subsequent to Reorganization and IPO	—	—	—	(40,503)	—	37	—	40,466	—
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements	—	—	—	(2,596)	—	—	—	—	(2,596)
Balance at March 31, 2021	$ —	$ 38	$ 57	$ 188,751	$ 60,407	$ 155	$ 25,885	$ 384,400	$ 659,693

See accompanying notes to consolidated financial statements.

StepStone Group Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interests in Subsidiaries	Non-Controlling Interests in Legacy Greenspring Entities	Non-Controlling Interests in the Partnership	Total Stockholders' Equity
Balance at March 31, 2021	$ 38	$ 57	$ 188,751	$ 60,407	$ 155	$ 25,885	$ —	$ 384,400	$ 659,693
Net income	—	—	—	193,885	—	26,608	32,586	231,202	484,281
Other comprehensive income	—	—	—	—	449	838	—	407	1,694
Contributed capital	—	—	—	—	—	—	15,078	83	15,161
Equity-based compensation	—	—	6,686	—	—	12	—	7,298	13,996
Distributions	—	—	—	—	—	(20,692)	(11,326)	(86,778)	(118,796)
Purchase of non-controlling interests	—	—	(657)	—	—	(1,502)	—	(887)	(3,046)
Dividends declared	—	—	—	(24,677)	—	—	—	—	(24,677)
Vesting of RSUs	1	—	(1)	—	—	—	—	—	—
Class A common stock issued for Greenspring acquisition	13	—	267,842	—	—	—	—	290,743	558,598
Class C Partnership units issued for Greenspring acquisition	—	—	64,847	—	—	—	—	70,392	135,239
Exchange of Class B units for Class A common stock and redemption of corresponding Class B common shares	9	(9)	(9)	—	—	—	—	—	(9)
Initial consolidation of legacy Greenspring general partner entities	—	—	—	—	—	—	158,142	—	158,142
Deferred offering costs	—	—	(357)	—	—	—	—	(296)	(653)
Equity reallocation between controlling and non-controlling interests	—	—	115,434	—	54	914	—	(116,402)	—
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements(1)	—	—	(55,293)	—	—	—	—	—	(55,293)
Balance at March 31, 2022	61	48	587,243	229,615	658	32,063	194,480	780,162	1,824,330
Net income (loss)	—	—	—	(18,398)	—	35,194	(44,075)	(19,772)	(47,051)
Other comprehensive loss	—	—	—	—	(196)	(338)	—	(153)	(687)
Contributed capital	—	—	—	—	—	142	13,387	37	13,566
Equity-based compensation	—	—	8,889	—	—	388	—	7,112	16,389
Distributions	—	—	—	—	—	(31,070)	(11,134)	(78,439)	(120,643)
Dividends declared	—	—	—	(50,787)	—	—	—	—	(50,787)
Vesting of RSUs, net of shares withheld for employee taxes	—	—	(1,524)	—	—	—	—	(1,219)	(2,743)
Exchange of Class B and Class C units for Class A common stock and redemption of corresponding Class B common shares	2	(2)	(1)	—	—	—	—	—	(1)
Equity reallocation between controlling and non-controlling interests	—	—	19,546	—	(1)	1	—	(19,546)	—
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements(1)	—	—	(3,586)	—	—	—	—	—	(3,586)
Balance at March 31, 2023	$ 63	$ 46	$ 610,567	$ 160,430	$ 461	$ 36,380	$ 152,658	$ 668,182	$ 1,628,787

(1) See notes 11, 14 and 15 for more information.

See accompanying notes to consolidated financial statements.

StepStone Group Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended March 31,		
	2023	2022	2021
Cash flows from operating activities			
Net income (loss)	$ (45,275)	$ 484,281	$ 314,593
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	47,443	26,977	5,495
Unrealized carried interest allocations and investment (income) loss	261,354	(603,513)	(444,893)
Unrealized legacy Greenspring carried interest allocations and investment (income) loss	577,484	(119,698)	—
Unrealized performance fee-related compensation	(119,039)	312,903	215,508
Unrealized legacy Greenspring performance fee-related compensation	(526,837)	94,944	—
Amortization of deferred financing costs	472	236	3,856
Equity-based compensation	24,940	13,996	7,899
Change in deferred income taxes	(12,692)	6,216	15,913
Fair value adjustment for acquisition-related contingent consideration	9,361	9,600	1,608
Gain on remeasurement of lease liabilities	(2,709)	—	—
Other non-cash activities	40	(3,034)	70
Adjustments to reconcile net income (loss) to net cash provided by operating activities of Consolidated Funds:			
Unrealized investment income of Consolidated Funds	(9,312)	—	—
Purchases of investments of Consolidated Funds	(21,287)	—	—
Proceeds from sale of investments of Consolidated Funds	4	—	—
Changes in operating assets and liabilities:			
Fees and accounts receivable	(10,309)	(1,774)	(6,975)
Due from affiliates	(30,222)	(11,490)	2,216
Other assets and receivables	(3,212)	2,091	(69)
Accounts payable, accrued expenses and other liabilities	(1,216)	6,663	9,767
Accrued compensation and benefits	11,160	(1,445)	23,439
Due to affiliates	(765)	(2,259)	872
Lease right-of-use assets, net and lease liabilities	2,006	(413)	—
Changes in operating assets and liabilities of Consolidated Funds:			
Other assets and receivables	(772)	—	—
Other liabilities and payables	566	—	—
Net cash provided by operating activities	151,183	214,281	149,299
Cash flows from investing activities			
Contributions to investments	(21,637)	(24,571)	(14,047)
Distributions received from investments	5,280	9,510	4,132
Contributions to investments in legacy Greenspring entities	(13,387)	(15,078)	—
Distributions received from investments in legacy Greenspring entities	4,563	3,495	—
Cash paid for Greenspring acquisition, net of cash acquired	—	(181,529)	—
Purchases of property and equipment	(5,627)	(2,103)	(1,258)
Other investing activities	1	35	7
Net cash used in investing activities	(30,807)	(210,241)	(11,166)

See accompanying notes to consolidated financial statements.

StepStone Group Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended March 31,		
	2023	2022	2021
Cash flows from financing activities			
Sale of non-controlling interests	$ —	$ —	$ 3,308
Proceeds from capital contributions from non-controlling interests	179	83	2,776
Proceeds from IPO, net of underwriting discount	—	—	337,798
Proceeds from revolving credit facility	35,000	185,000	—
Deferred financing costs	—	(2,356)	—
Purchase of non-controlling interests	—	(3,046)	(131,294)
Payment of deferred offering costs	—	(1,732)	(10,142)
Principal payments on term loan	—	—	(147,000)
Payments on revolving credit facility	—	(120,000)	—
Distributions to non-controlling interests	(109,509)	(107,470)	(97,676)
Proceeds from capital contributions to legacy Greenspring entities	13,387	15,078	—
Distributions to non-controlling interests in legacy Greenspring entities	(11,134)	(11,326)	—
Dividends paid to common stockholders	(49,973)	(23,874)	(2,047)
Payments for employee taxes related to net settlement of RSUs	(2,743)	—	—
Payments to related parties under Tax Receivable Agreements	(5,981)	(787)	—
Other financing activities	(1)	(9)	(1,029)
Cash flows from financing activities of Consolidated Funds:			
Contributions from redeemable non-controlling interests in Consolidated Funds	22,754	—	—
Net cash used in financing activities	(108,021)	(70,439)	(45,306)
Effect of foreign currency exchange rate changes	(287)	(15)	1,097
Net increase (decrease) in cash, cash equivalents and restricted cash	12,068	(66,414)	93,924
Cash, cash equivalents and restricted cash at beginning of period	117,449	183,863	89,939
Cash, cash equivalents and restricted cash at end of period	$ 129,517	$ 117,449	$ 183,863
Supplemental disclosures:			
Interest paid	$ 3,551	$ 829	$ 3,491
Taxes paid	29,487	11,688	3,413
Non-cash operating, investing, and financing activities:			
Accrued dividends	$ 814	$ 803	$ 180
Deferred tax effect resulting from transactions affecting ownership in the Partnership, including net amounts payable under Tax Receivable Agreements	(3,586)	(55,293)	(2,596)
Accrued deferred offering costs	—	—	1,079
Establishment of lease liabilities in exchange for lease right-of-use assets	77,347	79,688	—
Remeasurement of lease liabilities	(18,166)	—	—
Class A common stock issued for Greenspring acquisition	—	558,598	—
Class C Partnership units issued for Greenspring acquisition	—	135,239	—
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	$ 102,565	$ 116,386	$ 179,886
Restricted cash	955	1,063	3,977
Cash and cash equivalents of Consolidated Funds	25,997	—	—
Total cash, cash equivalents and restricted cash	$ 129,517	$ 117,449	$ 183,863

See accompanying notes to consolidated financial statements.

1. Organization

StepStone Group Inc. ("SSG") was incorporated in the state of Delaware on November 20, 2019. The company was formed for the purpose of completing an initial public offering ("IPO") in order to conduct the business of StepStone Group LP (the "Partnership") as a publicly-traded entity. SSG is the sole managing member of StepStone Group Holdings LLC (the "General Partner"), the general partner of the Partnership. Unless otherwise specified, "StepStone" or the "Company" refers to SSG and its consolidated subsidiaries, including the Partnership, following the Reorganization and IPO, and to the Partnership and its consolidated subsidiaries prior to the Reorganization and IPO, throughout the remainder of these notes to the consolidated financial statements.

The Company is a global private markets investment firm focused on providing customized investment solutions and advisory, data and administrative services to its clients. The Company'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, including high-net-worth and mass affluent individuals. The Company 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. These portfolios utilize several types of synergistic investment strategies with third-party fund managers, including commitments to funds ("primaries"), acquiring stakes in existing funds on the secondary market ("secondaries") and investing directly into companies ("co-investments").

The Company, through its subsidiaries, acts as the investment advisor and general partner or managing member to separately managed accounts ("SMAs") and focused commingled funds, including acquired Greenspring funds (collectively, the "StepStone Funds").

Reorganization

In connection with the IPO, the Company completed certain transactions as part of a corporate reorganization (the "Reorganization"), which are described below:

- SSG amended and restated its certificate of incorporation to, among other things, provide for Class A common stock and Class B common stock.
- The Partnership amended its limited partnership agreement to, among other things, provide for Class A units and Class B units.
- The General Partner amended and restated its limited liability company agreement to, among other things, appoint SSG as the sole managing member of the General Partner.
- SSG redeemed its 100 shares of common stock outstanding.
- The Partnership effectuated a series of transactions such that certain blocker entities in which certain pre-IPO institutional investors that held partnership units in the Partnership merged with and into SSG, with SSG surviving. As a result of the mergers, the 100% owners of the blocker entities acquired 9,112,500 shares of newly issued Class A common stock of SSG.
- The Partnership classified the partnership units acquired by SSG as Class A units and reclassified the partnership units held by the continuing limited partners of the Partnership as Class B units.
- SSG issued to the remaining Class B unitholders one share of Class B common stock for each Class B unit that they owned in exchange for their interests in the General Partner.

- Certain of the Class B stockholders entered into a stockholders agreement pursuant to which they agreed to vote all their shares of voting stock, including Class A common stock and Class B common stock, together and in accordance with the instructions of the Class B Committee, which comprises certain members of senior management.

Initial Public Offering and Greenspring Acquisition

On September 18, 2020, SSG issued 20,125,000 shares of Class A common stock in the IPO at a price of $18.00 per share. The net proceeds from the offering totaled $337.8 million, net of underwriting discounts of $24.5 million and before offering costs of $9.7 million that were incurred by the Partnership. SSG used approximately $209.8 million of the net proceeds from the offering to acquire 12,500,000 newly issued Class A units of the Partnership and approximately $128.0 million to purchase 7,625,000 Class B units from certain of the Partnership's existing unitholders, including certain members of senior management.

In connection with the Greenspring acquisition (see note 15), the Company issued 12,686,756 shares of its Class A common stock and the Partnership issued 3,071,519 newly created Class C units of the Partnership, each of which is exchangeable into one share of Class A common stock, in each case subject to certain adjustments and restrictions (see note 14).

Following the Reorganization and IPO, SSG became a holding company whose principal asset is a controlling financial interest in the Partnership through its ownership of all of the Partnership's Class A units and 100% of the membership interests in the General Partner of the Partnership. SSG acts as the sole managing member of the General Partner of the Partnership and, as a result, indirectly operates and controls all of the Partnership's business and affairs. As a result, SSG consolidates the financial results of the Partnership and reports non-controlling interests related to the Class B and Class C units of the Partnership which are not owned by SSG. The assets and liabilities of the Partnership represent substantially all of SSG's consolidated assets and liabilities, with the exception of certain deferred income taxes and payables due to affiliates pursuant to tax receivable agreements (see note 11). Each share of Class A common stock is entitled to one vote and each share of Class B common stock is entitled to five votes. As of March 31, 2023, SSG held approximately 56.2% of the economic interest in the Partnership. As the Partnership's limited partners exchange their Class B and Class C units into SSG's Class A common stock in the future, SSG's economic interest in the Partnership will increase relative to that of the Class B and Class C unitholders.

The Reorganization was considered a transaction between entities under common control. As a result, the consolidated financial statements for periods prior to the Reorganization and IPO are the consolidated financial statements of the Partnership as the predecessor to SSG for accounting and reporting purposes.

Greenspring Acquisition

On September 20, 2021, the Company completed the acquisition of 100% of the equity of Greenspring Associates, Inc. and certain of its affiliates (collectively, "Greenspring"). The results of Greenspring's operations have been included in the condensed consolidated financial statements effective September 20, 2021. In connection with the Greenspring acquisition, the Company issued 12,686,756 shares of its Class A common stock and the Partnership issued 3,071,519 newly created Class C units of the Partnership, with each such unit exchangeable into one share of Class A common stock, subject to certain adjustments and restrictions. See notes 14 and 15 for more information.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The consolidated financial statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. All intercompany balances and transactions have been eliminated in consolidation.

Certain of the StepStone Funds are investment companies that follow specialized accounting under GAAP and reflect their investments at estimated fair value. Accordingly, the carrying value of the Company's equity method investments in such entities retains the specialized accounting.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management's estimates and assumptions are based on historical experience and other factors, and these estimates and assumptions require management to exercise judgment in the process of applying the Company's accounting policies. Factors that may affect or influence management's estimates and assumptions could include expectations related to future events that management has deemed reasonable under the circumstances. Assumptions and estimates related to the valuation of investments, which directly affect carried interest allocations, carried interest related compensation, and the carrying amount of the Company's equity in affiliated companies, involve a higher degree of judgment and complexity, and these assumptions and estimates may significantly affect the consolidated financial statements. Actual results could differ from these estimates and those differences may be material.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current period presentation. Amounts relating to unpaid realized carried interest-related compensation that were previously reported within accrued carried interest-related compensation have been presented within accrued compensation and benefits in the consolidated balance sheets. In addition, payments to related parties under Tax Receivable Agreements has been presented separately within cash flows from financing activities in the consolidated statements of cash flows, and was previously included within due to affiliates within cash flows from operating activities.

Consolidation

The Company consolidates all entities that it controls through a majority voting interest or as the primary beneficiary of a variable interest entity ("VIE"). Under the VIE model, management first assesses whether the Company has a variable interest in an entity. In evaluating whether the Company holds a variable interest, fees received as a decision maker or in exchange for services (including management fees, incentive fees and carried interest allocations) that are customary and commensurate with the level of services provided, and where the Company does not hold other economic interests in the entity that would absorb more than an insignificant amount of the expected losses or returns of the entity, are not considered variable interests. If the Company has a variable interest in an entity, management further assesses whether that entity is a VIE, and if so, whether the Company is the primary beneficiary under the VIE model. Entities that do not qualify as VIEs are assessed for consolidation under the voting interest model. The consolidation analysis can generally be performed qualitatively; however, in certain situations a quantitative analysis may also be performed. Investments and redemptions (either by the Company, affiliates of the Company or third parties) or amendments to the governing documents of the respective StepStone Funds that are VIEs could affect the entity's status as a VIE or the determination of the primary beneficiary.

Under the VIE model, an entity is deemed to be the primary beneficiary of a VIE if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly affect the entity's economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. Management determines whether the Company is the primary beneficiary of a VIE at the time it becomes involved with a VIE and reconsiders that conclusion at each reporting date. When assessing whether the Company is the primary beneficiary of a VIE, management evaluates whether the Company's involvement, through holding interests directly or indirectly in an entity or contractually through other variable interests, would give the Company a controlling financial interest. This analysis includes an evaluation of the Company's control rights, as well as the economic interests that the Company holds in the VIE, including indirectly through related parties.

The Company provides investment advisory services to the StepStone Funds, which have third-party clients. These funds are investment companies and are typically organized as limited partnerships or limited liability companies for which the Company, through its operating subsidiaries, acts as the general partner or managing member. A limited partnership or similar entity is a VIE if the unaffiliated limited partners or members do not have substantive rights to terminate or liquidate the fund or remove the general partner or substantive rights to participate. Certain StepStone Funds are VIEs because they have not granted unaffiliated limited partners or members substantive rights to terminate the fund or remove the general partner or substantive rights to participate. The Company does not consolidate these StepStone Funds because it is not the primary beneficiary of those funds, primarily because it does not hold an interest in those funds that is considered more than insignificant and its fee arrangements are considered customary and commensurate.

The Company has determined that certain of its operating subsidiaries, StepStone Group Real Assets LP ("SRA"), StepStone Group Real Estate LP ("SRE"), Swiss Capital Alternative Investments AG ("Swiss Capital"), and StepStone Group Private Wealth LLC ("SPW") and certain StepStone Funds are VIEs, and that the Company is the primary beneficiary of each entity because it has a controlling financial interest in each entity; accordingly, the Company consolidates these entities. The assets and liabilities of the consolidated VIEs are presented gross in the consolidated balance sheets. The assets of the consolidated VIEs may only be used to settle obligations of the consolidated VIEs. See note 4 for more information on both consolidated and unconsolidated VIEs.

In connection with the Greenspring acquisition, the Company, indirectly through its subsidiaries, became the sole and/or managing member of certain entities, each of which is the general partner of an investment fund ("legacy Greenspring general partner entities"). The Company did not acquire any direct economic interests attributable to the legacy Greenspring general partner entities, including legacy Greenspring investments in funds and carried interest allocations. However, certain arrangements negotiated as part of the acquisition represent variable interests that could be significant. The Company determined that the legacy Greenspring general partner entities are VIEs and it is the primary beneficiary of each such entity because it has a controlling financial interest in each entity. As a result, the Company consolidates these entities.

The Company and its subsidiaries manages or controls certain entities that constitute client investment funds that have been consolidated in the accompanying consolidated financial statements ("Consolidated Funds"). Including the results of the Consolidated Funds increases the reported amounts of the assets, liabilities, expenses and cash flows in the accompanying consolidated financial statements, and amounts related to economic interests held by third-party investors are reflected as redeemable non-controlling interests in Consolidated Funds. The revenues earned by the Company as investment manager of the Consolidated Funds are eliminated in consolidation and generally have no direct effect on the net income attributable to SSG or to Stockholders' Equity.

Non-Controlling Interests

Non-controlling interests ("NCI") reflect the portion of income or loss and the corresponding equity attributable to third-party equity holders and employees in certain consolidated subsidiaries that are not 100% owned by the Company. Non-controlling interests are presented as separate components of stockholders' equity on the Company's consolidated balance sheets to clearly distinguish between the Company's interests and the economic interests of third parties and employees in those entities. Net income (loss) attributable to SSG, as reported in the consolidated statements of income, is presented net of the portion of net income (loss) attributable to holders of non-controlling interests. See note 14 for more information on ownership interests in the Company.

Non-controlling interests in subsidiaries represent the economic interests in SRA, SRE, and Swiss Capital (the variable interest entities included in the Company's consolidated financial statements) held by third parties and employees in those entities. Non-controlling interests in subsidiaries are allocated a share of income or loss in the respective consolidated subsidiary in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Non-controlling interests in legacy Greenspring entities represent the economic interests in the legacy Greenspring general partner entities. The Company did not acquire any direct economic interests in the legacy Greenspring general partner entities. As a result, all of the net income or loss related to the legacy Greenspring general partner entities is allocated to non-controlling interests in legacy Greenspring entities.

Non-controlling interests in the Partnership represent the economic interests related to the Class B and Class C units of the Partnership which are not owned by SSG. Non-controlling interests in the Partnership are allocated a share of income or loss in the Partnership in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Redeemable non-controlling interests in Consolidated Funds represent the economic interests in the Consolidated Funds which are not held by SSG, but are held by the client investors in the funds. These interests are presented as redeemable non-controlling interests in Consolidated Funds within the consolidated balance sheets, outside of permanent capital as the investors in these funds generally have the right to withdraw their capital, subject to the terms of the respective contractual agreements. Redeemable non-controlling interests in Consolidated Funds are allocated a share of income or loss in the respective fund in proportion to their relative ownership interests, after consideration of contractual arrangements that govern allocations of income or loss.

Accounting for Differing Fiscal Periods

The StepStone Funds primarily have a fiscal year end as of December 31. The Company accounts for its investments in the StepStone Funds on a three-month lag due to the timing of receipt of financial information from the investments held by the StepStone Funds. The StepStone Funds primarily invest in private markets funds that generally require at least 90 days following the calendar year end to provide audited financial statements. As a result, the Company uses the December 31 audited financial statements of the StepStone Funds, which reflect the underlying private markets funds as of December 31 to record its investments (including any carried interest allocated by those investments) for its fiscal year-end consolidated financial statements as of March 31. The Company further adjusts the reported carrying values of its investments in the StepStone Funds for its share of capital contributions to and distributions from the StepStone Funds during the three-month lag period.

The Company does not account for management and advisory fees or incentive fees on a three-month lag.

To the extent that management becomes aware of any material events that affect the StepStone Funds during the three-month lag period, the effect of the events would be disclosed in the notes to the consolidated financial statements.

Current Events

In 2022, financial markets experienced increased volatility amid rising interest rates, slowing economic growth, persistently high inflation and the ongoing Russia-Ukraine conflict. Central banks around the world pursued monetary policy tightening in an effort to bring down inflation to target rates, stoking recession fears. In the first quarter of 2023, signs of slowing inflation coupled with a strong labor market contributed to a rebound in financial markets despite the banking system volatility as recession fears receded in anticipation that interest rates may not rise as much as previously expected.

The Company is continuing to closely monitor developments related to COVID-19, inflation, rising interest rates, the ongoing Russia-Ukraine conflict and the banking crisis, and assess the impact on financial markets and the Company’s business. The Company’s results and the overall industry results have been and may continue to be adversely affected by slowdowns in fundraising activity and the pace of capital deployment, which have resulted in, and may continue to result in, delayed or decreased management fees. Further, fund managers have been unable or less able to profitably exit existing investments, such conditions have resulted in, and may continue to result in, delayed or decreased performance fee revenues. It is currently not possible to predict the ultimate effects of these events on the financial markets, overall economy and the Company’s consolidated financial statements.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash held in banks, money market funds and highly-liquid investments with original maturities of three months or less at the time of purchase.

Restricted cash consists of cash that the Company is contractually obligated to maintain to secure its letters of credit used primarily related to its office facilities and other obligations.

Fees and Accounts Receivable

Fees and accounts receivable represent contractual amounts due to the Company for management, advisory and incentive fees, net of allowances as applicable. The Company considers fees and accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established as of March 31, 2023 and 2022. If any accounts or portion thereof are deemed uncollectible, such amounts are expensed when that determination is made.

Due from Affiliates

Due from affiliates primarily relates to fees and accounts receivable from the StepStone Funds, advances made on behalf of the StepStone Funds for the payment of certain organization and operating costs and expenses for which the Company is subsequently reimbursed, amounts due from employees and loans due from affiliated entities. See note 13 for further disclosure of related party transactions.

Fair Value Measurements

GAAP establishes a hierarchical disclosure framework, which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace – including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and therefore a lesser degree of judgment is used in measuring their fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of their fair values, as follows:

- Level I – Pricing inputs are unadjusted, quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies. The types of financial instruments classified in this category include less liquid securities traded in active markets and securities traded in other than active markets.
- Level III – Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the financial instrument.

The availability of observable inputs can vary depending on the financial asset or liability and is affected by a wide variety of factors including, for example, the type of instrument, whether the instrument has recently been issued, whether the instrument is traded on an active exchange or in the secondary market, and current market conditions. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for financial instruments categorized in Level III. The variability and availability of the observable inputs affected by the factors described above may result in transfers between Levels I, II, and III.

The Company considers its cash, cash equivalents, restricted cash, fees and accounts receivable, accounts payable, investments, revolving credit facility and contingent consideration obligation balances to be financial instruments. The carrying amounts of cash, cash equivalents, restricted cash, fees and accounts receivable and accounts payable equal or approximate their fair values due to their nature and/or the relatively short period over which they are held. See note 6 for additional details regarding the fair value of the Company’s contingent consideration obligations balance and note 9 for additional details regarding the fair value of the Company’s revolving credit facility balance.

Investments

Investments primarily include the Company’s ownership interests in the StepStone Funds, as general partner or managing member of such funds. The Company accounts for all investments in which it has or is otherwise presumed to have significant influence, but not control, including the StepStone Funds, using the equity method of accounting. The carrying value of these equity method investments is determined based on amounts invested by the Company, adjusted for the Company’s share in the earnings or losses of each investee, after consideration of contractual arrangements that govern allocations of income or loss (including carried interest allocations), less distributions received. Investments include the Company’s cumulative accrued carried interest allocations from the StepStone Funds, which primarily represent performance-based capital allocations, assuming the StepStone Funds were liquidated as of each reporting date in accordance with the funds’ governing documents. Legacy Greenspring investments in funds and accrued carried interest allocations represent the economic interests held by the legacy Greenspring general partner entities in certain funds for which the Company does not have any direct economic interests. All of the economics in respect of such interests are payable to employees and are therefore reflected as non-controlling interests in legacy Greenspring entities and legacy Greenspring performance fee-related compensation. The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable.

Management's determination of fair value for investments in the underlying funds includes various valuation techniques. These techniques may include a market approach, recent transaction price, net asset value approach, or discounted cash flows, and may use one or more significant unobservable inputs such as EBITDA, revenue multiples, discount rates, weighted average cost of capital, exit multiples, or terminal growth rates.

Investments of Consolidated Funds

The Company’s Consolidated Funds are investment companies under GAAP and reflect their investments at estimated fair value. The Company has retained the specialized investment company accounting for the Consolidated Funds under GAAP. Investments of the Consolidated Funds are recorded at fair value and the unrealized appreciation (depreciation) in fair value is recognized in the consolidated statements of income. In addition, the Consolidated Funds do not consolidate their majority-owned and controlled investments in underlying portfolio companies.

Leases

The Company determines whether an arrangement contains a lease at inception of the arrangement. A lease is a contract that provides the right to control an identified asset for a period of time in exchange for consideration. For identified leases, the Company determines the classification as either an operating or finance lease. The Company's identified leases primarily consist of operating lease agreements for office space and certain equipment, as the lessee. Operating leases are included in lease right-of-use-assets, net and lease liabilities in the consolidated balance sheets. Certain leases include lease and non-lease components, which the Company accounts for as a single lease component. Lease right-of-use ("ROU") assets and lease liabilities are measured based on the present value of future minimum lease payments over the lease term at the commencement date. Lease ROU assets include initial direct costs incurred by the Company and are presented net of deferred rent and lease incentives. The Company uses its incremental borrowing rate in determining the present value of future minimum lease payments. The Company's lease terms may include options to extend or terminate the lease, which are included in the measurement of ROU assets and lease liabilities when it is reasonably certain that the Company will exercise those options.

Operating lease expense associated with minimum lease payments is recognized on a straight-line basis over the lease term in general, administrative and other expenses in the consolidated statements of income. Minimum lease payments for leases with an initial term of 12 months or less are not recorded in the consolidated balance sheets. See note 16 for more information.

Property and Equipment

Property and equipment primarily consist of leasehold improvements, furniture, equipment, computer hardware and software and are stated at cost, less accumulated depreciation and amortization, with the net carrying amount included in other assets and receivables in the consolidated balance sheets. Property and equipment are depreciated over their estimated useful lives using the straight-line method, and the corresponding depreciation expense is included in general, administrative and other expenses in the consolidated statements of income. Property and equipment are depreciated over a period of five to seven years. Leasehold improvements are amortized over the shorter of their useful lives or remaining lease terms.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. The Company did not recognize any impairment charges related to property and equipment during each of the fiscal years ended March 31, 2023, 2022 and 2021.

Foreign Currency

The Company consolidates certain entities that have a non-U.S. dollar functional currency. Non-U.S. dollar denominated assets and liabilities are translated using the exchange rates prevailing at the end of each reporting period and income and expenses are translated using the weighted-average exchange rate for each reporting period. Cumulative translation adjustments arising from the translation of non-U.S. dollar denominated entities are included in other comprehensive income (loss) within the consolidated financial statements until realized. Gains and losses resulting from foreign-currency transactions denominated in a currency other than an entity's functional currency are reported in other income (loss) in the consolidated statements of income. These transaction gains and (losses) totaled $(1.6) million, $(1.1) million and $0.6 million for the years ended March 31, 2023, 2022 and 2021, respectively.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting, under which the purchase price of an acquisition is allocated to the assets acquired and liabilities assumed based on their fair values, as determined by management at the acquisition date. Contingent consideration obligations that are elements of consideration transferred are recognized at the acquisition date as part of the fair value transferred in exchange for the acquired business. Contingent consideration arrangements are revalued to fair value each reporting period. Examples of critical estimates in valuing certain of the intangible assets acquired include, but are not limited to, future expected cash inflows and outflows, future fundraising assumptions, expected useful life, discount rates and income tax rates. Acquisition-related costs incurred in connection with a business combination are expensed as incurred and are included in general, administrative and other expenses in the consolidated statements of income.

Intangibles and Goodwill

The Company's finite-lived intangible assets consist of acquired contractual rights to earn future management and advisory fee income and client relationships. Finite-lived intangible assets are amortized over their estimated useful lives, which range from 8 to 10 years. The Company did not have any intangible assets that were deemed to have an indefinite life as of March 31, 2023.

Finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. There were no impairment charges related to the Company's finite-lived intangible assets during the years ended March 31, 2023, 2022 and 2021.

Goodwill represents the excess amount of consideration transferred in a business combination above the fair value of the identifiable net assets. Goodwill is assessed for impairment at least annually using a qualitative and, if necessary, a quantitative approach. The Company performs its annual goodwill impairment test as of January 1, or more frequently, if events and circumstances indicate that an impairment may exist. Goodwill is tested for impairment at the reporting unit level. The initial assessment for impairment under the qualitative approach is to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than the carrying amount, a quantitative assessment is performed to measure the amount of impairment loss, if any. The quantitative assessment includes comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized equal to the lesser of (a) the difference between the carrying amount of the reporting unit and its fair value and (b) the total carrying amount of the reporting unit's goodwill. The Company performed annual goodwill impairment assessments as of January 1, 2023 and 2022 and determined that there was no impairment of goodwill as of either date.

Revenues

The Company recognizes revenue in accordance with Accounting Standards Codification Topic 606 ("ASC 606"), *Revenue from Contracts with Customers*. Revenue is recognized in a manner that depicts the transfer of promised goods or services to customers and for an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The application of ASC 606 requires an entity to identify its contract(s) with a customer, identify the performance obligations in a contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, variable consideration is included only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. The Company has elected to apply the variable consideration allocation exception for its fee arrangements with its customers.

Management and Advisory Fees, Net

The Company earns management fees for services provided to its SMAs and focused commingled funds. The Company earns advisory fees for services provided to advisory clients where the Company does not have discretion over investment decisions. The Company considers its performance obligations in its customer contracts from which it earns management and advisory fees to be one or more of the following, based on the services promised: asset management services, advisory services and/or the arrangement of administrative services.

The Company recognizes revenues from asset management services and advisory services when control of the promised services is transferred to customers, in an amount that reflects the consideration that the Company expects to receive in exchange for those services. SMAs are generally contractual arrangements involving an investment management agreement between the Company and a single client, and are typically structured as a partnership or limited liability company for which a subsidiary of SSG serves as the general partner or managing member. Focused commingled funds are structured as limited partnerships or limited liability companies with multiple clients, for which a subsidiary of the Company serves as the general partner or managing member. The Company determined that the individual client or single limited partner or member is the customer with respect to SMAs and advisory clients, while the investment fund is generally considered to be the customer for arrangements with focused commingled funds.

When asset management services and the arrangement of administrative services are the performance obligations promised in a contract, the Company satisfies these performance obligations over time because the customer simultaneously receives and consumes the benefits of the services as they are performed. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer. Management fees earned from these contracts where the Company has discretion over investment decisions are generally calculated based on a percentage of unaffiliated committed capital or net invested capital, and these amounts are typically billed quarterly. For certain investment funds, management fees are initially based on committed capital during the investment period and on net invested capital through the remainder of the fund’s term. In addition, the management fee rate charged may also be reduced for certain investment funds depending on the contractual arrangement. The management fee basis is subject to factors outside of the Company’s control. Therefore, estimates of future period management fees are not included in the transaction price because those estimates would be considered constrained. Advisory fees from contracts where the Company does not have discretion over investment decisions are generally based on fixed amounts and typically billed quarterly.

Management fees generally exclude reimbursements for expenses paid by the Company on behalf of its customers, including amounts related to certain professional fees and other fund administrative expenses pursuant to the fund’s governing documents. For professional and administrative services that the Company arranges to be performed by third parties on behalf of investment funds, management has concluded that the nature of its promise is to arrange for the services to be provided and, accordingly, the Company does not control the services provided by the third parties before they are transferred to the customer. Therefore, the Company is acting as an agent, and the reimbursements for these professional fees paid on behalf of the investment funds are generally presented on a net basis.

The Company and certain investment funds that it manages have distribution and service agreements with third-party financial institutions, whereby the Company pays a portion of the fees it receives to such institutions for ongoing distribution and servicing of customer accounts. Management has concluded that the Company does not act as principal for the third-party services, as the Company does not control the services provided by the third parties before they are transferred to the customer. Therefore, the Company is acting as an agent, and the management fees are recorded net of these service fees.

The Company may incur certain costs in connection with satisfying its performance obligations for investment management services – primarily employee travel costs and certain professional fees – for which it receives reimbursements from its customers. For reimbursable employee travel costs and certain professional fees, the Company concluded it controls the services provided by its employees and other parties and, therefore, is acting as principal. Accordingly, the Company records the reimbursement for these costs incurred on a gross basis – that is, as revenue in management and advisory fees, net and expense in general, administrative and other expenses in the consolidated statements of income. For reimbursable costs incurred in connection with satisfying its performance obligations for administration services, the Company concluded it does not control the services provided by its employees and other parties and, therefore, is acting as agent. Accordingly, the Company records the reimbursement for these costs incurred on a net basis.

Performance Fees

The Company earns two types of performance fee revenues: incentive fees and carried interest allocations, as described below.

Incentive fees are generally calculated as a percentage of the profits (up to 15%) earned in respect of certain accounts, including certain permanent capital vehicles, for which the Company is the investment adviser, subject to the achievement of minimum return levels or performance benchmarks. Incentive fees are a form of variable consideration and represent contractual fee arrangements in the Company's contracts with its customers. Incentive fees are typically subject to reversal until the end of a defined performance period, as these fees are affected by changes in the fair value of the assets under management or advisement over such performance period. Moreover, incentive fees that are received prior to the end of the defined performance period are typically subject to clawback, net of tax.

The Company recognizes incentive fee revenue only when these amounts are realized and no longer subject to significant risk of reversal, which is typically at the end of a defined performance period and/or upon expiration of the associated clawback period (i.e., crystallization). However, clawback terms for incentive fees received prior to crystallization only require the return of amounts on a net of tax basis. Accordingly, the tax-related portion of incentive fees received in advance of crystallization is not subject to clawback and is therefore recognized as revenue immediately upon receipt. Incentive fees received in advance of crystallization that remain subject to clawback are recorded as deferred incentive fee revenue and included in accounts payable, accrued expenses and other liabilities in the consolidated balance sheets.

Carried interest allocations include the allocation of performance-based fees, commonly referred to as carried interest, to the Company from unaffiliated limited partners in the StepStone Funds in which the Company holds an equity interest. The Company is entitled to a carried interest allocation (typically 5% to 15%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. These carried interest allocations are subject to the achievement of minimum return levels (typically 5% to 10%) in accordance with the terms set forth in each respective fund's governing documents. The Company accounts for its investment balances in the StepStone Funds, including carried interest allocations, under the equity method of accounting because it is presumed to have significant influence as the general partner or managing member. Accordingly, carried interest allocations are not deemed to be within the scope of ASC 606.

Legacy Greenspring carried interest allocations reflect the allocation of carried interest to legacy Greenspring general partner entities from limited partners in certain legacy Greenspring funds in which the legacy Greenspring general partner entities hold an equity interest. The legacy Greenspring general partner entities are entitled to a carried interest allocation (typically 5% to 20%) based on cumulative fund or account performance to date, irrespective of whether such amounts have been realized. The Company accounts for the investment balances in the legacy Greenspring funds, including carried interest allocations, under the equity method of accounting because it is presumed to have significant influence as the general partner or managing member. Accordingly, legacy Greenspring carried interest allocations are not deemed to be within the scope of ASC 606. The Company does not hold any direct economic interests in the legacy Greenspring general partner entities and thus is not entitled to any carried interest allocation from the legacy funds. All of the carried interest allocations in respect of the legacy Greenspring funds are payable to employees who are considered affiliates of the Company and are therefore reflected as legacy Greenspring performance fee-related compensation in the consolidated statements of income.

The Company recognizes revenue attributable to carried interest allocations from a fund based on the amount that would be due to the Company pursuant to the fund's governing documents, assuming the fund was liquidated based on the current fair value of its underlying investments as of that date. Accordingly, the amount recognized as carried interest allocation revenue reflects the Company's share of the gains and losses of the associated fund's underlying investments measured at their then-fair values, relative to the fair values as of the end of the prior period. The Company records the amount of carried interest allocated to the Company as of each period end as accrued carried interest allocations receivable, which is included as a component of investments in the consolidated balance sheets. Management's determination of fair value for investments in the underlying funds includes various valuation techniques. These techniques may include a market approach, recent transaction price, net asset value approach, or discounted cash flows, and may use one or more significant unobservable inputs such as EBITDA, revenue multiples, discount rates, weighted average cost of capital, exit multiples, or terminal growth rates.

Carried interest is realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the specific hurdle rates, as defined in the applicable governing documents. Carried interest is subject to reversal to the extent that the amount received to date exceeds the amount due to the Company based on cumulative results. As such, a liability is accrued for potential clawback obligations if amounts previously distributed to the Company would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life. As of March 31, 2023 and 2022, no material amounts for potential clawback obligations had been accrued.

Compensation and Benefits

Cash-based compensation expense primarily includes salaries, bonuses, employee benefits and employer-related payroll taxes. Bonuses are accrued over the service period in which they are earned.

Equity-based compensation represents grants of equity-based awards or arrangements to certain employees and directors. The Company accounts for grants of equity-based awards, including restricted stock units ("RSUs"), to certain employees and directors at fair value as of the grant date. The Company recognizes non-cash compensation expense attributable to these grants on a straight-line basis over the requisite service period, which is generally the vesting period. Expense related to grants of equity-based awards is recognized as equity-based compensation expense in the consolidated statements of income. The fair value of RSUs is determined by the closing stock price on the grant date. Forfeitures of equity-based awards are recognized as they occur. Awards classified as liabilities are remeasured at the end of each reporting period until settlement. See note 10 for additional information regarding the Company's accounting for equity-based awards.

Performance fee-related compensation represents the portion of carried interest allocation revenue and incentive fees that have been awarded to employees as a form of long-term incentive compensation. Performance fee-related compensation is generally tied to the investment performance of the StepStone Funds. Approximately 50% of carried interest allocation revenue is awarded to employees as part of the Company's long-term incentive compensation plan. Carried interest-related compensation is accounted for as compensation expense in conjunction with the related carried interest allocation revenue and, until paid, is recorded as a component of accrued carried interest-related compensation in the consolidated balance sheets. Carried interest-related compensation expense also includes the portion of net carried interest allocation revenue attributable to equity holders of the Company's consolidated subsidiaries that are not 100% owned. Amounts presented as realized indicate the amounts paid or payable to employees based on the receipt of carried interest allocation revenue from realized investment activity. Carried interest-related compensation expense may be subject to reversal to the extent that the related carried interest allocation revenue is reversed. Carried interest-related compensation paid to employees may be subject to clawback on an after-tax basis under certain scenarios. To date, no material amounts of realized carried interest-related compensation have been reversed. Incentive fee-related compensation is accrued as compensation expense when it is probable and estimable that payment will be made in accordance with the applicable governing agreement.

Legacy Greenspring performance fee-related compensation represents the legacy Greenspring carried interest allocations, which is entirely payable to certain employees. Legacy Greenspring carried interest-related compensation is accounted for as compensation expense in conjunction with the related legacy Greenspring carried interest allocation revenue and, until paid, is recorded as a component of legacy Greenspring accrued carried interest-related compensation in the consolidated balance sheets. Legacy Greenspring carried interest-related compensation expense may be subject to reversal to the extent that the related legacy Greenspring carried interest allocation revenue is reversed. However, none of the legacy Greenspring carried interest allocation revenue is attributable to the Company.

General, Administrative and Other

General, administrative and other includes occupancy, travel and related costs, insurance, legal and other professional fees, depreciation, amortization of intangible assets, system-related costs, and other general costs associated with operating the Company's business.

Other Income (Expense)

Investment income (loss) primarily represents the share of earnings (losses) from the investments the Company makes in its SMAs and focused commingled funds. The Company, either directly or through its subsidiaries, generally has a general partner interest in the StepStone Funds, which invest in primary funds, secondary funds and co-investment funds, or a combination thereof. Investment income will increase or decrease based on the earnings of the StepStone Funds, which are primarily driven by net realized and unrealized gains (losses) on the underlying investments held by the funds. The Company's co-investment funds invest in underlying portfolio companies and therefore their valuation changes from period to period are more influenced by individual companies than the Company's primary and secondary funds, which have exposures across multiple portfolio companies in underlying private markets funds. The Company's SMAs and focused commingled funds invest across various industries, strategies and geographies. Consequently, the Company's general partner investments do not include any significant concentrations in a specific sector or geography outside the United States. Investment income excludes carried interest allocations, which are presented as revenues as described above.

Legacy Greenspring investment income (loss) represents the share of earnings (losses) from the investments the Company makes in certain legacy Greenspring funds through the legacy Greenspring general partner entities. The Company has no direct economic interests in the legacy Greenspring general partner entities. As a result, all such income is reflected as non-controlling interests in legacy Greenspring entities. Legacy Greenspring investment income will increase or decrease based on the earnings of such legacy Greenspring funds, which are primarily driven by net realized and unrealized gains (losses) on the underlying investments held by the funds.

Interest income consists of income earned on cash, cash equivalents, restricted cash and certificates of deposit. Beginning in the quarter ended December 31, 2022, interest income includes amounts associated with the Consolidated Funds.

Interest expense primarily consists of the interest expense on the Revolver and the Company's previously outstanding term loan, as well as the related amortization of deferred financing costs and amortization of original issue discount. The year ended March 31, 2021 includes a $3.5 million charge related to the write-off of unamortized debt issuance costs and discount in connection with the full repayment of the Company's outstanding term loan in connection with the IPO in September 2020.

Other income (loss) includes foreign currency transaction gains and losses and non-operating activities. Beginning in the quarter ended December 31, 2022, other income (loss) includes amounts associated with the Consolidated Funds.

Income Taxes

SSG is a corporation for U.S. federal income tax purposes and therefore is subject to U.S. federal and state income taxes on its share of taxable income generated by the Partnership. The Partnership is treated as a pass-through entity for U.S. federal and state income tax purposes. As such, income generated by the Partnership flows through to its limited partners, including SSG, and is generally not subject to U.S. federal or state income tax at the Partnership level. The Partnership's non-U.S. subsidiaries generally operate as corporate entities in non-U.S. jurisdictions, with certain of these entities subject to non-U.S. income taxes. Additionally, certain subsidiaries are subject to local jurisdiction taxes at the entity level, which are reflected within income tax expense in the consolidated statements of income. As a result, the Partnership does not record U.S. federal and state income taxes on income in the Partnership or its subsidiaries, except for certain local and foreign income taxes discussed above.

Taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases, using tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period when the change is enacted. Deferred tax liabilities are included within accounts payable, accrued expenses and other liabilities in the consolidated balance sheets. The principal items giving rise to temporary differences are certain basis differences resulting from exchanges of Partnership units. See Tax Receivable Agreements below.

Deferred tax assets are reduced by a valuation allowance when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent on the amount, timing and character of the Company's future taxable income. When evaluating the realizability of deferred tax assets, all evidence – both positive and negative – is considered. This evidence includes, but is not limited to, expectations regarding future earnings, future reversals of existing temporary tax differences and tax planning strategies.

(in thousands, except share and per share amounts and where noted)

The Company is subject to the provisions of ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes*. This standard establishes consistent thresholds as it relates to accounting for income taxes. It defines the threshold for recognizing the benefits of tax return positions in the financial statements as more-likely-than-not to be sustained by the relevant taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50% likely to be realized. If upon performance of an assessment pursuant to this subtopic, management determines that uncertainties in tax positions exist that do not meet the minimum threshold for recognition of the related tax benefit, a liability is recorded in the consolidated financial statements. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as interest expense and general, administrative and other expenses, respectively, in the consolidated statements of income. See note 11 for more information.

The Company has elected to account for global intangible low-taxed income ("GILTI") earned by foreign subsidiaries in the period the tax is incurred.

Tax Receivable Agreements

SSG has entered into an Exchanges Tax Receivable Agreement (the "Exchanges Tax Receivable Agreement") with the partners of the Partnership as of the date of the IPO and a Reorganization Tax Receivable Agreement with certain pre-IPO institutional investors (together, with the Exchanges Tax Receivable Agreement, the "Tax Receivable Agreements"). The Tax Receivable Agreements provide for payment by SSG to such partners and pre-IPO institutional investors of the Partnership of 85% of the amount of the net cash tax savings, if any, that SSG realizes (or, under certain circumstances, is deemed to realize) as a result of increases in tax basis (and utilization of certain other tax benefits) resulting from (i) SSG's acquisition of such partners' and institutional investors' Partnership units and (ii) in the case of the Exchanges Tax Receivable Agreement, any payments SSG makes under the Exchanges Tax Receivable Agreement (including tax benefits related to imputed interest). SSG will retain the benefit of the remaining 15% of these net cash tax savings under both Tax Receivable Agreements. In connection with the Greenspring acquisition, the sellers receiving Class C units of the Partnership became parties to the Exchanges Tax Receivable Agreement. See notes 14 and 15 for more information.

Accumulated Other Comprehensive Income

The Company's accumulated other comprehensive income consists of foreign currency translation adjustments and unrealized gains and losses on the defined benefit plan sponsored by one of its subsidiaries. The components of accumulated other comprehensive income were as follows:

	As of March 31,	
	2023	2022
Foreign currency translation adjustments	$ 280	$ 331
Unrealized gain on defined benefit plan, net	181	327
Accumulated other comprehensive income	$ 461	$ 658

Segments

The Company operates as one business, a fully-integrated private markets solution provider. The Company's chief operating decision maker, who is the Company's chief executive officer, utilizes a consolidated approach to assess the performance of and allocate resources to the business. Accordingly, management has concluded that the Company consists of a single operating segment and single reportable segment for accounting and financial reporting purposes.

Concentrations of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk or other risks consist principally of cash, cash equivalents, restricted cash, investments and fees receivable. The majority of the Company's cash, cash equivalents and restricted cash is held in large, high credit quality financial institutions. Substantially all cash amounts on deposit with these large financial institutions exceeded federally insured limits at March 31, 2023 and 2022. The Company actively monitors its banking relationships and periodically performs an assessment of the financial condition and the reputations of these financial institutions. Based on these results, management believes that the Company's exposure to credit risk is remote. The concentration of credit risk related to fees receivable is generally reduced by the relatively short payment terms extended to the Company's clients.

Amounts due to the Company in the form of carried interest allocations, which are reported as a component of investments in the consolidated balance sheets, remain subject to investment performance risk. In certain cases, carried interest allocations that have been distributed to the Company may remain subject to clawback, pursuant to the terms of the governing documents of the related funds. Refer to the discussion of carried interest above in this note 2 for additional details regarding the investment performance and clawback risk associated with carried interest allocations that have been recognized in income by the Company and/or recorded as accrued carried interest allocations in the consolidated balance sheets.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB"). ASUs issued during the current period not listed below were assessed and determined to either be not applicable to the Company, or not expected to have a material impact on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which amends current guidance to provide optional practical expedients and exceptions, if certain criteria are met, for applying GAAP to contracts, hedging relationships and other transactions that are affected by the reference rate reform. The expedients and exceptions in this update apply only to contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate ("LIBOR"). Initially the update did not apply to contract modifications or hedging relationships entered into after December 31, 2022, but in December 2022, the FASB issued ASU 2022-06, which defers the sunset date for applying reference rate reform relief in ASC 848 to December 31, 2024. This guidance is effective for adoption anytime after March 12, 2020, but must be adopted prior to December 31, 2024. The Company is currently evaluating the impact on the consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The Company adopted this guidance on April 1, 2022 under the modified retrospective approach. The Company has changed its accounting policy to reflect the updated equity classification of contracts in an entity's own equity, and has accounted for freestanding instruments that are indexed to and settled in the Company's own equity at fair value with changes in fair value recognized in earnings. Adoption of this guidance did not have a material effect on the consolidated financial statements.

(in thousands, except share and per share amounts and where noted)

In July 2021, the FASB issued ASU 2021-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*, which modifies ASC 842 to amend the lease classification requirements for lessors to align with practice under ASC Topic 840. Lessors should classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if the lease would have been classified as a sales-type lease or a direct financing lease under ASC 842, and the lessor would have otherwise recognized a day-one loss on the investment in the lease. This guidance is effective for annual periods beginning after December 15, 2021 and interim periods within those annual periods. The Company adopted this guidance on April 1, 2022. Adoption of this guidance did not have a material effect on the consolidated financial statements.

In November 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which modifies ASC 805 to require an acquiring entity in a business combination to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. Under current GAAP, an acquirer generally recognizes such items at fair value on the acquisition date. This guidance is effective for annual and interim periods beginning after December 15, 2022, with early adoption permitted. The Company adopted this guidance on April 1, 2022, and will apply the guidance prospectively to business combinations that occur after this date. The guidance had no effect on the consolidated financial statements.

3. Revenues

The following presents revenues disaggregated by product offering, which aligns with the Company’s performance obligations and the basis for calculating each amount:

	Year Ended March 31,		
Management and Advisory Fees, Net	**2023**	**2022**	**2021**
Focused commingled funds	$ 227,003	$ 148,725	$ 97,223
SMAs	210,187	174,318	135,784
Advisory and other services	56,244	55,523	52,217
Fund reimbursement revenues	3,745	1,691	238
Total management and advisory fees, net	$ 497,179	$ 380,257	$ 285,462

	Year Ended March 31,		
Incentive Fees	**2023**	**2022**	**2021**
SMAs	$ 6,606	$ 11,441	$ 5,446
Focused commingled funds	3,057	152	28
Total incentive fees	$ 9,663	$ 11,593	$ 5,474

	Year Ended March 31,		
Carried Interest Allocations	**2023**	**2022**	**2021**
SMAs	$ (110,020)	$ 555,449	$ 359,703
Focused commingled funds	(12,233)	231,120	137,077
Total carried interest allocations	$ (122,253)	$ 786,569	$ 496,780

(in thousands, except share and per share amounts and where noted)

	Year Ended March 31,		
Legacy Greenspring Carried Interest Allocations	**2023**	**2022**	**2021**
SMAs	$ —	$ —	$ —
Focused commingled funds[(1)]	(452,163)	187,106	—
Total legacy Greenspring carried interest allocations	$ (452,163)	$ 187,106	$ —

(1) The years ended March 31, 2023 and 2022 reflect the net effect of gross realized carried interest allocations of $74.7 million and $92.2 million, respectively, and the reversal of such amounts in unrealized carried interest allocations for the period.

The decrease in carried interest allocations and legacy Greenspring carried interest allocations for the year ended March 31, 2023 as compared to the year ended March 31, 2022 was primarily attributable to net unrealized depreciation in the fair value of certain underlying fund investments. The increase in carried interest allocations for the year ended March 31, 2022 as compared to the year ended March 31, 2021 was primarily attributable to net unrealized appreciation in the fair value of certain underlying fund investments. See note 2 for a discussion of the Company's accounting policy for investments on a three-month lag.

The Company derives revenues from clients located in both the United States and other countries. The table below presents the Company's revenues by geographic location:

	Year Ended March 31,		
Revenues[(1)]	**2023**	**2022**	**2021**
United States	$ (238,441)	$ 428,282	$ 166,719
Non-U.S. countries	170,867	937,243	620,997

(1) Revenues are attributed to countries based on client location for SMAs and advisory and other services, or location of investment vehicle for focused commingled funds.

For the years ended March 31, 2023, 2022 and 2021, no individual client represented 10% or more of the Company's net management and advisory fees.

As of March 31, 2023 and 2022, the Company had $21.6 million and $19.0 million, respectively, of deferred revenues, which is included in accounts payable, accrued expenses and other liabilities in the consolidated balance sheets. During the year ended March 31, 2023, the Company had recognized $4.9 million as revenue from amounts included in the deferred revenue balance as of March 31, 2022.

4. Variable Interest Entities

Consolidated VIEs

The Company consolidates certain VIEs for which it is the primary beneficiary. Such VIEs consist of certain operating entities not wholly-owned by the Company (e.g., Swiss Capital, SRA and SRE), SPW, legacy Greenspring general partner entities and certain StepStone Funds. See note 2 for more information on the Company's accounting policies related to the consolidation of VIEs. The assets of the consolidated VIEs totaled $964.2 million and $1,435.2 million as of March 31, 2023 and 2022, respectively. The liabilities of the consolidated VIEs totaled $682.7 million and $1,181.2 million as of March 31, 2023 and 2022, respectively. The assets of the consolidated VIEs may only be used to settle obligations of the same VIE. In addition, there is no recourse to the Company for the consolidated VIEs' liabilities, except for certain entities in which there could be a clawback of previously distributed carried interest. As of March 31, 2023 and 2022, no material amounts previously distributed have been accrued for clawback liabilities.

(in thousands, except share and per share amounts and where noted)

Unconsolidated VIEs

The Company holds variable interests in the form of direct equity interests in certain VIEs that are not consolidated because the Company is not the primary beneficiary. The Company's maximum exposure to loss is limited to the potential loss of assets recognized by the Company relating to these unconsolidated entities. The carrying value of the assets and liabilities recognized in the consolidated balance sheets with respect to the Company's interests in VIEs that were not consolidated is set forth below:

	As of March 31,	
	2023	2022
Investments in funds	$ 115,187	$ 107,045
Legacy Greenspring investments in funds	152,658	194,480
Due from affiliates, net	29,017	18,830
Less: Amounts attributable to non-controlling interests in subsidiaries	19,432	13,832
Less: Amounts attributable to non-controlling interests in legacy Greenspring entities	152,658	194,480
Maximum exposure to loss	$ 124,772	$ 112,043

5. Investments

The Company's investments consist of equity method investments primarily related to (i) investments in the StepStone Funds for which it serves as general partner or managing member but does not have a controlling financial interest and (ii) investments of Consolidated Funds. The Company's equity interest in its equity method investments in the StepStone Funds typically does not exceed 1% in each fund. The Company's share of the underlying net income or loss attributable to its equity interest in the funds is recorded in investment income in the consolidated statements of income. Investment income attributable to the Consolidated Funds is recorded in investment income of Consolidated Funds. Investment income attributable to investments in certain legacy Greenspring funds for which the Company has no direct economic interests are recorded in legacy Greenspring investment income in the consolidated statements of income.

The Company's equity method investments consist of the following:

	As of March 31,	
	2023	2022
Investments in funds(1)	115,187	107,045
Accrued carried interest allocations	1,227,173	1,480,515
Legacy Greenspring investments in funds and accrued carried interest allocations(2)	770,652	1,334,581
Total equity method investments	2,113,012	2,922,141
Total investments	$ 2,143,607	$ 2,922,141

(1) The Company's investments in funds was $147.5 million as of March 31, 2023. The consolidation of the Consolidated Funds results in the elimination of the Company's investments in such funds. No funds were consolidated as of March 31, 2022.
(2) Reflects investments in funds of $152.7 million and $194.5 million and carried interest allocations of $618.0 million and $1,140.1 million as of March 31, 2023 and 2022, respectively.

(in thousands, except share and per share amounts and where noted)

Equity Method Investments

The Company recognized equity method income (loss) of the following:

	Year Ended March 31,		
	2023	2022	2021
Carried interest allocations	$ (122,253)	$ 786,569	$ 496,780
Investment income (loss)	(2,509)	26,160	16,407
Legacy Greenspring carried interest allocations	(452,163)	187,106	—
Legacy Greenspring investment income (loss)	(44,075)	32,586	—
Total equity method income (loss)	$ (621,000)	$ 1,032,421	$ 513,187

The decrease in carried interest allocations for the year ended March 31, 2023 as compared to the prior year periods was primarily attributable to unrealized depreciation in the fair value of the underlying investments in the Company's private equity funds. See note 2 for a discussion of the Company's accounting policy for investments on a three-month lag.

As of March 31, 2023 and 2022, the Company's investments in two SMAs each individually represented 10% or more of the total accrued carried interest allocations balance, and in the aggregate represented approximately 24% and 25%, respectively, of the total accrued carried interest allocations balance as of those dates. As of March 31, 2023 and 2022, the Company's investments in two and three, respectively, commingled funds each individually represented 10% or more of the total legacy Greenspring accrued carried interest allocations balance, and in the aggregate represented approximately 24% and 39%, respectively, of the total legacy Greenspring accrued carried interest allocations balances as of those dates.

Of the total accrued carried interest allocations balance as of March 31, 2023 and 2022, $644.5 million and $763.6 million, respectively, were payable to affiliates and is included in accrued carried interest-related compensation in the consolidated balance sheets. Of the total legacy Greenspring investments in funds and accrued carried interest allocations balance as of March 31, 2023 and 2022, $618.0 million and $1,140.1 million, respectively, were payable to employees who are considered affiliates of the Company and is included in legacy Greenspring accrued carried interest-related compensation in the consolidated balance sheets and $152.7 million and $194.5 million, respectively, are reflected as non-controlling interests in legacy Greenspring entities in the consolidated balance sheets.

The Company evaluates each of its equity method investments to determine if any are considered significant as defined by the SEC. As of March 31, 2023 and 2022 and for the years ended March 31, 2023, 2022 and 2021, no individual equity method investment held by the Company met the significance criteria. As a result, the Company is not required to provide separate financial statements for any of its equity method investments.

(in thousands, except share and per share amounts and where noted)

Summarized financial information for the Company's equity method investments reflected below represents the financial position as of March 31, 2023 and 2022, and the results of operations for the years ended March 31, 2023, 2022 and 2021, which are reported on a three-month lag. Assets are primarily comprised of the investments held by the StepStone Funds.

	As of March 31,	
	2023	2022
Assets	$ 65,536,494	$ 62,297,224
Liabilities	1,806,252	944,519
Equity	$ 63,730,242	$ 61,352,705

	Year Ended March 31,		
	2023	2022	2021
Investment income	$ 115,092	$ 84,279	$ 46,889
Expenses	(446,413)	(382,704)	(224,611)
Net realized and unrealized gain (loss) on investments	(4,966,901)	16,868,454	6,369,649
Income tax expense	(12,261)	(10,875)	(5,994)
Net income (loss)	$ (5,310,483)	$ 16,559,154	$ 6,185,933

Investments of Consolidated Funds

The Company consolidates funds and entities when it is deemed to hold a controlling financial interest. Beginning in the quarter ended December 31, 2022, the Company consolidated one investment fund for which it is deemed to have a controlling financial interest. The activity of the Consolidated Funds is reflected within the consolidated financial statements.

Investments held by the Consolidated Funds are summarized below:

	Fair Value as of March 31,		Percentage of Total Investments as of March 31,	
	2023	2022	2023	2022
Investments of Consolidated Funds:				
Partnership and LLC interests (cost of $21.3 million and $— million as of March 31, 2023 and 2022, respectively)	$ 30,595	$ —	100 %	— %
Total investments of Consolidated Funds	$ 30,595	$ —	100 %	— %

As of March 31, 2023 and 2022, no individual investment had a fair value greater than 5% of the Company's total assets.

The following table summarizes net gains from investment activities of the Consolidated Funds:

	Year Ended March 31, 2023	
	Net Realized Gains on Investments	Net Unrealized Gains on Investments
Investments of Consolidated Funds:		
Partnership and LLC interests	$ 3	$ 9,312
Total investments of Consolidated Funds	$ 3	$ 9,312

(in thousands, except share and per share amounts and where noted)

6. Fair Value Measurements

The Company measures certain assets and liabilities at fair value on a recurring basis. The following tables provide details regarding the classification of these assets and liabilities within the fair value hierarchy as of the dates presented:

Financial Instruments of the Company

	As of March 31, 2023			
	Level I	Level II	Level III	Total
Liabilities				
Contingent consideration obligations	$ —	$ —	$ 36,745	$ 36,745
Total liabilities	$ —	$ —	$ 36,745	$ 36,745

	As of March 31, 2022			
	Level I	Level II	Level III	Total
Liabilities				
Contingent consideration obligations	$ —	$ —	$ 28,025	$ 28,025
Total liabilities	$ —	$ —	$ 28,025	$ 28,025

For the liabilities presented in the tables above, there were no changes in fair value hierarchy levels during the years ended March 31, 2023 and 2022.

The changes in the fair value of Level III financial instruments of the Company are set forth below:

	Year Ended March 31,	
Contingent consideration obligations	2023	2022
Balance, beginning of year:	$ 28,025	$ 1,541
Additions	—	17,769
Change in fair value	9,361	9,600
Settlements	(641)	(885)
Balance, end of year:	$ 36,745	$ 28,025
Changes in unrealized losses included in earnings related to financial liabilities still held at the reporting date	$ 9,361	$ 9,600

Contingent Consideration

In connection with the Greenspring acquisition, the Company recorded a contingent consideration liability of $17.8 million during the three months ended September 30, 2021. See note 15 for more information.

(in thousands, except share and per share amounts and where noted)

The fair value of the contingent consideration liabilities are based on a discounted cash flow analysis using a probability-weighted average estimate of certain performance targets, including revenue levels. The assumptions used in the analysis are inherently subjective; therefore, the ultimate amount of the contingent consideration liability may differ materially from the current estimate. The significant unobservable inputs required to value the contingent consideration liabilities primarily relate to the future expected revenues and the discount rates applied to the expected future revenues and payments of obligations, which ranged from 8% to 10% as of March 31, 2023. The contingent consideration liabilities are included in accounts payable, accrued expenses and other liabilities in the consolidated balance sheets. Changes in the fair value of the liabilities are included in general, administrative and other expenses in the consolidated statements of income. In February 2022, the Company amended the contingent consideration arrangement in respect of the Greenspring acquisition whereby a portion of the contingent consideration liability otherwise payable to the sellers will be used to fund compensation arrangements with certain employees of the Company, which will be payable following the end of the earn-out period. As a result, the contingent consideration liability is recorded net of the fair value of amounts payable to certain employees.

Financial Instruments of Consolidated Funds

	As of March 31, 2023			
	Level I	Level II	Level III	Total
Assets				
Partnership and LLC interests	$ —	$ —	$ 6,901	$ 6,901
Total assets	$ —	$ —	$ 6,901	$ 6,901

Investment Funds

The Company generally values its investment funds, which are organized as partnership and LLC interests, using the NAV per share equivalent calculated by the investment manager as a practical expedient in determining an independent fair value. The Company does not categorize within the fair value hierarchy investments where fair value is measured using the net asset value per share practical expedient. As of March 31, 2023, investments with a combined fair value of $23.7 million are excluded from presentation in the fair value hierarchy as the fair value of these investments were measured at net asset value. As of March 31, 2023, investments with a combined fair value of $6.9 million were classified as level III investments that were purchased during fiscal 2023. There were no unrealized gains or losses related to these investments as of March 31, 2023. The significant unobservable input used to value these investments are the discounts to recent transaction prices. For these investments, there were no changes in fair value hierarchy levels during the year ended March 31, 2023. There were no financial instruments held by Consolidated Funds as of March 31, 2022.

(in thousands, except share and per share amounts and where noted)

7. Property and Equipment

Property and equipment is included in other assets and receivables in the consolidated balance sheets and consists of the following:

	As of March 31,	
Property and equipment:	2023	2022
Office furniture	$ 7,053	$ 6,217
Computer equipment and software	4,418	3,517
Leasehold improvements	17,246	12,306
Property and equipment, gross	28,717	22,040
Less: Accumulated depreciation	(12,876)	(9,278)
Property and equipment, net	$ 15,841	$ 12,762

Depreciation expense related to property and equipment totaled $4.0 million, $2.5 million and $2.2 million for the years ended March 31, 2023, 2022 and 2021, respectively, and is included in general, administrative and other expenses in the consolidated statements of income.

8. Intangibles and Goodwill

Intangible assets consist of management contracts providing economic rights to management and advisory fees and client relationships related to future fundraising, as obtained through the Company’s acquisitions of other businesses.

Intangible assets, net consists of the following:

	As of March 31,	
	2023	2022
Management contracts	$ 352,002	$ 352,002
Client relationships	96,650	96,650
Service agreements	9,537	9,537
Less: Accumulated amortization	(103,544)	(60,063)
Intangible assets, net	$ 354,645	$ 398,126

Amortization expense related to intangible assets was $43.5 million, $24.5 million and $3.3 million for the years ended March 31, 2023, 2022 and 2021, respectively. These amounts are included in general, administrative and other expenses in the consolidated statements of income.

The expected future amortization of finite-lived intangible assets is as follows:

Fiscal year ending March 31,	
2024	$ 42,645
2025	41,955
2026	41,764
2027	41,730
2028	41,713
Thereafter	144,838
Total	$ 354,645

(in thousands, except share and per share amounts and where noted)

The carrying value of goodwill was $580.5 million as of March 31, 2023 and 2022. The Company determined there was no indication of goodwill impairment as of March 31, 2023 and 2022.

9. Debt Obligations

The Company is party to a credit agreement with various lenders (the “Credit Agreement”) that was arranged by JPMorgan Chase Bank, N.A., as the administrative agent, and provides for a $225.0 million multicurrency revolving credit facility (the “Revolver”) with a five-year maturity. As of March 31, 2023, the Company had $98.4 million outstanding on the Revolver, net of debt issuance costs.

The Company’s debt obligations consist of the following:

	As of March 31,	
	2023	2022
Revolver	$ 100,000	$ 65,000
Less: Debt issuance costs	(1,649)	(2,121)
Total debt obligations	$ 98,351	$ 62,879

Borrowings under the Revolver bear interest at a variable rate per annum. The Company may designate each borrowing as (i) in the case of any borrowing in U.S. dollars, a base rate loan or a LIBOR rate loan, (ii) in the case of any borrowing denominated in Euros, a EURIBOR rate loan, (iii) in the case of any borrowing denominated in British Pounds Sterling, a Sterling Overnight Index Average (“SONIA”) loan, (iv) in the case of any borrowing denominated in Swiss Francs, a Swiss Average Rate Overnight (“SARON”) loan, and (v) in the case of any borrowing denominated in Australian dollars, an AUD rate loan. Borrowings bear interest equal to (i) in the case of base rate loans, 1.00% plus the greatest of (a) the Prime Rate, (b) the New York Federal Reserve Bank Rate plus 0.50% and (c) the 1 month LIBOR, multiplied by the Statutory Reserve Rate (as defined in the Credit Agreement), plus 1.00%, (ii) in the case of a LIBOR rate loan, the LIBOR rate multiplied by the Statutory Reserve Rate plus 2.00%, (iii) in the case of a EURIBOR rate loan, the EURIBOR rate multiplied by the Statutory Reserve Rate plus 2.00%, (iv) in the case of a SONIA loan, the Sterling Overnight Index Average plus 2.03%, (v) in the case of a SARON loan, the Swiss Average Rate Overnight plus 2.00%, and (vi) in the case of an AUD rate loan, the AUD Screen Rate (as defined in the Credit Agreement) multiplied by the Statutory Reserve Rate plus 2.20%. The weighted-average interest rate in effect for the Revolver as of March 31, 2023 was 6.86%.

Borrowings under the Revolver may be repaid at any time during the term of the Credit Agreement and, subject to certain terms and conditions, may be reborrowed prior to the maturity date. Any outstanding principal amounts, together with any accrued interest thereon, shall be due and payable on the maturity date. The maturity date for the Revolver is September 20, 2026.

The Revolver bears a fee on undrawn commitments equal to 0.25% per annum if total utilization of revolving commitments is equal to or greater than 50% and 0.35% per annum if total utilization of revolving commitments is less than 50%.

The carrying value of the Revolver approximates fair value, as the loan is subject to variable interest rates that adjust with changes in market rates and market conditions and the current interest rate approximates that which would be available under similar financial arrangements.

(in thousands, except share and per share amounts and where noted)

Under the terms of the Credit Agreement, certain of the Company's assets serve as pledged collateral. In addition, the Credit Agreement contains covenants that, among other things: limit the Company's ability to incur indebtedness; create, incur or allow liens; transfer or dispose of assets; merge with other companies; make certain investments; pay dividends or make distributions; engage in new or different lines of business; and engage in transactions with affiliates. The Credit Agreement also contains financial covenants requiring the Company to maintain a total net leverage ratio and a minimum total of fee-earning assets under management. As of March 31, 2023, the Company was in compliance with the total net leverage ratio and minimum fee-earning assets under management covenants.

The Company can use available funding capacity under the Revolver to satisfy letters of credit in amounts up to $10.0 million. Amounts used to satisfy the letters of credit reduce the available capacity under the Revolver. As of March 31, 2023, the Company had outstanding letters of credit totaling $7.8 million.

In April 2023, the Company amended the Credit Agreement such that any request for borrowing of, continuation of, or conversion to a Eurocurrency Loan, as applicable, shall be deemed to be a request for borrowing of, continuation of, or conversion to, as applicable, a loan bearing interest at the adjusted term Secured Overnight Financing Rate ("SOFR"). All Eurocurrency Loans outstanding as of March 31, 2023 shall continue to bear interest at the adjusted LIBOR Rate (as defined in the Credit Agreement) and remain outstanding as Eurocurrency Loans until the expiration of the current interest period (as defined in the Credit Agreement).

10. Equity-Based Compensation

2020 Long-Term Incentive Plan

The Company has adopted its 2020 Long-Term Incentive Plan ("LTIP"), which allows for the granting of stock options, stock appreciation rights, restricted stock awards, RSUs and performance stock awards to employees, directors and consultants. As of March 31, 2023, there were 17,644,444 shares of Class A common stock available to grant under the LTIP.

Restricted Stock Units

RSUs represent the right to receive payment on the date of vesting in the form of one share of Class A common stock for each RSU. Holders of unvested RSUs do not have the right to vote with the underlying shares of Class A common stock, but are entitled to accrue dividend equivalents which are generally paid in cash when such RSUs vest. The RSUs granted generally vest over four years in equal annual installments. Upon vesting, the Company will typically withhold or cause the participant to sell the number of shares to satisfy the statutory withholding tax obligation and deliver the net number of resulting shares vested.

The change in unvested RSUs is as follows:

	Number of RSUs	Weighted-Average Grant-Date Fair Value Per RSU
Balance as of March 31, 2022	2,087,324	$ 20.40
Granted	384,200	$ 28.97
Vested	(660,796)	$ (20.03)
Forfeited	(34,996)	$ (22.06)
Balance as of March 31, 2023	1,775,732	$ 22.46

The weighted-average grant-date fair value of RSUs granted during the years ended March 31, 2023, 2022, and 2021 was $28.97, $35.18, and $18.53, respectively. The total fair value as of the respective vesting dates of RSUs vested during the years ended March 31, 2023 and 2022 was $16.5 million and $27.5 million. No RSUs vested during the year ended March 31, 2021.

In November 2022, one the Company's non-wholly owned subsidiaries issued new partnership interests to certain employees with a grant date fair value of $6.1 million, vesting over six years. The issuance did not impact the Company's fully diluted interest in the subsidiary.

Unvested Partnership Units

In June 2018, the Company issued an aggregate of 5.2% of profits interests (the "Class B2 Interests") in the Company to certain key employees. These Class B2 Interests provide the recipients with an opportunity to participate in the profits of the Company and proceeds of certain capital events. The Class B2 Interests vest over a period of six years from the grant date, subject to an employee's continuous service with the Company through the applicable vesting date. Under the terms of the Fifth Amended and Restated Limited Partnership Agreement dated March 8, 2018, the vesting of the awards will occur as follows: (i) 0% during the first three years from the date of issuance, (ii) 30.0% on the third anniversary of the date of issuance, and (iii) 5.8% for each fiscal quarter after the third anniversary of the date of issuance (fully vested on the sixth anniversary of the date of issuance, or June 2024). Upon the final vesting date, all of the Class B2 units will automatically convert into Class B units and unitholders will be entitled to purchase from the Company one share of Class B common stock for each Class B unit at its par value. Prior to vesting, holders of Class B2 units do not have the right to receive any distributions from the Partnership, other than tax-related distributions.

The Class B2 Interests are classified as equity-based awards, and the associated equity-based compensation expense is recognized on a straight-line basis over the vesting period, with a corresponding increase to stockholders' equity in the Company's consolidated balance sheets.

As of March 31, 2023, there were 2,566,566 Class B2 units outstanding. During the year ended March 31, 2023, none of the outstanding Class B2 units were forfeited. As of March 31, 2023, 748,582 Class B2 units were unvested and 1,817,984 Class B2 units were vested.

As of March 31, 2023, $41.1 million of unrecognized non-cash compensation expense in respect of equity-based awards remained to be recognized over a weighted-average period of approximately 3.8 years.

The Company recognized tax benefits related to equity-based awards of $1.8 million and $7.4 million for the years ended March 31, 2023 and 2022, respectively. No tax benefits were recognized for the year ended March 31, 2021.

Liability Classified Awards

In November 2022, the Company issued a profits interest in SPW to certain employees of the SPW team and concurrently entered into an option agreement which provides that, (i) StepStone has the right to acquire the profits interest at the end of any fiscal quarter after June 30, 2027, in exchange for payment of a call price and (ii) the SPW management team, through an entity named CH Equity Partners, LLC (formerly known as Conversus Holdings LLC), has the right to put the profits interest to StepStone on June 30, 2026 or at the end of any fiscal quarter thereafter, in exchange for payment of a put price. The applicable call or put price is, in certain circumstances, subject to an earn-out or earn-down. The call or put price will be payable in cash unless the Company elects to pay a portion of the consideration in units of the Partnership, each to be exchangeable into shares of the Company's Class A common stock, and, in either case, rights under one or more tax receivable agreements.

(in thousands, except share and per share amounts and where noted)

The Company accounted for the profits interest and option agreement as a single unit of account as a liability classified equity-based award. There are no vesting provisions or service requirements related to the award. For the year ended March 31, 2023, the Company recognized $8.6 million of expense related to the fair value of the liability classified awards within equity-based compensation expense in the consolidated statements of income. For the years ended March 31, 2023, 2022 and 2021, no amounts were paid related to settlement for liability classified awards.

11. Income Taxes

The Company's income (loss) before income tax consisted of the following:

	Year Ended March 31,		
	2023	2022	2021
Domestic income (loss) before income tax	$ (102,560)	$ 471,247	$ 307,396
Foreign income before income tax	61,106	41,334	30,453
Total income (loss) before income tax	$ (41,454)	$ 512,581	$ 337,849

The following table presents the components of the Company's provision for income taxes:

	Year Ended March 31,		
	2023	2022	2021
Current:			
Federal	$ 6,933	$ 13,340	$ 2,929
State and local	1,726	2,714	1,141
Foreign	7,653	6,383	3,381
Total current income tax expense	16,312	22,437	7,451
Deferred:			
Federal	(10,570)	4,897	14,752
State and local	(1,921)	966	1,074
Foreign	—	—	(21)
Total deferred income tax expense (benefit)	(12,491)	5,863	15,805
Total income tax expense	$ 3,821	$ 28,300	$ 23,256

(in thousands, except share and per share amounts and where noted)

A reconciliation of the U.S. federal statutory income tax rate to the Company’s effective tax rate is as follows:

	Year Ended March 31,		
	2023	2022	2021
Federal tax at statutory rate	21.0 %	21.0 %	21.0 %
State and local income tax	0.8	0.8	0.6
Income passed through to limited partners	(13.6)	(11.9)	(15.7)
Foreign income tax	(18.5)	1.2	1.0
Valuation allowance	4.7	(5.3)	0.0
Return to provision	(3.7)	(0.1)	0.0
Other	0.1	(0.2)	0.0
Effective tax rate	(9.2)%	5.5 %	6.9 %

The Company’s effective tax rate is dependent on many factors, including the estimated amount of income subject to tax. Consequently, the effective tax rate can vary from period to period. The Company’s overall effective tax rate in each of the periods above is less than the statutory rate primarily because a portion of income is allocated to non-controlling interests, as the tax liability on such income is borne by the holders of such non-controlling interests.

The following table presents the components of the Company’s deferred income tax assets and liabilities:

	As of March 31,	
	2023	2022
Deferred tax assets:		
Investment in the Partnership	$ 54,941	$ 39,720
Other	1,769	1,568
Total deferred tax assets before valuation allowance	56,710	41,288
Valuation allowance	(12,352)	(13,422)
Total net deferred tax assets	44,358	27,866
Deferred tax liabilities:		
Total deferred tax liabilities	353	1,529
Net deferred tax assets	$ 44,005	$ 26,337

In connection with the exchanges of Class B units and Class C units of the Partnership for Class A common stock by certain limited partners of the Partnership during fiscal 2023, the Company recorded an overall increase to deferred tax assets as of March 31, 2023 of $6.5 million, and a net decrease in the valuation allowance of $0.2 million. Additionally, in connection with the exchange transactions, the Company recorded a corresponding Tax Receivable Agreements liability of $8.5 million, representing 85% of the incremental net cash tax savings for the Company due to the exchanging limited partners. The Company made payments of $6.0 million and $0.8 million during the years ended March 31, 2023 and 2022, respectively, under the Tax Receivable Agreements. No payments were made under the Tax Receivable Agreements during the year ended March 31, 2021. As of March 31, 2023, the Company’s total Tax Receivable Agreements liability was $199.3 million. See notes 13 and 14 for more information.

(in thousands, except share and per share amounts and where noted)

The Company evaluates the realizability of its deferred tax assets on a quarterly basis and adjusts the valuation allowance when it is more-likely-than-not that all or a portion of the deferred tax assets may not be realized. The total ending valuation allowance for the year ended March 31, 2023 was $12.4 million. Apart from the valuation allowance, the Company believes that the remaining deferred tax assets will be realized in full.

A summary of the change in valuation allowance by year is as follows:

	Valuation Allowance
Balance at March 31, 2021	$ 30,537
Income tax decrease	(27,413)
Equity decrease	(5,006)
Equity increase	15,304
Balance at March 31, 2022	13,422
Income tax decrease	(1,975)
Equity increase	905
Balance at March 31, 2023	$ 12,352

As of March 31, 2023, the Company has not recorded any unrecognized tax benefits and does not expect there to be any material changes to uncertain tax positions within the next 12 months.

The Company files income tax returns as required by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company may be subject to examination by U.S. federal and certain state and local tax authorities. Management has analyzed the Company's tax positions taken with respect to all applicable income tax issues, for all open tax years, and for all jurisdictions in which the Company is required to file tax returns and has concluded that no provision for income taxes related to uncertain tax positions is required in the Company's consolidated financial statements for the years ended March 31, 2023, 2022 and 2021.

The Company files U.S. federal, state, local and foreign tax returns on a calendar-year basis. With limited exception, returns filed prior to 2019 are no longer subject to examination by the applicable taxing authorities. There are currently no material examinations being conducted of the Company by tax authorities.

12. Earnings Per Share

Basic and diluted earnings per share of Class A common stock are presented for the years ended March 31, 2023 and 2022, and from September 16, 2020 through March 31, 2021, the period following the Reorganization and IPO. There were no shares of Class A common stock outstanding prior to September 16, 2020, therefore no earnings per share information has been presented for any period prior to that date.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock:

	Year Ended March 31, 2023	Year Ended March 31, 2022	Period from IPO date to March 31, 2021
(in thousands, except share and per share amounts)			
Numerator:			
Net income (loss) attributable to StepStone Group Inc. – Basic	$ (18,398)	$ 193,885	$ 62,634
Incremental income from assumed vesting of RSUs	—	4,043	1,854
Incremental income from assumed vesting and exchange of Class B2 units	—	7,689	3,923
Net income (loss) attributable to StepStone Group Inc. – Diluted	$ (18,398)	$ 205,617	$ 68,411
Denominator:			
Weighted-average shares of Class A common stock outstanding – Basic	61,884,671	49,833,760	29,657,805
Assumed vesting of RSUs	—	1,289,809	1,151,579
Assumed vesting and exchange of Class B2 units	—	2,476,681	2,465,420
Weighted-average shares of Class A common stock outstanding – Diluted	61,884,671	53,600,250	33,274,804
Net income (loss) per share of Class A common stock:			
Basic	$ (0.30)	$ 3.89	$ 2.11
Diluted	$ (0.30)	$ 3.84	$ 2.06

Diluted earnings per share of Class A common stock is computed by dividing net income (loss) attributable to SSG, giving consideration to the reallocation of net income between holders of Class A common stock and non-controlling interests, by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities, if any.

Shares of the Company’s Class B common stock do not share in the earnings or losses attributable to SSG and therefore are not participating securities. As a result, a separate presentation of basic and diluted earnings per share of Class B common stock under the two-class method has not been included.

The calculation of diluted earnings per share excludes 46,420,141 Class B units and 2,514,085 Class C units of the Partnership outstanding as of March 31, 2023, 47,149,673 Class B units and 2,928,824 Class C units of the Partnership outstanding as of March 31, 2022, and 56,378,831 shares of Class B units of the Partnership outstanding as of March 31, 2021, which are exchangeable into Class A common stock under the if-converted method, as the inclusion of such shares would be anti-dilutive.

(in thousands, except share and per share amounts and where noted)

As the Company was in a net loss position for the year ended March 31, 2023, the calculation of diluted earnings per share excludes potential shares of Class A common stock for 1,775,732 outstanding RSUs, 2,566,566 Class B2 units and 23,418 Class B units issuable pursuant to anti-dilution rights in connection with the vesting of Class B2 units that are convertible into Class A common stock under the if-converted method, as the inclusion of such shares would be anti-dilutive.

13. Related Party Transactions

The Company considers its senior executives, employees and equity method investments to be related parties. A substantial portion of the Company's management and advisory fees and carried interest allocations is earned from various StepStone Funds that are considered equity method investments. The Company earned net management and advisory fees from the StepStone Funds of $335.6 million, $241.0 million and $171.0 million for the years ended March 31, 2023, 2022 and 2021, respectively. Carried interest allocation revenues earned from the StepStone Funds totaled $(122.3) million, $786.6 million and $496.8 million for the years ended March 31, 2023, 2022 and 2021, respectively. Legacy Greenspring carried interest allocation revenues earned from certain legacy Greenspring funds for which the Company has no direct economic interests totaled $(452.2) million and $187.1 million for the years ended March 31, 2023 and 2022, respectively. There were no legacy Greenspring carried interest allocation revenues for the year ended March 31, 2021, which was prior to the date of the Greenspring acquisition.

Due from affiliates in the consolidated balance sheets consists primarily of fees and accounts receivable from the StepStone Funds, advances made on behalf of the StepStone Funds for the payment of certain organization and operating costs and expenses for which the Company is subsequently reimbursed, amounts due from employees and loans due from affiliated entities, as set forth below.

	As of March 31,	
	2023	2022
Amounts receivable from StepStone Funds	$ 33,813	$ 19,027
Amounts receivable from employees	7,016	342
Amounts receivable from loans	13,493	—
Total due from affiliates	$ 54,322	$ 19,369

Due to affiliates in the consolidated balance sheets consists primarily of amounts payable to certain non-controlling interest holders in connection with the Tax Receivable Agreements, amounts payable to the StepStone Funds and distributions payable to certain employee equity holders of consolidated subsidiaries, as set forth below.

	As of March 31,	
	2023	2022
Amounts payable to non-controlling interest holders in connection with Tax Receivable Agreements	$ 199,307	$ 197,204
Amounts payable to StepStone Funds	4,796	198
Distributions payable to certain employee equity holders of consolidated subsidiaries	1,321	1,953
Total due to affiliates	$ 205,424	$ 199,355

The Company made payments of $6.0 million and $0.8 million during the years ended March 31, 2023 and 2022, respectively, under the Tax Receivable Agreements. No payments were made under the Tax Receivable Agreements during the year ended March 31, 2021.

(in thousands, except share and per share amounts and where noted)

14. Stockholders' Equity and Redeemable Interests

Stockholders' Equity

The Company has two classes of common stock outstanding, Class A common stock and Class B common stock. Holders of Class A common stock and Class B common stock generally vote together as a single class on all matters presented to the Company's stockholders for their vote or approval. Holders of Class A common stock are entitled to receive dividends when and if declared by the board of directors. Holders of the Class B common stock are not entitled to dividends in respect of their shares of Class B common stock.

In connection with the Greenspring acquisition, the limited partnership agreement of the Partnership was amended to create new Class C limited partnership interests and to admit the new limited partners that received Class C units as consideration for the Greenspring acquisition. The Class C limited partnership interests of the Partnership have substantially the same rights and obligations as are applicable to the existing holders of Class B units of the Partnership. The Company has no ownership interest in the Class C units, which are held by certain employees of the Company. The Company also entered into an agreement with the Class C limited partners of the Partnership to allow for the exchange of Class C units to shares of Class A common stock of the Company on a one-for-one basis, subject to certain restrictions.

The following table shows a rollforward of the Company's shares of common stock outstanding since March 31, 2022:

	Class A Common Stock	Class B Common Stock
March 31, 2022	61,141,306	47,149,673
Class A common stock issued in exchange for Class B Partnership units	729,532	(729,532)
Class A common stock issued in exchange for Class C Partnership units	414,739	—
Class A common stock issued for vesting of RSUs, net of shares withheld for employee taxes	549,214	—
March 31, 2023	62,834,791	46,420,141

The Company has 25,000,000 authorized shares of preferred stock, par value of $0.001 per share, and as of March 31, 2023, no shares of preferred stock were issued or outstanding.

The Company records a reallocation adjustment between SSG stockholders' equity, non-controlling interests in the Partnership and non-controlling interests in subsidiaries to reflect the impact of changes in economic ownership percentages during the period and adjust previously recorded equity transactions to the economic ownership percentage as of the end of each reporting period.

In December 2022, the Company issued 296,756 shares of Class A common stock to certain limited partners of the Partnership in exchange for 296,756 Class B units in accordance with the elective exchange notices submitted pursuant to an agreement with the Class B limited partners (the “Class B Exchange Agreement”) to allow for exchange of Class B units of the Partnership to shares of Class A common stock of the Company on a one-for-one basis, subject to certain restrictions. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to the Company. On the same date, the Company also issued 414,739 shares of Class A common stock to certain limited partners of the Partnership in exchange for 414,739 Class C units in accordance with the elective exchange notices submitted pursuant to an agreement with the Class C limited partners (the “Class C Exchange Agreement”) to allow for exchange of Class C units of the Partnership to shares of Class A common stock of the Company on a one-for-one basis, subject to certain restrictions.

In September 2022, the Company issued 175,000 shares of Class A common stock to certain limited partners of the Partnership in exchange for 175,000 Class B units in accordance with the elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to the Company.

In June 2022, the Company issued 257,776 shares of Class A common stock to certain limited partners of the Partnership in exchange for 257,776 Class B units in accordance with the elective exchange notices submitted pursuant to the Class B Exchange Agreement. A corresponding number of shares of Class B common stock were automatically redeemed at par value and canceled in connection with such exchange and a corresponding number of Class A units of the Partnership were issued to the Company.

Dividends and Distributions

Dividends and distributions are reflected in the consolidated statements of stockholders’ equity when declared by the board of directors. Dividends are made to Class A common stockholders and distributions are made to limited partners of the Partnership and holders of non-controlling interests in subsidiaries.

(in thousands, except share and per share amounts and where noted)

The following table presents information regarding quarterly dividends on Class A common shares for the periods indicated:

Quarterly Fiscal Period[1]	Dividend Payment Date	Dividend Per Share of Class A Common Stock
First quarter		N/A
Second quarter		N/A
Third quarter		N/A
Fourth quarter	March 12, 2021	$ 0.07
Total dividends paid in FY2021		$ 0.07
First quarter	July 15, 2021	$ 0.07
Second quarter	September 15, 2021	0.07
Third quarter	December 15, 2021	0.15
Fourth quarter	March 15, 2022	0.15
Total dividends paid in FY2022		$ 0.44
First quarter	June 30, 2022	$ 0.20
Second quarter	September 15, 2022	0.20
Third quarter	December 15, 2022	0.20
Fourth quarter	March 15, 2023	0.20
Total dividends paid in FY2023		$ 0.80

(1) Prior to the Company's IPO on September 16, 2020, it was a wholly-owned subsidiary of the Partnership, had a single class of common stock and did not pay dividends. As such, there is no quarterly dividend information reported for the quarter ended September 30, 2020 or any periods prior. Dividends paid, as reported in this table, relate to the preceding quarterly period in which they were earned.

Redeemable Non-Controlling Interests

The following table summarizes the activities associated with the redeemable non-controlling interests in Consolidated Funds:

	Year Ended March 31, 2023
Beginning balance	$ —
Contributions	22,754
Net income	1,776
Ending balance	$ 24,530

(in thousands, except share and per share amounts and where noted)

15. Business Combinations

Greenspring Acquisition

On September 20, 2021, the Company completed the acquisition of 100% of the equity of Greenspring Associates, Inc. and certain of its affiliates (collectively, "Greenspring") in exchange for (i) cash consideration of approximately $185 million, net of an agreed upon adjustment based upon Greenspring's net working capital balance at the closing date, (ii) 12,686,756 shares of Class A common stock and (iii) 3,071,519 newly issued Class C units of the Partnership (the "Greenspring acquisition"). The transaction agreement also provides for the payment of an earn-out of up to $75 million that is payable in 2025 subject to the achievement of certain management fee revenue targets for calendar year 2024. The results of Greenspring's operations have been included in the consolidated financial statements effective September 20, 2021. The acquisition of Greenspring expanded the Company's leadership in private markets solutions, providing added scale in venture capital and growth equity, and offering clients expanded access to the global innovation economy.

The aggregate purchase price for the acquisition of Greenspring and the estimated fair values of the assets acquired and liabilities assumed at the acquisition date were as follows:

Acquisition date fair value of consideration transferred:		
Cash consideration	$	186,577
Class A common stock		558,598
Class C units of the Partnership		135,239
Contingent consideration		17,769
Total purchase price	$	898,183
Estimated fair value of assets acquired and liabilities assumed:		
Cash and short-term receivables	$	5,725
Legacy Greenspring investments in funds and accrued carried interest allocations[(1)]		1,203,299
Lease right-of-use assets, net		2,585
Other assets and receivables		2,146
Finite-lived intangible assets—contractual rights: management contracts		310,944
Finite-lived intangible assets—client relationships		96,650
Finite-lived intangible assets—contractual rights: service agreements		9,537
Goodwill		573,750
Deferred income taxes		(95,884)
Accrued expenses and other liabilities		(4,685)
Legacy Greenspring accrued carried interest-related compensation[(1)]		(1,045,157)
Lease liabilities		(2,585)
Non-controlling interests in legacy Greenspring entities[(1)]		(158,142)
Total	$	898,183

(1) Represents investments in funds and carried interest allocations attributable to consolidated VIEs for which the Company did not acquire any direct economic interests. Such amounts are attributable to employees and therefore have been reflected as non-controlling interests in legacy Greenspring entities and legacy Greenspring accrued carried interest-related compensation, respectively.

(in thousands, except share and per share amounts and where noted)

For the year ended March 31, 2022, the Company incurred $13.8 million of acquisition-related costs that were expensed as incurred and included in general, administrative and other expenses in the consolidated statements of income.

The Company allocated $320.5 million and $96.7 million of the purchase price to the fair value of contractual rights and client relationships, respectively, which is being amortized over a weighted-average amortization period of 10.0 years. The $573.8 million of goodwill primarily related to Greenspring's assembled workforce and business synergies expected to be realized from the transaction. This goodwill is not deductible for tax purposes.

The amount of revenues and net income of Greenspring (including amounts attributable to legacy Greenspring entities) from the acquisition date of September 20, 2021 to March 31, 2022 were approximately $230 million and $54 million, respectively.

The following supplemental unaudited pro forma information assumes the Greenspring acquisition, as well as the Reorganization and IPO, had been consummated as of April 1, 2020:

	Year Ended March 31,	
	2022	2021
Revenues	$ 1,866,986	$ 1,362,067
Net income attributable to StepStone Group Inc.	168,653	80,743

The Company's fiscal year ends on March 31, and prior to the transaction, Greenspring's fiscal year ended on December 31. To comply with SEC rules and regulations for companies with different fiscal year ends, the pro forma combined financial information has been prepared utilizing periods that differ by less than 93 days. The unaudited pro forma information for the year ended March 31, 2022 combines the Company's historical audited consolidated statement of income for the year ended March 31, 2022 and Greenspring's historical unaudited combined statement of income for the 12 months ended March 31, 2022. The unaudited pro forma information for the year ended March 31, 2021 combines the Company's historical audited consolidated statement of income for the year ended March 31, 2021 and Greenspring's historical audited combined statement of income for the fiscal year ended December 31, 2020.

The supplemental unaudited pro forma information is based on estimates and assumptions believed reasonable and are not necessarily indicative of the Company's consolidated results in future periods or the results that actually would have been realized had the Greenspring acquisition been completed to create a combined entity during the periods presented. The pro forma amounts have been calculated after reflecting the following adjustments that were directly attributable to the Reorganization, IPO, Greenspring acquisition and the related debt issuance used to fund a portion of the cash consideration, as if the transactions were consummated on April 1, 2020:

Reorganization and IPO

- adjustments to include compensation expense associated with the 2.5 million RSUs issued in connection with the IPO;
- adjustments on interest expense to reflect the repayment of outstanding debt using a portion of the IPO proceeds;
- adjustments to include federal and state income taxes for the Company's share of taxable income generated by the Partnership; and

(in thousands, except share and per share amounts and where noted)

- adjustments to reflect the pro-rata economic ownership attributable to the Company.

Debt Financing

- adjustments to include interest expense related to the Revolver used to fund a portion of the cash consideration.

Greenspring Acquisition

- adjustments to include the impact of additional amortization of acquired intangible assets that would have been charged;
- adjustments to include the issuance of Class A common stock of the Company and Class C units of the Partnership as consideration for the transaction;
- adjustments to reflect the pro-rata economic ownership attributable to the Company;
- adjustments to reflect the tax effects of the Greenspring acquisition and including Greenspring in the Company's results; and
- adjustments to include acquisition-related transaction costs in earnings for the year ended March 31, 2021.

16. Commitments and Contingencies

Litigation

In the ordinary course of business, and from time to time, the Company may be subject to various legal, regulatory and/or administrative proceedings. The Company accrues a liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. Although there can be no assurance of the outcome of such proceedings, based on information known by management, the Company does not expect a potential liability related to any current legal proceedings or claims that would individually or in the aggregate materially affect its consolidated financial statements as of March 31, 2023.

Lease Commitments

The Company leases offices in 25 cities in North America, South America, Europe, Asia and Australia, and certain equipment subject to operating lease agreements expiring through 2039, some of which may include options to extend or terminate the lease. As of March 31, 2023, there were no finance leases outstanding.

The components of lease expense included in general, administrative and other expenses in the consolidated statements of income were as follows:

	Year Ended March 31,	
	2023	2022
Operating lease cost[1][2]	$ 10,983	$ 11,098
Variable lease cost	1,375	957
Sublease income	(1,778)	(1,679)
Total lease cost	$ 10,580	$ 10,376

(1) Operating lease cost includes an immaterial amount of short-term leases.

(in thousands, except share and per share amounts and where noted)

(2) The year ended March 31, 2023 includes a gain of $2.7 million related to lease remeasurement adjustments due to a reduction in lease terms.

Occupancy expense related to office facility operating leases totaled $9.3 million for the year ended March 31, 2021.

Supplemental cash flow information related to leases was as follows:

	Year Ended March 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	$ 10,613	$ 10,319
Weighted-average remaining lease term for operating leases (in years)	12.1	7.7
Weighted-average discount rate for operating leases	4.6 %	2.7 %

As of March 31, 2023, maturities of operating lease liabilities were as follows:

FY2024	$ 12,337
FY2025	14,062
FY2026	15,179
FY2027	14,362
FY2028	12,474
Thereafter	96,504
Total lease liabilities	164,918
Less: Imputed interest	(43,694)
Total operating lease liabilities	$ 121,224

Unfunded Capital Commitments

As of March 31, 2023 and 2022, the Company, generally in its capacity as general partner or managing member of the StepStone Funds, had unfunded commitments totaling $88.7 million and $68.2 million, respectively. The $88.7 million and $68.2 million of unfunded commitments as of March 31, 2023 and 2022, respectively, excludes $50.6 million and $40.5 million, respectively, related to commitments held by the legacy Greenspring general partner entities in legacy Greenspring funds for which the Company does not hold any direct economic interests.

Carried Interest Allocations

Carried interest allocations are subject to reversal in the event of future losses, to the extent of the cumulative revenues recognized by the Company in income to date. Additionally, if the Company has received net profits over the life of the fund in excess of its allocable share under the applicable partnership agreement, the Company may be obligated to repay previously distributed carried interest that exceeds the amounts to which the Company is ultimately entitled. In these situations, a liability is accrued for the potential clawback obligation if amounts previously distributed to the Company would require repayment to a fund if such fund were to be liquidated based on the current fair value of their underlying investments as of the reporting date. Actual repayment obligations generally do not become realized until the end of a fund's life. As of March 31, 2023 and 2022, no material amounts for potential clawback obligations had been accrued. This contingent obligation is normally reduced by income taxes that the Company has paid related to the carried interest allocations. As of March 31, 2023, the maximum amount of carried interest allocations (excluding legacy Greenspring carried interest allocations) attributable to the Company subject to contingent repayment was an estimated $264.1 million, net of tax, assuming the fair value of all investments was zero, a possibility that the Company views as remote.

Indemnification Arrangements

In the normal course of business and consistent with standard business practices, the Company has provided general indemnifications to its limited partners, officers and directors when they act in good faith in the performance of their duties for the Company. The terms of these indemnities vary from contract to contract. The Company's maximum exposure under these arrangements cannot be determined as these indemnities relate to future claims that may be made against the Company or related parties, but which have not yet occurred. No liability related to these indemnities has been recorded in the consolidated balance sheets as of March 31, 2023 and 2022. Based on past experience, management believes that the risk of loss related to these indemnities is remote.

17. Employee Benefits

The Company provides defined contribution plans covering employees subject to minimum age and service guidelines. Eligible employees may contribute a percentage of their annual compensation subject to statutory guidelines. The Company makes non-discretionary contributions to the plans, which amounted to $4.6 million, $4.3 million and $3.2 million for the years ended March 31, 2023, 2022 and 2021, respectively, and are included in cash-based compensation in the consolidated statements of income.

One of the Company's subsidiaries with non-U.S. operations maintains a defined benefit pension plan (the "Plan"). The Plan covers certain non-U.S. employees and provides benefits to such employees upon retirement, disability and/or death. As of March 31, 2023 and 2022, the Plan's assets totaled $27.4 million and $23.8 million, respectively. As of March 31, 2023 and 2022, the underfunded pension obligation, based on the latest actuarial determination, was $2.8 million and $2.2 million, respectively, and is included in accrued compensation and benefits in the consolidated balance sheets. Net period benefit cost recognized was $0.5 million, $1.1 million and $0.9 million for the years ended March 31, 2023, 2022 and 2021, respectively, which is included in cash-based compensation in the consolidated statements of income.

18. Subsequent Events

On May 24, 2023, the Company announced a quarterly cash dividend of $0.20 per share of Class A common stock and a supplemental cash dividend of $0.25 per share of Class A common stock, both payable on June 30, 2023 to holders of record as of the close of business on June 15, 2023.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective to provide reasonable assurance that information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of March 31, 2023, based on the criteria described in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of March 31, 2023.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recent quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Independent Registered Public Accounting Firm

Ernst & Young LLP, our independent registered public accounting firm, has audited the Company's consolidated financial statements included in this annual report and issued its report on the effectiveness of our internal control over financial reporting as of March 31, 2023, which is included in Item 8 of this annual report.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a Code of Conduct and Ethics that applies to all directors, officers and employees, which is available on our website at www.stepstonegroup.com. If we make any amendments to our Code of Conduct and Ethics that require disclosure under the rules of the Securities and Exchange Commission or the rules of the Nasdaq Global Select Market or grant any waivers to our directors or executive officers, we will disclose any such amendment and/or waiver on our website listed above.

The remaining information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after March 31, 2023.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after March 31, 2023.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information regarding the beneficial ownership of our common stock required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after March 31, 2023.

Securities Authorized for Issuance under Equity Compensation Plans

The table set forth below provides information concerning the awards that may be issued under the LTIP as of March 31, 2023:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) [(1)]	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) [(2)]
Equity compensation plans approved by security holders	1,775,732	N/A	17,644,444
Equity compensation plans not approved by security holders	—	—	—
Total	1,775,732	N/A	17,644,444

(1) Reflects the outstanding RSUs granted under the LTIP as of March 31, 2023.

(2) The aggregate number of our shares available for future issuance under the LTIP will automatically increase on January 1st of each year beginning in 2021 and ending with a final increase on January 1, 2030, in an amount equal to 5% of the total number of shares of stock outstanding on December 31st of the preceding calendar year. The Board may provide that there will be no January 1st increase in the shares available for future issuance for any such year or that the increase in the shares available for future issuance for any such year will be a smaller number of shares than would otherwise occur under the automatic increase.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after March 31, 2023.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after March 31, 2023.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

(a) The following documents are filed as part of this Form 10-K:

(1) Financial statements

(2) Financial statement schedules

All financial statement schedules have been omitted because they are not applicable, not required or the information has been otherwise included in the consolidated financial statements or accompanying notes to the consolidated financial statements.

(3) Exhibits:

		Incorporated By Reference				Filed or Furnished Herewith
Exhibit No.	Description of Exhibit	Form	Exhibit	Filing Date	File No.	
2.1	Transaction Agreement, dated July 7, 2021, by and among, StepStone Group Inc., StepStone Group LP, certain wholly-owned subsidiaries of StepStone Group LP, the sellers party thereto, Greenspring Associates, Inc. and certain of its affiliates and Shareholder Representative Services LLC, as Seller Representative	8-K	2.1	7/07/2021	001-39510	
3.1	Amended and Restated Certificate of Incorporation of StepStone Group Inc.	8-K	3.1	9/18/2020	001-39510	
3.2	Amended and Restated Bylaws of StepStone Group Inc.	10-Q	3.2	2/09/2023	001-39510	
4.1	Description of Securities	10-K	4.1	6/23/2021	001-39510	
10.1	Ninth Amended and Restated Limited Partnership Agreement of StepStone Group LP, dated as of September 20, 2021, by and among StepStone Group Holdings LLC, as General Partner, and each of the other persons and entities parties thereto	8-K	10.3	9/20/2021	001-39510	
10.2	Tax Receivable Agreement (Exchanges), dated as of September 18, 2020, by and among StepStone Group Inc., StepStone Group LP, and each of the other persons and entities parties thereto	8-K	10.2	9/18/2020	001-39510	

10.3	Tax Receivable Agreement (Reorganization), dated as of September 18, 2020, by and among StepStone Group Inc., StepStone Group LP, and each of the other persons and entities parties thereto	8-K	10.3	9/18/2020	001-39510	
10.4	Exchange Agreement, dated as of September 18, 2020, by and among the Company, the Partnership, and each of the other persons and entities party thereto	8-K	10.4	9/18/2020	001-39510	
10.5	Amended and Restated Registration Rights Agreement, dated as of September 20, 2021, by and among the Company and the other persons and entities party thereto	8-K	10.4	9/20/2021	001-39510	
10.6	Amended and Restated Stockholders Agreement, dated as of September 20, 2021, by and among the Company, the Partnership and the other persons and entities party thereto	8-K	10.2	9/20/2021	001-39510	
10.7†	StepStone Group Inc. 2020 Long-Term Incentive Plan	8-K	10.7	9/18/2020	001-39510	
10.8†	Form of Restricted Stock Unit Award Agreement under the 2020 Long-Term Incentive Plan	10-Q	10.2	2/09/2023	001-39510	
10.9†	Form of Restricted Stock Unit Award Agreement under the 2020 Long-Term Incentive Plan (for awards issued prior to February 2023)	S-1	10.8	8/24/2020	333-248313	
10.10†	Form of Indemnification Agreement for directors and officers	S-1	10.9	8/24/2020	333-248313	
10.11	Class C Exchange Agreement, dated as of September 20, 2021, by and among the Company, the Partnership and the other persons and entities party thereto	8-K	10.5	9/20/2021	001-39510	
10.12	Conformed Credit Agreement dated as of September 20, 2021 as amended by Amendment No. 1 to Credit Agreement, dated as of April 19, 2023, by and among StepStone Group LP, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent and certain other lenders party thereto					X
10.13	Option Agreement, dated November 2, 2022	8-K	10.1	11/03/2022	001-39510	
21.1	List of Subsidiaries					X
23.1	Consent of Ernst & Young LLP					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended					X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

101	The following financial information in Part II, Item 8, “Financial Statements and Supplementary Data” from our Annual Report on Form 10-K for the year ended March 31, 2023 formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Income (Loss); (iii) the Consolidated Statements of Comprehensive Income (Loss); (iv) the Consolidated Statements of Stockholders’ Equity; (v) the Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	X

† Indicates a management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 26, 2023.

STEPSTONE GROUP INC.

By: /s/ Johnny D. Randel

Johnny D. Randel
Chief Financial Officer
(Principal Financial Officer and Authorized Signatory)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on May 26, 2023.

Signature	Title
/s/ Scott W. Hart Scott W. Hart	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Johnny D. Randel Johnny D. Randel	Chief Financial Officer (Principal Financial Officer)
/s/ David Y. Park David Y. Park	Chief Accounting Officer (Principal Accounting Officer)
/s/ Monte Brem Monte Brem	Chairman of the Board of Directors
/s/ Valerie Gay Brown Valerie Gay Brown	Director
/s/ Jose A. Fernandez Jose A. Fernandez	Director
/s/ David F. Hoffmeister David F. Hoffmeister	Director
/s/ Thomas Keck Thomas Keck	Director
/s/ Michael I. McCabe Michael I. McCabe	Director
/s/ Steven R. Mitchell Steven R. Mitchell	Director
/s/ Anne L. Raymond Anne L. Raymond	Director

EXHIBIT 10.12

CREDIT AGREEMENT

dated as of

September 20, 2021

as amended by Amendment No. 1 to Credit Agreement, dated as of April 17, 2023

among

STEPSTONE GROUP INC.,

FOLLOWING THE SSG DROP-DOWN,
STEPSTONE GROUP LP,

THE GUARANTORS PARTY HERETO FROM TIME TO TIME,

THE LENDERS PARTY HERETO FROM TIME TO TIME

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Collateral Agent

J.P. MORGAN SECURITIES LLC,
GOLDMAN SACHS BANK USA
and
MORGAN STANLEY SENIOR FUNDING, INC.,
as Joint Lead Arrangers and Joint Bookrunners

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EXHIBITS

SCHEDULES

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of September 20, 2021, is entered into by and among the Lenders identified on the signature pages hereof (together with their respective successors and permitted assigns), **JPMORGAN CHASE BANK, N.A.,** a national banking association ("JPMCB"), as administrative agent for the Lenders and as collateral agent for the Secured Parties (together with its successors and assigns in such capacities, the "Agent"), **STEPSTONE GROUP INC.,** a Delaware corporation (the "Initial Borrower"), following the SSG Drop-Down, **STEPSTONE GROUP LP,** a Delaware limited partnership (the "Subsequent Borrower") and the Guarantors (as defined below) party hereto from time to time.

WHEREAS, the Initial Borrower has requested that, upon satisfaction or waiver of the conditions precedent set forth in Article III, the Lenders extend credit to the Initial Borrower in the form of a $225,000,000 revolving credit facility pursuant to the terms of this Agreement;

WHEREAS, pursuant to the Transaction Agreement, dated as of July 7, 2021 (together with the exhibits and schedules thereto, the disclosure schedules referred to therein, the ancillary agreements referred to therein and all related documents, collectively, the "Acquisition Agreement"), among the Initial Borrower, Alto Merger Sub 1, Inc., a Delaware corporation, Alto Merger Sub 2, Inc., a Delaware corporation, Greenspring Associates NewCo, LLC, a Delaware limited liability company, Greenspring Back Office Solutions NewCo, LLC, a Delaware limited liability company, the Subsequent Borrower, Greenspring Associates, Inc., a Delaware corporation ("GA Inc."), Greenspring Back Office Solutions, Inc., a Delaware corporation ("GBOS Inc."), the other sellers signatory thereto and Shareholder Representative Services LLC, as the initial seller representative thereunder, the Initial Borrower will acquire (the "Acquisition"), directly or indirectly, the Acquired Business; and

WHEREAS, at any time on or following the Closing Date, the Initial Borrower may, directly or indirectly, assign, contribute or otherwise transfer the Loans and Revolving Commitments, and all its other rights and obligations as a borrower hereunder, to the Subsequent Borrower pursuant to the SSG Drop-Down.

NOW, THEREFORE, the parties hereto hereby agree as follows:

Article I

DEFINITIONS AND CONSTRUCTION

1.1 Definitions. For purposes of this Agreement (as defined below), the following initially capitalized terms shall have the following meanings:

"Acquired Business" means, collectively, GA Inc., GBOS Inc., GALP, GBOS, each Directly Held Entity and all of their respective Subsidiaries (as defined in the Acquisition Agreement).

"Acquisition" has the meaning set forth in the recitals to this Agreement.

"Acquisition Agreement" has the meaning set forth in the recitals to this Agreement.

"Acquisition Agreement Representations" means such of the representations and warranties made by or in respect of the Acquired Business in the Acquisition Agreement as are material to the interests of the Lenders (in their capacities as such), but only to the extent that the Initial Borrower (or any of its affiliates) has the right to terminate its (or its affiliate's) obligations under the Acquisition Agreement or the right to elect not to consummate the Acquisition as a result of any inaccuracy of such representations and warranties in the Acquisition Agreement.

"Adjusted Consolidated Net Income" means, for any period, (a) Consolidated Net Income plus (b) without duplication, the amount of dividends or other distributions actually paid in cash during such period to the Borrower or any of its wholly-owned Material Subsidiaries (other than any dividends or other distributions that are precluded from being further distributed as described in clause (c) of the definition of "Consolidated Net Income") by (i) any non-wholly-owned Material Subsidiaries, (ii) prior to the SSG Drop-Down, the Subsequent Borrower, (iii) any Variable Interest Entity, (iv) any Immaterial Subsidiary and (v) any other Persons which are accounted for in the financial statements of the Borrower and its consolidated Subsidiaries for such period under the equity method of accounting.

"Adjusted AUD Rate" means, with respect to any borrowing denominated in Australian Dollars for any Interest Period, an interest rate per annum equal to (a) the AUD Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Adjusted Daily Simple SOFR" means an interest rate per annum equal to (a) the Daily Simple SOFR, *plus* (b) 0.10%; *provided that* if the Adjusted Daily Simple SOFR as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Adjusted EURIBOR Rate" means, with respect to any Term Benchmark borrowing denominated in Euros for any Interest Period, an interest rate per annum equal to (a) the EURIBOR Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Adjusted Term SOFR Rate" means, with respect to any Term SOFR borrowing for any Interest Period or for any Alternate Base Rate borrowing based on the Adjusted Term SOFR Rate, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1.00%) equal to the Term SOFR Rate for such Interest Period, *plus* 0.10%; *provided* that, if the Adjusted Term SOFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Agent.

"Advances" has the meaning set forth in Section 2.1(b).

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by," and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of that Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" has the meaning set forth in the preamble to this Agreement.

"Agent Fee Letter" means that certain Administrative Agent Fee Letter, dated as of the Closing Date, among the Agent, the Initial Borrower and the Subsequent Borrower.

"Agent-Related Persons" means Agent, together with its Affiliates, officers, directors, employees, attorneys, and agents.

"Agent's Account" means the Deposit Account of Agent identified on Schedule A-1.

"Agreed Currencies" means Dollars and each Alternative Currency.

"Agreement" means this Credit Agreement among the Initial Borrower, following the SSG Drop-Down, the Subsequent Borrower, the Guarantors from time to time party hereto, the Lenders from time to time party hereto, and Agent, together with all exhibits and schedules hereto, as amended, restated, amended and restated, supplemented, other otherwise modified from time to time in accordance with the terms hereof.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1.00%, and (c) the Adjusted Term SOFR Rate for a one-month Interest Period as published two (2) U.S. Government Securities Business Days prior to such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%; provided that, for the purposes of this definition, the Adjusted Term SOFR Rate for any day shall be based on the Term SOFR Reference Rate at approximately 5:00 a.m. Chicago time on such day (or any amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology). Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.14 (for the avoidance of doubt, only until the Benchmark Replacement has been determined pursuant to Section 2.14(b)), then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

"Alternative Currency" means, with respect to any non-Dollar Advance or Letter of Credit, British Pounds Sterling, Euros, Swiss Francs, Australian Dollars or another currency that may be agreed by Borrower, Agent, each Multicurrency Lender, and in the case of any Letter of Credit, the Issuing Lender with respect to such Letter of Credit, if, in respect of any such specified Alternative Currency or other Alternative Currency, at such time (a) such Alternative Currency is dealt with in the London interbank deposit market or any other relevant local market for obtaining quotations, and (b) no central bank or other governmental authorization in the country of issue of such Alternative Currency (including, in the case of the Euro, any authorization by the European Central Bank) is required to permit use of such Alternative Currency by any relevant Lender for making such Advance or purchasing a participation in any Letter of Credit hereunder and/or to permit the Borrower to borrow and repay the principal thereof and to pay the interest thereon, unless such authorization has been obtained and is in full force and effect.

"Alternative Currency Equivalent" means, for any amount of any Alternative Currency, at the time of determination thereof, (a) if such amount is expressed in such Alternative Currency, such amount and (b) if such amount is expressed in Dollars, the equivalent of such amount in such Alternative Currency determined by using the rate of exchange for the purchase of such Alternative Currency with Dollars last provided (either by publication or otherwise provided to the Agent) by the applicable Reuters source on the Business Day (New York City time) immediately preceding the date of determination or if such service ceases to be available or ceases to provide a rate of exchange for the purchase of such Alternative Currency with Dollars, as provided by such other publicly available information service which provides that rate of exchange at such time in place of Reuters chosen by the Agent in its sole discretion (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in Dollars as determined by the Agent using any method of determination it deems appropriate in its sole discretion).

"Amendment No. 1" means Amendment No. 1 to Credit Agreement, dated as of April 17, 2023, by and among the Subsequent Borrower, the Lenders party thereto, and the Agent.

"Amendment No. 1 Effective Date" means April 17, 2023.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower and its applicable Subsidiaries from time to time concerning or relating to bribery or corruption.

"Applicable Commitment Fee Rate" means, with respect to any Commitment Fees, for any day:

(a) on and from the Closing Date until the last day of the first fiscal quarter of the Borrower ending thereafter, 0.25% per annum; and

(b) thereafter, the applicable rate per annum set forth below under the caption "Applicable Commitment Fee Rate" opposite the average daily Total Utilization of Revolving Commitments for the immediately preceding fiscal quarter then ended, expressed as a percentage of the aggregate stated amount of Revolving Commitments of all Lenders in effect on such day, as set forth below under the caption "Total Utilization of Revolving Commitments":

Level	**Total Utilization of Revolving Commitments**	**Applicable Commitment Fee Rate**
I	Equal to or greater than 50%	0.25%
II	Less than 50%	0.35%

The Applicable Commitment Fee Rate will be adjusted quarterly, on the first day of each fiscal quarter, based on the average daily Total Utilization of Revolving Commitments in accordance with the table above.

"Applicable Lending Office" means, for each Lender, the office of such Lender (or of a branch or affiliate of such Lender) designated for its Loans in its Administrative Questionnaire or such other office of such Lender (or of an affiliate or branch of such Lender) as such Lender may from time to time specify to the Borrower as the office by which its Loans to the Borrower of the respective type are to be made and maintained.

"Applicable Margin" means, for any day:

(a) with respect to any Base Rate Loan, 1.00% per annum;

(b) with respect to any Term SOFR Rate Loan, 2.00% per annum;

(c) with respect to any EURIBOR Rate Loans, 2.00% per annum;

(d) with respect to any SONIA Loans, 2.0326% per annum;

(e) with respect to any SARON Loans, 2.00% per annum;

(f) with respect to any AUD Rate Loans, 2.20% per annum; or

(g) with respect to any Letter of Credit Fee, 2.00% per annum.

"Application Event" means the occurrence of (a) a failure by Borrower to repay in full all of the Obligations (other than (i) contingent indemnification obligations for which no claim has been made and (ii) Obligations in respect of Letters of Credit that have been cancelled, backstopped, expired or cash collateralized in accordance with the provisions of Section 2.8(a) hereof or to which other arrangements have been made, in each case, in a manner reasonably satisfactory to the Issuing Lender and Agent) on the Maturity Date, or (b) an Event of Default and the election by Agent or the Required Lenders to terminate the Revolving Commitments and accelerate the Loans.

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Approved Increase" has the meaning set forth in Section 2.18(a).

"Arrangers" means, collectively, J.P. Morgan Securities LLC, Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc.

"Asset" means any interest of a Person in any kind of property or asset, whether real, personal, or mixed real and personal, or whether tangible or intangible.

"Assignee" has the meaning set forth in Section 9.1(a).

"Assignment and Acceptance" means an Assignment and Acceptance Agreement substantially in the form of Exhibit A-1.

"AUD Business Day" means, for any Loan denominated in Australian Dollars, means any day on which major commercial banks are open for international business (including dealings in Australian Dollar deposits) in Sydney, Australia.

"AUD Interpolated Rate" means, at any time, with respect to any borrowing denominated in Australian Dollars and for any Interest Period, the rate per annum (rounded to the same number of decimal places as the AUD Screen Rate) determined by the Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the AUD Screen Rate for the longest period (for which the AUD Screen Rate is available) that is shorter than the Impacted AUD Rate Interest Period; and (b) the AUD Screen Rate for the shortest period (for which the AUD Screen Rate is available) that exceeds the Impacted AUD Rate Interest Period, in each case, at such time; provided, that if any AUD Interpolated Rate shall be less than 0.00% such rate shall be deemed to be 0.00% for purposes of this Agreement.

"AUD Rate" means, with respect to any borrowing denominated in Australian Dollars and for any Interest Period, the AUD Screen Rate at approximately 11:00 a.m., Sydney, Australia time, on the first day of such Interest Period; provided that, if the AUD Screen Rate shall not be available at such time for such Interest Period (an "Impacted AUD Rate Interest Period") then the AUD Rate shall be the AUD Interpolated Rate.

"AUD Rate Loan" means each portion of the Advances bearing interest based on the Adjusted AUD Rate.

"AUD Screen Rate" means with respect to any Interest Period, the average bid reference rate administered by ASX Benchmarks Pty Limited (ACN 616 075 417) (or any other Person that takes over the administration of such rate) for Australian Dollar bills of exchange with a tenor equal in length to such Interest Period as displayed on page BBSY of the Reuters screen (or, in the event such rate does not appear on such Reuters page, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate as shall be selected by the Agent from time to time in its reasonable discretion) at or about 11:00 a.m. (Sydney, Australia time) on the first day of such Interest Period. If the AUD Screen Rate shall be less than 0.00%, the AUD Screen Rate shall be deemed to be 0.00% for purposes of this Agreement.

"Australian Dollars" means the lawful currency of Australia.

"Availability" means, as of any date of determination, the amount that Borrower is entitled to borrow as Advances hereunder (after giving effect to all then outstanding Advances and Letters of Credit).

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (f) of Section 2.14.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Code" means Title 11 of the United States Code, as amended or supplemented from time to time, and any successor statute, and all of the rules and regulations issued or promulgated in connection therewith.

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Base Rate Loan" means each portion of the Advances bearing interest based on the Alternate Base Rate.

"Benchmark" means, initially, the Relevant Rate; provided that if a Benchmark Transition Event or a Term ESTR Transition Event, as applicable, and its related Benchmark Replacement Date have occurred with respect to a Relevant Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (b) or clause (c) of Section 2.14.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Agent for the applicable Benchmark Replacement Date; provided that, in the case of any Loan denominated in a Currency other than Dollars, British Pounds Sterling, Euros, or Swiss Francs, "Benchmark Replacement" shall mean the alternative set forth in (3) below:

(1) (A) in the case of any Loan denominated in Dollars, Adjusted Daily Simple SOFR; and

(B) in the case of any Loan denominated in Euros, the sum of (a) Term ESTR and (b) the related Benchmark Replacement Adjustment;

(2) in the case of any Loan denominated in Euros, the sum of (a) Daily Simple ESTR and (b) the related Benchmark Replacement Adjustment; and

(3) the sum of: (a) the alternate benchmark rate that has been selected by the Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for syndicated credit facilities denominated in the applicable Agreed Currency at such time in the United States and (b) the related Benchmark Replacement Adjustment; provided, that in the case of clause (1)(B), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion; provided, further, that with respect to a Loan denominated in Euros, notwithstanding anything to the contrary in this Agreement or in any other Loan Document, upon the occurrence of a Term ESTR Transition Event, and the delivery of a Term ESTR Notice, on the applicable Benchmark Replacement Date the "Benchmark Replacement" shall revert to and shall be deemed to be the sum of (a) Term ESTR and (b) the related Benchmark Replacement Adjustment, as set forth in clause (1)(B) of this definition (subject to the first proviso above).

If the Benchmark Replacement as determined pursuant to clause (1), (2), or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in the applicable Agreed Currency at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement and/or any Term Benchmark Loan denominated in Dollars, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Agent determines in its reasonable discretion, in consultation with the Borrower, may be appropriate to reflect the adoption and implementation of the applicable Benchmark and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines in its reasonable discretion, in consultation with the Borrower, that no market practice for the administration of such Benchmark exists, in such other manner of administration as the Agent determines in its reasonable discretion, in consultation with the Borrower, is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Benchmark Replacement Date" means, with respect to any Benchmark, the earliest to occur of the following events with respect to such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein; or

(3) in the case of a Term ESTR Transition Event, the date that is thirty (30) days after the date a Term ESTR Notice is provided to the Lenders and the Borrower pursuant to Section 2.14(c).

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means, with respect to any Benchmark, the occurrence of one or more of the following events with respect to such then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the NYFRB, the CME Term SOFR Administrator, the central bank for the Agreed Currency applicable to such Benchmark, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.14 and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.14.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation (which certification shall be substantially similar in form and substance to the most recently published form of Certification Regarding Beneficial Owners of Legal Entity Customers by the Loan Syndications and Trading Association and Securities Industry and Financial Markets Association).

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means those certain equity incentive or ownership programs established by any Loan Party or any of its Subsidiaries in good faith to provide equity ownership or participation to Permitted Holders and other Persons associated or affiliated with a Loan Party or any Affiliate thereof and not for the purpose of or in view of avoiding the obligations of Borrower as set forth in this Agreement.

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Bona Fide Debt Fund" means any Person that is primarily engaged in, or that advises, any bona fide debt fund or fixed income investor that is engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit or debt Securities in the ordinary course of business.

"Borrower" means (a) initially, the Initial Borrower and (b) after giving effect to the SSG Drop-Down, the Subsequent Borrower, as applicable.

"British Pounds Sterling" means the lawful currency of England.

"Broker-Dealer Subsidiary" means (i) the Subsidiaries of Borrower listed on Schedule I(b)(i) of the Perfection Certificate as, and any other Subsidiary of Borrower that after the Closing Date becomes, a broker-dealer registered under the Exchange Act or associated persons thereof, as defined therein, and (ii) the Subsidiaries of Borrower listed on Schedule I(b)(ii) of the Perfection Certificate as, and any other Subsidiary of Borrower that after the Closing Date becomes, an introducing broker that after the Closing Date is required to register under the Commodity Exchange Act.

"Business Day" means a day when major commercial banks are open for business in New York, New York, other than Saturdays or Sundays and (i) if such day relates to a borrowing or continuation of, a payment or prepayment of principal of or interest on, or the Interest Period for, any Loan or Letter of Credit denominated in any Alternative Currency, or to a notice by the Borrower with respect to any such borrowing, continuation, payment, prepayment or Interest Period, that is also a day on which commercial banks and the London foreign exchange market settle payments in the Principal Financial Center for such Alternative Currency, (ii) in relation to any Loans denominated in Dollars and/or in relation to the calculation or computation of SOFR, a U.S. Government Securities Business Day, (iii) in relation to Loans denominated in Euros and/or in relation to the calculation or computation of EURIBOR, a TARGET Day, (iv) in relation to SARON Loans and any interest rate settings, fundings, disbursements, settlements or payments of any such SARON Loan, or any other dealings in Swiss Francs, any such day that is only a SARON Business Day, (v) in relation to SONIA Loans and any interest rate settings, fundings, disbursements, settlements or payments of any such SONIA Loan, or any other dealings in British Pounds Sterling, any such day that is only a SONIA Business Day and (vi) in relation to Loans denominated in Australian Dollars and/or in relation to the calculation or computation of the AUD Rate, an AUD Business Day.

"Capitalized Lease Obligations" means the aggregate amount which, in accordance with GAAP, is required to be reported as a liability on the balance sheet of Person at such time in respect of such Person's interest as lessee under a capitalized lease.

"Carried Interest" means (a) with respect to the Subsequent Borrower, "Carried Interest" as defined in SSG LP Agreement and (b) with respect to any Carry Subsidiary, "Carried Interest" as defined in the StepStone Partners LP Agreement (or equivalent term in the Governing Documents of any Carry Subsidiary in clause (ii) of the definition of Carry Subsidiary).

"Carry Subsidiary" means (i) StepStone Partners, L.P., a limited partnership formed under the laws of the State of Delaware and (ii) any other Person that constitutes a "Special Limited Partner" (or has similar functions or roles) under the Governing Documents of any Fund of the Borrower; provided in the event that the Borrower ceases to hold any Equity Interests in such Person, such Person shall cease to be a Carry Subsidiary.

"Cash Equivalents" means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within 1 year from the date of acquisition thereof, (b) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Rating Group ("S&P") or Moody's Investors Service, Inc. ("Moody's"), (c) commercial paper issued by any Person not an Affiliate of the Borrower maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's, (d) certificates of deposit or bankers' acceptances maturing within 1 year from the date of acquisition thereof issued by any bank organized under the laws of the United States or any state thereof having at the date of acquisition thereof combined capital and surplus of not less than $250,000,000, (e) demand deposit accounts maintained with any bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $1,000,000,000, so long as the amount maintained with any individual bank is less than or equal to $1,000,000 and is insured by the Federal Deposit Insurance Corporation, or larger amounts, to the extent that such amounts are covered by insurance which is reasonably satisfactory to Agent, (f) demand deposit accounts maintained with any of the financial institutions listed on Schedule A-2 hereto (as may be modified from time to time upon reasonably prompt written notice to the Agent following the establishment of such an account), Affiliates thereof, or any Lender that is a bank that is insured by the Federal Deposit Insurance Corporation, and (g) Investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (e) above.

"Cash Management Agreement" means any agreement or arrangement governing Cash Management Obligations.

"Cash Management Obligations" means obligations in respect of cash management services (including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements), including obligations for the payment of fees, interest, charges, expenses and disbursements in connection therewith to the extent provided for in the documents evidencing such cash management services.

"CBR Loan" means a Loan that bears interest at a rate determined by reference to the Central Bank Rate.

"CBR Spread" means the Applicable Margin applicable to such Loan that is replaced by a CBR Loan.

"Central Bank Rate" means, the greater of (I)(A) for any Loan denominated in (a) British Pounds Sterling, the Bank of England (or any successor thereto)'s "Bank Rate" as published by the Bank of England (or any successor thereto) from time to time, (b) Euro, one of the following three rates as may be selected by the Agent in its reasonable discretion: (1) the fixed rate for the main refinancing operations of the European Central Bank (or any successor thereto), or, if that rate is not published, the minimum bid rate for the main refinancing operations of the European Central Bank (or any successor thereto), each as published by the European Central Bank (or any successor thereto) from time to time, (2) the rate for the marginal lending facility of the European Central Bank (or any successor thereto), as published by the European Central Bank (or any successor thereto) from time to time or (3) the rate for the deposit facility of the central banking system of the Participating Member States, as published by the European Central Bank (or any successor thereto) from time to time, (c) Swiss Francs, the policy rate of the Swiss National Bank (or any successor thereto) as published by the Swiss National Bank (or any successor thereto) from time to time and (d) any other Alternative Currency, a central bank rate as determined by the Agent in its reasonable discretion; plus (B) the applicable Central Bank Rate Adjustment and (II) the Floor.

"Central Bank Rate Adjustment" means, for any day, for any Loan denominated in (a) Euro, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of the Adjusted EURIBOR Rate for the five most recent Business Days preceding such day for which the EURIBOR Screen Rate was available (excluding, from such averaging, the highest and the lowest Adjusted EURIBOR Rate applicable during such period of five Business Days) minus (ii) the Central Bank Rate in respect of Euro in effect on the last Business Day in such period, (b) British Pounds Sterling, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of Daily Simple SONIA for the five most recent SONIA Business Days preceding such day for which Daily Simple SONIA was available (excluding, from such averaging, the highest and the lowest such Daily Simple SONIA applicable during such period of five SONIA Business Days) minus (ii) the Central Bank Rate in respect of British Pounds Sterling in effect on the last SONIA Business Day in such period, (c) Swiss Francs, a rate equal to the difference (which may be a positive or negative value or zero) of (i) the average of Daily Simple SARON for the five most recent SARON Business Days preceding such day for which SARON was available (excluding, from such averaging, the highest and the lowest such Daily Simple SARON applicable during such period of five SARON Business Days) minus (ii) the Central Bank Rate in respect of Swiss Francs in effect on the last SARON Business Day in such period, and (d) any other Alternative Currency, a Central Bank Rate Adjustment as determined by the Agent in its reasonable discretion. For purposes of this definition, (x) the term Central Bank Rate shall be determined disregarding clause (B) of the definition of such term and (y) the EURIBOR Rate on any day shall be based on the EURIBOR Screen Rate, on such day at approximately the time referred to in the definition of such term for deposits in the applicable Agreed Currency for a maturity of one month.

"CFC" means a "controlled foreign corporation" within the meaning of Section 957(a) of the Code.

"CFC Holdco" means any Subsidiary that has no material assets (whether directly or indirectly through disregarded entities) other than the equity (including, for this purpose, any debt or other instrument treated as equity for U.S. federal income tax purposes) or equity and debt of one or more CFCs.

"CFTC" means the U.S. Commodity Futures Trading Commission, any successor thereto and any analogous Governmental Authority.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or any Issuing Lender (or, for purposes of Section 2.13(b), by any lending office of such Lender or by such Lender's or such Issuing Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement. For the purposes hereof, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder issued in connection therewith or in implementation thereof and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or any applicable national, foreign or regulatory authorities implementing the same, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or implemented.

"Change of Control Event" means the occurrence of any of the following: (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof) other than the Permitted Holders, of Equity Interests representing more than 35.0% of the aggregate voting power represented by the issued and outstanding Equity Interests of the Initial Borrower; (ii) occupation of a majority of the seats (other than vacant seats) on the board of directors (or similar governing body) of the Initial Borrower by Persons who were neither (A) nominated by the board of directors (or similar governing body) of the Initial Borrower, one or more of the Permitted Holders, or an entity controlled by one or more of the Permitted Holders nor (B) appointed by directors or the equivalent so nominated; (iii) [reserved]; or (iv) the Initial Borrower ceases to directly or indirectly own and control Equity Interests representing more than 50.0% of the aggregate voting power (or in the case of a partnership, more than a 50.0% of the general partnership interests) represented by the issued and outstanding Equity Interests issued by the Subsequent Borrower.

"Charges" has the meaning set forth in Section 11.14.

"Class", when used in reference to (i) any Loan, refers to whether such Loan is a Dollar Loan or Multicurrency Loan, (ii) any Advance, refers to whether such Advance is a Dollar Advance or Multicurrency Advance, (iii) any Lender, refers to whether such Lender is a Dollar Lender or a Multicurrency Lender, (iv) any Revolving Commitment, refers to whether such Revolving Commitment is a Dollar Revolving Commitment or Multicurrency Revolving Commitment and (v) any Revolving Credit Facility, refers to whether such Revolving Credit Facility is the Dollar Revolving Credit Facility or Multicurrency Revolving Credit Facility.

"Closing Date" means the date on which the conditions specified in Section 3.2 are satisfied (or waived in accordance with Section 11.2).

"CME Term SOFR Administrator" means CME Group Benchmark Administration Limited as administrator of the forward-looking term Secured Overnight Financing Rate (SOFR) (or a successor administrator).

"Code" means the Internal Revenue Code of 1986, as amended or supplemented from time to time, and any successor statute, and all of the rules and regulations issued or promulgated in connection therewith.

"Collateral" means, collectively, all of the real, personal and mixed property (including any Securities) in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

"Collateral Documents" means the Pledge and Security Agreement, the Intellectual Property Security Agreements, each Control Agreement, and all other instruments, documents and agreements delivered by or on behalf of any Loan Party pursuant to this Agreement or any of the other Loan Documents in order to grant to, or perfect in favor of, the Agent, for the benefit of Secured Parties, a Lien on any real, personal or mixed property of that Loan Party as security for the Obligations.

"Commitment Fee" has the meaning set forth in Section 2.11(a).

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Competitor" has the meaning in the definition of Disqualified Lender (Competitors).

"Compliance Certificate" means a certificate substantially in the form of Exhibit C delivered by the chief financial officer (or person with equivalent responsibilities) of Borrower to Agent.

"Consolidated Adjusted EBITDA" means, for any period, an amount determined for the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP equal to:

(i) Adjusted Consolidated Net Income, plus

(ii) without duplication, those amounts which, in the determination of Adjusted Consolidated Net Income for such period, have been deducted, and not added back in determining Adjusted Consolidated Net Income (except in respect of clause (i) below) for:

(a) Consolidated Interest Expense;

(b) provisions for taxes based on income;

(c) total depreciation expense;

(d) total amortization expense (including the amortization of any upfront fees payable in connection with the Loans);

(e) unrealized performance fee-related compensation;

(f) (x) any Transaction Costs and (y) any fees, costs, expenses or charges (including those relating to rationalization, legal, tax, accounting, structuring and transaction bonuses to employees, officers and directors) related to any actual, proposed or contemplated: (i) issuance or registration (actual or proposed) (including, for the avoidance of doubt, in secondary transactions) of Equity Interests, (ii) acquisition or other Investment, (iii) Disposition (including, for the avoidance of doubt, in secondary transactions), (iv) recapitalization, consolidation or restructuring or permitted reorganization, (v) issuance of any letter of credit, (vi) incurrence or registration (actual or proposed) of Debt (including a refinancing thereof) or (vii) any amendment, waiver, consent or other modification of any Debt or any Equity Interests, in the case of each of clauses (i) through (vii) of this clause (y), whether or not actually consummated, and, in each case, deducted (and not added back) in computing Consolidated Net Income;

(g) other non-cash charges reducing Consolidated Net Income (excluding any such non-cash charge to the extent that it represents an accrual or reserve for potential cash charge in any future period or amortization of a prepaid cash charge that was paid in a prior period);

(h) charges related to severance, lease terminations and employee relocations;

(i) the amount of cost savings, operating expense reductions, other operating improvements and initiatives and synergies either (i) projected by the Borrower in good faith to be reasonably anticipated to be realizable within twenty-four (24) months of the date thereof or (ii) determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency), in each case, which will be added to Consolidated Adjusted EBITDA as so projected or determined until fully realized and calculated on a pro forma basis as though such cost savings, operating expense reductions, other operating improvements and initiatives and synergies had been realized on the first day of such period and will be net of the amount of actual benefits realized during such period from such actions; provided that aggregate amounts added to

"Consolidated Adjusted EBITDA" pursuant to clause (i) of this definition, together with aggregate amounts of any pro forma adjustments and other amounts included in the calculation of "Consolidated Adjusted EBITDA" pursuant to Section 1.6(d), shall not cumulatively exceed 20% of "Consolidated Adjusted EBITDA" (prior to giving effect to the amounts added pursuant to this clause (i) or Section 1.6(d));

(j) losses related to changes in respect of any acquisition-related contingent consideration liabilities (including earn-outs);

(k) deferred portion of incentive fees received during such period; minus

(iii) without duplication, those amounts which have been added in the determination of Adjusted Consolidated Net Income for such period for:

(a) non-cash gains increasing Adjusted Consolidated Net Income for such period (excluding any such non-cash gain to the extent it represents the reversal of an accrual or reserve for potential cash gain in any prior period);

(b) unrealized Carried Interest allocation; and

(c) gains related to changes in respect of any acquisition-related contingent consideration liabilities (including earn-outs).

Notwithstanding the foregoing, to the extent the SSG Drop-Down occurs, before giving effect to any pro forma adjustments for any New Acquisition permitted hereunder that occurs after the Closing Date, Consolidated Adjusted EBITDA shall be deemed to be equal to \$31,900,000, \$32,029,000, \$31,317,000 and \$52,825,000 for the fiscal quarters ended September 30, 2020, December 31, 2020, March 31, 2021 and June 30, 2021, respectively.

"Consolidated Interest Expense" means, for any period, total interest expense (including that portion attributable to capital leases in accordance with GAAP and capitalized interest) of Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, for any period, the net income (or loss) of the Borrower, its Subsidiaries and all other entities the accounts of which are consolidated with those of the Borrower in the preparation of its consolidated financial statements for such period in conformity with GAAP, determined on a consolidated basis in accordance with GAAP for such period taken as a single accounting period; provided, that there shall be excluded from the calculation of Consolidated Net Income for such period, without duplication:

(a) the income (or loss) of (i) any Person in which any other Person (other than the Borrower or any of its wholly-owned Subsidiaries) has an ownership interest, including any Variable Interest Entity and (ii) any Immaterial Subsidiary;

(b) the income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries or that Person's assets are acquired by the Borrower or any of its Subsidiaries;

(c) the income of any Subsidiary of the Borrower or any other Person to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary or other Person of such income to the Borrower or a Guarantor is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, law or governmental regulation applicable to that Subsidiary or other Person;

(d) any gains (or losses) attributable to sales of Assets reduced by any distributions that would be permitted to be made hereunder as a result of such sale, or returned surplus assets of any Pension Plan;

(e) the income (or loss) attributable to the early extinguishment of Debt;

(f) the income (or loss) from Investments recorded using the equity method; and

(g) any non-recurring gains (or losses);

provided, further, that to the extent any Distribution pursuant to Section 6.5(a)(y)(B) is made during any period, any Initial Borrower Operating Expenses shall be deducted the calculation of Consolidated Net Income for such period.

For purposes of this definition of "Consolidated Net Income," "non-recurring" means any gain or loss for any period that is consistent with "non-recurring" amounts included in public reporting of Consolidated Net Income for such period.

"Consolidated Subsidiary" means with respect to any Person at any date any Subsidiary of such Person or other entity (including a Variable Interest Entity) the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP.

"Consolidated Total Net Debt" means, as of any date of determination, (a) subject to Section 1.6, and without duplication, the aggregate amount of all Debt of Borrower and its Subsidiaries pursuant to clauses (a), (b), (c), (d), (e) and (f) (to the extent relating to any of the foregoing) of the definition of "Debt," in each case determined on a consolidated basis in accordance with GAAP, minus (b) the lesser of (which shall not be less than zero) (i) the aggregate amount of cash and Cash Equivalents of the Loan Parties and their wholly-owned Material Subsidiaries (excluding (A) any cash and Cash Equivalents which are identified as "restricted" on a consolidated balance sheet of Borrower and its Subsidiaries as of such date (other than such cash and Cash Equivalents that are "restricted" in favor of the Agent) and (B) an amount of such cash and Cash Equivalents equal to the sum of (x) the aggregate amount of any purchase price adjustments, deferred purchase price, earnouts or similar amounts that are reflected as a liability on the balance sheet of the Borrower and its Subsidiaries in accordance with GAAP as of such date and reasonably expected by the Borrower to be paid or payable within two years following such date and (y) the aggregate amount of capital commitments of the Borrower and its Subsidiaries to any Funds reasonably anticipated by the Borrower in good faith to be paid or payable within one year following such date) and (ii) $80,000,000. Notwithstanding anything to the contrary, Consolidated Total Net Debt shall exclude all intercompany Debt owed among the Loan Parties and their Subsidiaries (but, for the avoidance of doubt, shall include all Debt under the Intercompany Loan Agreement (but only to the extent drawn)).

"Contingent Obligation" means, as to any Person and without duplication of amounts, any written obligation of such Person guaranteeing or intended to guarantee (whether guaranteed, endorsed, co-made, discounted, or sold with recourse to such Person) any Debt, noncancellable lease, dividend, reimbursement obligations relating to letters of credit, or any other obligation that pertains to Debt, a noncancellable lease, a dividend, or a reimbursement obligation related to letters of credit (each, a "primary obligation") of any other Person ("primary obligor") in any manner, whether directly or indirectly, including any written obligation of such Person, irrespective of whether contingent, (a) to purchase any such primary obligation, (b) to advance or supply funds (whether in the form of a loan, advance, stock purchase, capital contribution, or otherwise) (i) for the purchase, repurchase, or payment of any such primary obligation or any Asset constituting direct or indirect security therefor, or (ii) to maintain working capital or equity capital of the primary obligor, or otherwise to maintain the net worth, solvency, or other financial condition of the primary obligor, or (c) to purchase or make payment for any Asset, securities, services, or noncancellable lease if primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation. Notwithstanding anything to the contrary, Contingent Obligation shall exclude all capital commitments of the Borrower and its Subsidiaries to any StepStone Fund.

"Contractual Obligation" means, as applied to any Person, any material provision of any material indenture, mortgage, deed of trust, contract, undertaking, agreement, or other instrument to which that Person is a party or by which any of its Assets is subject.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Control Agreement" has the meaning set forth in Section 5.11.

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party" has the meaning set forth in Section 11.19.

"Cure Period" means the period from and after the date on which a Responsible Officer of the Borrower becomes aware of a breach of the Leverage Covenant and ending on the day on which financial statements are delivered in respect of the second consecutive full fiscal quarter ending after the date of a Specified Equity Contribution during which the Borrower was in continuous compliance with the Leverage Covenant (without the benefit of any Specified Equity Contribution).

"Currency" means Dollars or any Foreign Currency.

"Daily Balance" means, as of any date of determination and with respect to any Obligation, the amount of such Obligation owed at the end of such day.

"Daily Simple ESTR" means, for any day, ESTR, with the conventions for this rate (which may include a lookback) being established by the Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple ESTR" for business loans or conventions that are otherwise used in the United States syndicated lending market for syndicated loans denominated in Euros; provided that, if the Agent decides that any such convention is not administratively feasible for the Agent, then the Agent may establish another convention in its reasonable discretion.

"Daily Simple SARON" means, with respect to any Loan denominated in Swiss Francs, for any day (each, a "SARON Interest Day"), an interest rate per annum equal to the greater of (a) SARON for the day that is 5 Business Days prior to (A) if such SARON Interest Day is a Business Day, such SARON Interest Day or (B) if such SARON Interest Day is not a Business Day, the Business Day immediately preceding such SARON Interest Day minus 0.0571% and (b) 0.00%. Any change in Daily Simple SARON due to a change in SARON shall be effective from and including the effective date of such change in SARON.

"Daily Simple SOFR" means, for any day (a "SOFR Rate Day"), a rate per annum equal to SOFR for the day (such day "SOFR Determination Date") that is five (5) U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is an U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not an U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR.

"Daily Simple SOFR Loan" means each portion of the Advances bearing interest based on Adjusted Daily Simple SOFR.

"Daily Simple SONIA" means, with respect to any Loan denominated in British Pounds Sterling, for any day (each, a "SONIA Interest Day"), an interest rate per annum equal to the greater of (a) SONIA for the day that is 5 Business Days prior to (A) if such SONIA Interest Day is a Business Day, such SONIA Interest Day or (B) if such SONIA Interest Day is not a Business Day, the Business Day immediately preceding such SONIA Interest Day and (b) 0.00%. Any change in Daily Simple SONIA due to a change in SONIA shall be effective from and including the effective date of such change in SONIA.

"Debt" means, with respect to any Person, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations of such Person in respect of letters of credit (including contingent obligations in respect of undrawn letters of credit), bankers acceptances, interest rate swaps, other Hedging Agreements, or other financial products, (c) all obligations of such Person to pay the deferred purchase price of Assets or services (exclusive of (i) trade payables that are due and payable in the ordinary and usual course of such Person's business and (ii) any purchase price adjustment, deferred purchase price or earnout incurred in connection with an acquisition), (d) all Capitalized Lease Obligations of such Person, (e) all obligations or liabilities of others secured by a Lien on any Asset owned by such Person, irrespective of whether such obligation or liability is assumed, to the extent of the lesser of such obligation or liability or the fair market value of such Asset, and (f) all Contingent Obligations of such Person.

"Defaulting Lender" means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any member of the Lender Group any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any member of the Lender Group in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by any member of the Lender Group, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Person's receipt of such certification in form and substance satisfactory to it and the Agent, (d) has become the subject of a Bankruptcy Event or (e) becomes the subject of a Bail-In Action.

"Defaulting Lender Rate" means (a) for the first three days from and after the date the relevant payment is due, the Alternate Base Rate, and (b) thereafter, the interest rate then applicable to Advances that are Base Rate Loans.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Deposit Account" means any "deposit account" (as that term is defined in the UCC).

"Designated Account" means the deposit account of the Borrower (located within the United States) designated, in writing, and from time to time, by the Borrower to Agent.

"Directly Held Entities" means Greenspring Crossover I GP, LLC, Greenspring GP III, LLC, Greenspring GP IV, LLC, Greenspring Opportunities GP II, LLC, Greenspring GP VII, Ltd., Greenspring GP VIII, Ltd., Greenspring GP VIII SARL, Greenspring FF-GP, LLC, Greenspring FF-GP II, LLC and Greenspring FF-GP II, Ltd.

"Disposition" has the meaning set forth in Section 6.7. "Dispose" or "Disposed" have correlative meanings.

"Disqualified Lenders" means (a) the Disqualified Lenders (Competitors), (b) those Persons identified by the Borrower to the Arrangers prior to the Closing Date, (c) those Persons identified by the Borrower to the Agent after the Closing Date, subject to the consent of the Agent (which consent shall not be unreasonably withheld, delayed or conditioned), and any Affiliate of such Persons referred to in clause (a) or (b) above (except any Affiliate that is a Bona Fide Debt Fund) to the extent that such Affiliate is clearly identifiable solely on the basis of the similarity of its name; provided that (i) a Person shall cease to be a Disqualified Lender (and, if applicable, a Disqualified Lender (Competitors)) when the Borrower delivers a notice to such effect to the Agent (or otherwise consents in writing to an assignment to such Person), (ii) the identification of any Person as a Disqualified Lender (or a Disqualified Lender (Competitors)) after the Closing Date shall not apply to retroactively disqualify any Person that was a Lender or a Participant prior to the effectiveness of the addition of such Person as a Disqualified Lender (or a Disqualified Lender (Competitors)) and (iii) delivery to the Agent of any updates to the list of Disqualified Lenders (or a Disqualified Lender (Competitors)) must be sent by e-mail to "JPMDQ_Contact@jpmorgan.com" or else they will be deemed not received and not effective, and such updates shall not become effective until the third Business Day following receipt in such manner by the Agent, and to the extent required, the consent of the Agent by the Agent.

"Disqualified Lenders (Competitors)" means, collectively, (a) any competitor of the Borrower or any of its Subsidiaries (each such person, a "Competitor") identified in writing by the Borrower from time to time (provided that such Persons identified after the Closing Date shall be subject to the consent of the Agent (which consent shall not be unreasonably withheld, delayed or conditioned)) and (b) any Affiliate of such Competitor (except any Affiliate that is a Bona Fide Debt Fund) to the extent that such Affiliate is clearly identifiable solely on the basis of the similarity of its name; provided that the proviso in the definition of Disqualified Lenders shall apply.

"Distribution" has the meaning set forth in Section 6.5.

"Dollar Advances" has the meaning set forth in Section 2.1(a).

"Dollar Availability" means, as of any date of determination, the amount that Borrower is entitled to borrow as Dollar Advances hereunder (after giving effect to all then outstanding Dollar Advances).

"Dollar Equivalent" means, for any amount, at the time of determination thereof, (a) if such amount is expressed in Dollars, such amount, and (b) if such amount is expressed in a Foreign Currency, the equivalent of such amount in Dollars determined at such time on the basis of the Exchange Rate for the purchase of Dollars with such Foreign Currency at such time.

"Dollar Lender" means the Persons listed on Schedule C as having any Dollar Revolving Commitments and any other Person that becomes a party hereto pursuant to an Assignment and Acceptance that provides for such Person to assume any Dollar Revolving Commitments and/or acquire any Dollar Loans (other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance or otherwise in accordance with the terms hereof).

"Dollar Loan" means a Dollar Advance made by the Dollar Lenders (or Agent on behalf thereof) to Borrower pursuant to Section 2.1(a), and "Dollar Loans" means all such Dollar Advances.

"Dollar Revolving Commitment" means, with respect to each Dollar Lender, its commitment to make Dollar Advances, and, with respect to all Dollar Lenders, their commitments in respect of the Dollar Revolving Credit Facility, in each case in the maximum aggregate amount as set forth beside such Dollar Lender's name under the applicable heading on Schedule C, beside such Dollar Lender's name under the applicable heading in the applicable Increase Joinder, or in the Assignment and Acceptance pursuant to which such Dollar Lender became a Dollar Lender hereunder, as such amounts may be (a) reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 9.1, and (b) increased from time to time pursuant to Section 2.18.

"Dollar Revolving Credit Facility" means the Dollar revolving credit facility described in Section 2.1(a).

"Dollar Revolving Credit Facility Usage" means, at the time any determination thereof is to be made, the aggregate Dollar amount of the outstanding Dollar Advances at such time.

"Dollars" or "$" means United States dollars.

"Domestic Subsidiary" means any Subsidiary of Borrower that is organized under the laws of the United States of America, any state thereof, or the District of Columbia.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Transferee" means (a) a commercial bank organized under the laws of the United States, or any state thereof, (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development or a political subdivision of any such county, (c) a finance company, insurance company, financial institution, or fund that is engaged in making, purchasing, or otherwise investing in commercial loans in the ordinary course of its business, (d) any Lender, (e) any Affiliate (other than individuals) of a Lender, and (f) any other Person approved by Agent and, so long as no Event of Default under Sections 7.1(a), 7.1(d) or 7.1(e) has occurred and is continuing, Borrower (which approval of Borrower and Agent shall not be unreasonably withheld, delayed, or conditioned, provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Agent within 10 Business Days after having received notice thereof); provided that "Eligible Transferee" shall not in any event include (i) the Borrower or any of its Affiliates, (ii) a natural person, (iii) any holding company or investment vehicle for, or owned and operated for the primary benefit of, a natural person and/or family members or relatives of such person, (iv) any trust for the primary benefit of a natural person and/or family members or relatives of such person, other than any entity referred to in clause (iii) or (iv) that (x) has not been formed or established for the primary purpose of acquiring any Loans or Revolving Commitments under this Agreement, (y) is managed by a professional adviser (other than said natural person or family members or relatives of such person) having significant experience in the business of making or purchasing commercial loans, and (z) has assets of greater than $100,000,000 and a significant part of the business, activities or operations of which consist of making or purchasing (by assignment as principal), commercial loans and similar extensions of credit in the ordinary course and (v) subject to Section 9.1(g), any Disqualified Lender.

"Employee Benefit Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA which is or was sponsored, maintained or contributed to by, or required to be contributed by, Borrower or any of its Subsidiaries or with respect to which Borrower or its Subsidiaries could have any contingent or direct liability (including as a result of their current or former affiliation with any of their respective ERISA Affiliates).

"Environmental Claim" means any investigation, notice, notice of violation, claim, action, suit, proceeding, demand, abatement order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, arising (i) pursuant to or in connection with any actual or alleged violation of any Environmental Law; (ii) in connection with any Hazardous Material; or (iii) in connection with any actual or alleged damage, injury, threat or harm to health, safety, natural resources or the environment.

"Environmental Laws" means any and all current or future foreign or domestic, federal or state (or any subdivision of either of them), statutes, ordinances, orders, rules, regulations, judgments, Governmental Authorizations, or any other requirements of Governmental Authorities relating to (i) environmental matters, including those relating to any Hazardous Materials or (ii) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health or welfare, in any manner applicable to Borrower or any of its Subsidiaries or any Facility.

"Equity Interests" means any and all shares, interests, participations or other equity interests or equivalents (however designated) of capital stock of a corporation, any right to receive income or payments in respect of any equity interests, and any and all equity interests or equivalent ownership interests in a Person (other than a corporation), including partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire or exchange any of the foregoing (including through convertible securities), but in any event not including any debt securities.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder and any successor thereto.

"ERISA Affiliate" means, as applied to any Person, (i) any corporation which is a member of a controlled group of corporations within the meaning of Section 414(b) of the Code of which that Person is a member; (ii) any trade or business (whether or not incorporated) which is a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Code of which that Person is a member; and (iii) any member of an affiliated service group within the meaning of Section 414(m) or (o) of the Code of which that Person, any corporation described in clause (i) above or any trade or business described in clause (ii) above is a member. Any former ERISA Affiliate of Borrower or any of its Subsidiaries shall continue to be considered an ERISA Affiliate of Borrower or any such Subsidiary within the meaning of this definition with respect to the period such entity was an ERISA Affiliate of Borrower or such Subsidiary and with respect to liabilities arising after such period for which Borrower or such Subsidiary could be liable under the Code or ERISA.

"ERISA Event" means (i) a "reportable event" within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any Pension Plan (excluding those for which the provision for 30-day notice to the PBGC has been waived by regulation); (ii) the failure to meet the minimum funding standard of Section 412 of the Code with respect to any Pension Plan (whether or not waived in accordance with Section 412(c) of the Code) or the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Pension Plan or the failure to make any required contribution to a Multiemployer Plan; (iii) the provision by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (iv) the withdrawal by Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting in liability to Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 4063 or 4064 of ERISA; (v) the institution by the PBGC of proceedings to terminate any Pension Plan, or the occurrence of any event or condition which might constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (vi) the imposition of liability on Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (vii) the withdrawal of Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential liability therefor, or the receipt by Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates of notice from any Multiemployer Plan that it is in insolvency pursuant to Section 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA; (viii) the occurrence of an act or omission which could give rise to the imposition on Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates of fines, penalties, taxes or related charges under Chapter 43 of the Code or under Section 409, Section 502(c), (i) or (l), or Section 4071 of ERISA in respect of any Employee Benefit Plan; (ix) the assertion of a material claim (other than routine claims for benefits) against any Employee Benefit Plan other than a Multiemployer Plan or the assets thereof, or against Borrower, any of its Subsidiaries or any of their respective ERISA Affiliates in connection with any Employee Benefit Plan; (x) receipt from the Internal Revenue Service of notice of the failure of any Pension Plan (or any other Employee Benefit Plan intended to be qualified under Section 401(a) of the Code) to qualify under Section 401(a) of the Code, or the failure of any trust forming part of any Pension Plan to qualify for exemption from taxation under Section 501(a) of the Code; or (xi) the imposition of a Lien pursuant to Section 430(k) of the Code or ERISA or a violation of Section 436 of the Code.

"ESTR" means, with respect to any Business Day, a rate per annum equal to the Euro Short Term Rate for such Business Day published by the ESTR Administrator on the ESTR Administrator's Website.

"ESTR Administrator" means the European Central Bank (or any successor administrator of the Euro Short Term Rate).

"ESTR Administrator's Website" means the European Central Bank's website, currently at http://www.ecb.europa.eu, or any successor source for the Euro Short Term Rate identified as such by the ESTR Administrator from time to time.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"EURIBOR Interpolated Rate" means, at any time, with respect to any Term Benchmark borrowing denominated in Euros and for any Interest Period, the rate per annum (rounded to the same number of decimal places as the EURIBOR Screen Rate) determined by the Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the EURIBOR Screen Rate for the longest period (for which the EURIBOR Screen Rate is available for Euros) that is shorter than the Impacted EURIBOR Rate Interest Period; and (b) the EURIBOR Screen Rate for the shortest period (for which the EURIBOR Screen Rate is available for Euros) that exceeds the Impacted EURIBOR Rate Interest Period, in each case, at such time; provided, that if any EURIBOR Interpolated Rate shall be less than 0.00% such rate shall be deemed to be 0.00% for purposes of this Agreement.

"EURIBOR Rate" means, with respect to any Term Benchmark borrowing denominated in Euros and for any Interest Period, the EURIBOR Screen Rate at approximately 11:00 a.m., Brussels time, two TARGET Days prior to the commencement of such Interest Period; provided that, if the EURIBOR Screen Rate shall not be available at such time for such Interest Period (an "Impacted EURIBOR Rate Interest Period") with respect to Euros then the EURIBOR Rate shall be the EURIBOR Interpolated Rate.

"EURIBOR Rate Loan" means each portion of the Advances bearing interest based on the EURIBOR Rate.

"EURIBOR Screen Rate" means, the Euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters as of 11:00 a.m. Brussels time two TARGET Days prior to the commencement of such Interest Period. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrower. If the EURIBOR Screen Rate shall be less than 0.00%, the EURIBOR Screen Rate shall be deemed to be 0.00% for purposes of this Agreement.

"Euro" means the single currency of Participating Member States of the European Union.

"Event of Default" has the meaning set forth in Article VII.

"Exchange Act" means the Securities Exchange Act of 1934, as amended or supplemented from time to time, and any successor statute, and all of the rules and regulations issued or promulgated in connection therewith.

"Exchange Rate" means, on any day with respect to any Foreign Currency, the rate of exchange for the purchase of Dollars with such Foreign Currency last provided (either by publication or otherwise provided to the Agent) by the applicable Thomson Reuters Corp. ("Reuters") source on the Business Day (New York City time) immediately preceding the date of determination or if such service ceases to be available or ceases to provide a rate of exchange for the purchase of Dollars with the Foreign Currency, as provided by such other publicly available information service which provides that rate of exchange at such time in place of Reuters chosen by the Agent in its sole discretion (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in Dollars that would be required to purchase such amount of such Foreign Currency on the date two Business Days prior to such date, based upon the spot selling rate at which the Agent offers to sell such Foreign Currency for Dollars in the London foreign exchange market at approximately 11:00 a.m., London time, for delivery two Business Days later).

"Excluded Subsidiary" means (i) any Subsidiary to the extent that such Subsidiary is prohibited from providing a guarantee in respect of the Obligations by applicable law, rule or regulation or which would require Governmental Authorization, unless such Governmental Authorization has been received, (ii) any Subsidiary that is, or has applied to become, a CFTC-registered introducing broker or a FINRA-member broker-dealer, (iii) any Subsidiary that is a CFC, (iv) any Subsidiary that is a CFC Holdco, (v) any Subsidiary of any CFC or CFC Holdco, (vi) any Subsidiary that is not wholly-owned (except in respect of (x) any directors' qualifying shares or (y) any Equity Interests issued to any Related Party of such Subsidiary) directly or indirectly by the Borrower, (vii) any Immaterial Subsidiary, (viii) any Variable Interest Entity, (ix) StepStone Partners, L.P., (x) any Subsidiary for which the cost of providing a guarantee of the Obligations is excessive in relation to the value afforded to the Lenders thereby, as reasonably determined by Borrower and agreed to in writing by Agent and (xi) any Subsidiary if the provision of a guarantee by such Subsidiary would result in material adverse tax consequence to the Loan Parties.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the CFTC (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

"Excluded Taxes" means, with respect to the Agent, any Lender, any Issuing Lender or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder, (a) income, branch profits or franchise taxes imposed on (or measured by) its net income by the United States, or by the jurisdiction under the laws of which such recipient is organized or resident for tax purposes, in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Borrower is located, and (c) any U.S. federal withholding tax (other than U.S. federal withholding taxes imposed on an assignee of a Lender pursuant to a request by the Borrower under Section 11.2) that is imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Lender's failure to comply with Section 2.23(e), (f) or (g), except to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.23(d) any withholding taxes imposed under FATCA.

"Existing Letters of Credit" means each of those letters of credit issued by the Issuing Lender for the account of the Subsequent Borrower prior to the Closing Date and that remain in existence as of the Closing Date.

"Facility" means any real property (including all buildings, fixtures or other improvements located thereon) now, hereafter or heretofore owned, leased, operated or used by Borrower or any of its Subsidiaries or any of their respective predecessors or Affiliates.

"Family Member" means with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships).

"FATCA" shall mean Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions, as determined in such manner as the NYFRB shall set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate, provided that if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of calculating such rate.

"Federal Reserve Bank of New York's Website" means the website of the NYFRB at http://www.newyorkfed.org, or any successor source.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"Fee Letter" means the Agent Fee Letter and any fee letter between the Borrower and any member of the Lender Group (or any Affiliate of any member of the Lender Group) relating to this Agreement.

"Fee Paying Assets Under Management" has the meaning set forth in Schedule D.

"Fees" means, collectively, the Management Fees and the Incentive Fees.

"Financial Officer" of any Person shall mean the Chief Financial Officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such Person or of the general partner of such Person.

"FINRA" means the Financial Industry Regulatory Authority.

"First Priority" means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that such Lien is the only Lien to which such Collateral is subject, other than any Lien permitted under Section 6.2, and is prior to any Lien that is expressly contemplated to have a junior priority to such Lien pursuant to Section 6.2.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted Term SOFR Rate, Adjusted Daily Simple SOFR, Adjusted EURIBOR Rate, Daily Simple SONIA, Daily Simple SARON, Adjusted AUD Rate or the Central Bank Rate, as applicable. For the avoidance of doubt, as of the Amendment No. 1 Effective Date, the initial Floor for each of Adjusted Term SOFR Rate, Adjusted Daily Simple SOFR, Adjusted EURIBOR Rate, Daily Simple SONIA, Daily Simple SARON, Adjusted AUD Rate, and the Central Bank Rate shall be 0.00%.

"Foreign Currency" means at any time any currency other than Dollars.

"Foreign Lender" means any Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"Fund" means (a) any StepStone Fund, (b) any co-investment vehicle established in connection with a StepStone Fund or acquired in connection with the acquisition of a StepStone Fund, (c) any entity established (or acquired) in connection with a StepStone Fund to serve as the general partner, managing member or other similar role in connection with such StepStone Fund, and (d) any other investment fund or managed account (and related co-investment vehicles) established (or acquired) directly or indirectly by the Loan Parties or their respective Subsidiaries.

"Funding Date" means the date on which any Advance is made by the applicable Lenders.

"Funding Losses" has the meaning set forth in Section 2.6(b)(vii).

"GAAP" means generally accepted accounting principles in the United States in effect from time to time.

"GALP" means Greenspring Associates LP, a Delaware limited partnership.

"GBOS" means Greenspring Back Office Solutions, LLC, a Delaware limited liability company.

"General Partner" means StepStone Group Holdings LLC, a Delaware limited liability company.

"Governing Documents" means, with respect to any Person, the certificate or articles of incorporation, by-laws, or other organizational documents of such Person.

"Governmental Authority" means to any federal, state, local, or other governmental department, commission, board, bureau, agency, central bank, court, tribunal, or other instrumentality, domestic or foreign.

"Governmental Authorization" means any permit, license, authorization, plan, directive, consent order or consent decree of or from any Governmental Authority.

"Guarantors" means (a) initially, prior to the SSG Drop-Down, the Initial Guarantors and (b) after giving effect to the SSG Drop-Down, the Subsequent Guarantors, as applicable, and in each case "Guarantor" means any one of them.

"Guaranty" means the guaranty provided for under Article XII of this Agreement.

"Hazardous Materials" means any chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority or which may or could pose a hazard to the health and safety of the owners, occupants or any Persons in the vicinity of any Facility or to the indoor or outdoor environment.

"Hedging Agreement" means any interest rate, foreign currency, commodity or equity swap, collar, cap, floor or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements), and any confirmation executed in connection with any such agreement or arrangement.

"Historical Financial Statements" has the meaning set forth in Section 3.1(i).

"Holdout Lender" has the meaning set forth in Section 11.2.

"Immaterial Subsidiaries" means, as of any date of determination, one or more Subsidiaries of the Borrower identified in writing to the Agent if the sum of their aggregate attributable contribution (together that of their respective Subsidiaries) to Consolidated Adjusted EBITDA for the four-fiscal quarter period ending on or most preceding the date of determination (calculated on a pro forma basis) (the "Immaterial Subsidiary Attributable EBITDA Amount") is less than 10.0% of the Consolidated Adjusted EBITDA for such period (the "Materiality Threshold"); provided, if the Immaterial Subsidiary Attributable EBITDA Amount is equal to or greater than the Materiality Threshold for any such period, then the Borrower shall (i) promptly designate in writing to the Agent one or more additional Subsidiaries as "Material Subsidiaries" to the extent required so that the Immaterial Subsidiary Attributable EBITDA Amount, after giving pro forma effect for such period to such designation of one or more additional "Material Subsidiaries", does not exceed the Materiality Threshold (and, for the avoidance of doubt, each such Subsidiary so designated as a "Material Subsidiary" shall thereafter cease to be an Immaterial Subsidiary from and after the first day of such period) and (ii) forthwith comply with the provisions of Section 5.7 with respect to any such Subsidiaries so designated as "Material Subsidiaries".

"Immaterial Subsidiary Attributable EBITDA Amount" has the meaning set forth in the definition of "Immaterial Subsidiaries".

"Impacted AUD Rate Interest Period" has the meaning assigned to such term in the definition of "AUD Rate."

"Impacted EURIBOR Rate Interest Period" has the meaning assigned to such term in the definition of "EURIBOR Rate."

"Incentive Fee" means, with respect to any Fund, any payment or distribution received in respect of any "carried interest" or similar profit interest in such Fund (including incentive or performance fees dependent on investment performance or results); provided that "Incentive Fees" shall not include that portion of any "carried interest", similar profit interest, incentive fee or performance fee in any Fund accruing to any co-invest entity or otherwise directly or indirectly to the individuals providing or who have provided investment management services to such Fund, or the current or former members, partners, employees, executives, consultants, contractors or advisors of the Loan Parties or any of their Affiliates, or allocable under GAAP to any Person that is not the manager or general partner of such Fund.

"Increase Effective Date" has the meaning set forth in Section 2.18(a).

"Increase Joinder" has the meaning set forth in Section 2.18(a).

"Indemnified Liabilities" has the meaning set forth in Section 8.2.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitee" has the meaning set forth in Section 8.2.

"Initial Borrower" has the meaning set forth in the preamble to this Agreement.

"Initial Borrower Operating Expenses" has the meaning set forth in Section 6.5.

"Initial Guarantors" means (a) the Acquired Business and each of its existing and subsequently acquired or organized direct or indirect Material Subsidiaries (other than, in each case, any Excluded Subsidiaries) and (b) each other Person who from time to time guarantees the Debt of the Borrower to the Lender Group under the Loan Documents pursuant to the provisions of Section 5.7.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

"Intellectual Property" has the meaning set forth in the Pledge and Security Agreement.

"Intellectual Property Asset" means, at the time of determination, any interest (fee, license or otherwise) then owned by any Loan Party in any Intellectual Property.

"Intellectual Property Security Agreements" has the meaning set forth in the Pledge and Security Agreement.

"Intercompany Loan Agreement" means that certain Intercompany Loan Agreement, dated as of the Closing Date, among the Initial Borrower, as lender, and the Subsequent Borrower, as borrower.

"Intercompany Subordination Agreement" means that certain Subordination Agreement, dated as of the Closing Date, among the Initial Borrower, the Loan Parties, the other "Subordinated Creditors" (as defined therein) and Agent.

"Intercompany Total Return Swaps" means total return swaps or other similar derivative instruments, agreements or arrangements (and any confirmation executed in connection with any such agreement or arrangement) between (i) the Borrower or any Material Subsidiary, on one hand and (ii) any Subsidiary of the Borrower or any Variable Interest Entity, on the other hand.

"Interest Payment Date" means, (i) in the case of Base Rate Loans, the first day of each fiscal quarter, (ii) in the case of Term SOFR Rate Loans, EURIBOR Rate Loans and AUD Rate Loans, the last day of the applicable Interest Period; provided, however, that in the case of any Interest Period greater than three months in duration, interest shall be payable at three month intervals after the commencement of the applicable Interest Period and on the last day of such Interest Period, and (iii) in the case of Daily Simple SOFR Loans, SONIA Loans or SARON Loans, each date that is on the numerically corresponding day in each calendar month that is one month after the borrowing of such Daily Simple SOFR Loan, SONIA Loan or SARON Loan, as applicable (or, if there is no such numerically corresponding day in such month, then the last day of such month).

"Interest Period" means, with respect to any Term SOFR Rate Loan, EURIBOR Rate Loan or AUD Rate Loan, the period commencing on the date such Term SOFR Rate Loan, EURIBOR Rate Loan or AUD Rate Loan is made (including the date a Base Rate Loan is converted to a Term SOFR Rate Loan, or a Term SOFR Rate Loan is renewed as a Term SOFR Rate Loan, which, in the latter case, will be the last day of the expiring Interest Period) and ending on the date which is one (1), three (3), or six (6) months thereafter, as selected by Borrower; provided, however, that no Interest Period may extend beyond the Maturity Date.

"Investment" means, as applied to any Person, any direct or indirect purchase or other acquisition by that Person of, or beneficial interest in, stock, instruments, bonds, debentures or other securities of any other Person, or any direct or indirect loan, advance, or capital contribution by such Person to any other Person, including all indebtedness and accounts receivable due from that other Person that did not arise from sales or the rendition of services to that other Person in the ordinary and usual course of such Person's business, and deposit accounts (including certificates of deposit).

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"Issuing Lender" means, with respect to any Letter of Credit, JPMCB, or any other Multicurrency Lender that, at the request of Borrower and with the consent of Agent, agrees, in such Lender's sole discretion, to become an Issuing Lender for the purpose of issuing Letters of Credit pursuant to Section 2.10. Any Issuing Lender may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Lender, in which case the term "Issuing Lender" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"JPMCB" has the meaning set forth in the preamble to this Agreement.

"Junior Debt" means (i) any Subordinated Debt and (ii) any Debt that is secured by a Lien that is junior to the Liens securing the Obligations.

"L/C Disbursement" means a payment made by any Issuing Lender to a beneficiary of a Letter of Credit pursuant to such Letter of Credit.

"Lender Counterparty" means the Agent, each Lender and each of their respective Affiliates counterparty to a Secured Hedging Agreement or a Secured Cash Management Agreement (including any Person who is the Agent or a Lender (or any Affiliate thereof) as of the Closing Date or at the time it enters into a Secured Hedging Agreement or a Secured Cash Management Agreement, but subsequently, whether before or after entering into a Secured Hedging Agreement or a Secured Cash Management Agreement, ceases to be the Agent or a Lender, as the case may be); provided, at the time of entering into a Secured Hedging Agreement or a Secured Cash Management Agreement, no Lender Counterparty shall be a Defaulting Lender.

"Lender Group" means, individually and collectively, each of the Lenders (including each of the Issuing Lenders) and Agent.

"Lender Group Expenses" means, without duplication, all (a) reasonable and documented costs or expenses (including taxes, and insurance premiums) required to be paid by Borrower or any other Loan Party under any of the Loan Documents that are paid, advanced, or incurred by Agent, (b) reasonable and documented fees or charges paid or incurred by Agent in connection with the Lender Group's transactions with Borrower or any other Loan Party, including, fees or charges for photocopying, notarization, couriers and messengers, (c) reasonable and documented costs and expenses incurred by Agent in the disbursement of funds to Borrower or other members of the Lender Group (by wire transfer or otherwise), (d) charges paid or incurred by Agent resulting from the dishonor of checks, (e) reasonable and documented costs and expenses paid or incurred by Agent or any Lender to correct any default or enforce any provision of the Loan Documents, (f) reasonable and documented costs and expenses of third party claims or any other suit paid or incurred by the Agent or any Lender in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents or the Lender Group's relationship with any Loan Party, (g) Agent's reasonable and documented costs and expenses (including attorneys' fees of one counsel to the Agent, Issuing Lenders and Lenders, taken as a whole) incurred in advising, structuring, drafting, reviewing, administering, syndicating, or amending the Loan Documents, (h) Agent's and each Lender's costs and expenses (including attorneys, accountants, consultants, and other advisors fees and expenses) incurred in terminating, enforcing (including attorneys, accountants, consultants, and other advisors fees and expenses incurred in connection with the sale, lease or license of, collection from, or other realization upon any of the Collateral, or a "workout," a "restructuring," or an Insolvency Proceeding concerning Borrower or any other Loan Party or in exercising rights or remedies under the Loan Documents), or defending the Loan Documents, irrespective of whether suit is brought, or in taking any remedial action, (i) Agent's reasonable and documented costs and expenses of creating, perfecting, recording, maintaining and preserving Liens in favor of the Agent, for the benefit of Secured Parties, including filing and recording fees, expenses and taxes, stamp or documentary taxes, search fees, title insurance premiums and reasonable and documented fees, expenses and disbursements of counsel to the Agent and of counsel providing any opinions that any Agent or Required Lenders may request in respect of the Collateral or the Liens created pursuant to the Collateral Documents and (j) Agent's reasonable and documented costs and expenses (including the reasonable and documented fees, expenses and disbursements of any appraisers, consultants, advisors and agents employed or retained by Agent and its counsel, if any) in connection with the custody or preservation of any of the Collateral.

"Lender-Related Person" means, with respect to any Lender, such Lender, together with such Lender's Affiliates, officers, directors, employees, attorneys, and agents.

"Lenders" means, collectively, the Dollar Lenders and the Multicurrency Lenders.

"Letter of Credit" has the meaning set forth in Section 2.10(a).

"Letter of Credit Collateral Account" has the meaning set forth in Section 2.10(g).

"Letter of Credit Fee" has the meaning set forth in Section 2.3(h).

"Letter of Credit Usage" means, as of any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit plus the aggregate amount of all L/C Disbursements in respect of such Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower at such time.

"Leverage Covenant" has the meaning set forth in Section 6.13(a).

"Lien" means any lien, hypothecation, mortgage, pledge, assignment (including any assignment of rights to receive payments of money) for security, security interest, charge, or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

"Loan" means a Dollar Advance or a Multicurrency Advance, as applicable, and "Loans" means all such Advances.

"Loan Documents" means this Agreement, Amendment No. 1, the Letters of Credit, the Collateral Documents, the Intercompany Subordination Agreement, the Subsequent Borrower Assignment Agreement (if applicable), each Fee Letter, and any and all other documents, agreements, or instruments that have been or are entered into by Borrower or any Guarantor, on the one hand, and Agent, on the other hand, in connection with the transactions contemplated by this Agreement.

"Loan Party" means the Borrower or any Guarantor, and "Loan Parties" means, collectively, jointly and severally, the Borrower and the Guarantors.

"Loan Party Joinder Agreement" shall mean a Loan Party Joinder Agreement executed by a new Loan Party and the Agent in substantially the form of Exhibit A-3 or such other form agreed to by the Borrower and the Agent.

"Management Agreement" means any management agreement, Governing Document or other agreement to which a Loan Party or any of its Subsidiaries (or, prior to the Closing Date, the Acquired Business or any of its Subsidiaries) is a party that provides for the payment of any Fees.

"Management Fee" means, with respect to any Fund or any other Person, any management, servicing, advisory or administrative fee and any other similar (and regularly recurring) compensation paid by such Fund or other Person for the management, servicing, advisory, administration or similar function performed in connection with such Fund or other Person (excluding, for the avoidance of doubt, any Incentive Fee).

"Margin Stock" means "margin stock" as that term is defined in Regulation U of the Federal Reserve Board.

"Material Adverse Effect" means any material and adverse effect on: (i) the business, operations, Assets, or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole; (ii) the ability of any Loan Party to fully and timely perform its Obligations; (iii) the legality, validity, binding effect or enforceability against a Loan Party of a Loan Document to which it is a party; or (iv) the rights, remedies and benefits available to, or conferred upon, the Agent, any Lender or any Secured Party under any Loan Document.

"Material Domestic Subsidiary" means any Material Subsidiary that is a Domestic Subsidiary.

"Material Subsidiary" means any Subsidiary that is not an Immaterial Subsidiary.

"Materiality Threshold" has the meaning set forth in the definition of "Immaterial Subsidiaries".

"Maturity Date" means the earlier to occur of (a) five years after the Closing Date or (b) such earlier date on which the Loans shall become due and payable in accordance with the terms of this Agreement and the other Loan Documents.

"Maximum Dollar Revolving Amount" means $35,000,000 as such amount may be reduced pursuant to Section 2.9; provided, however, to the extent there is an increase in Dollar Revolving Commitments pursuant to Section 2.18, the foregoing "$35,000,000" shall thereafter be deemed to be increased upon the effectiveness of, and to the extent of, such increase.

"Maximum Multicurrency Revolving Amount" means $190,000,000 as such amount may be reduced pursuant to Section 2.9; provided, however, to the extent there is an increase in Multicurrency Revolving Commitments pursuant to Section 2.18, the foregoing "$190,000,000" shall thereafter be deemed to be increased upon the effectiveness of, and to the extent of, such increase.

"Maximum Rate" has the meaning set forth in Section 11.14.

"Maximum Revolving Amount" means $225,000,000 as such amount may be reduced pursuant to Section 2.9; provided, however, to the extent there is an increase in Revolving Commitments pursuant to Section 2.18, the foregoing "$225,000,000" shall thereafter be deemed to be increased upon the effectiveness of, and to the extent of, such increase.

"Moody's" has the meaning set forth in the definition of "Cash Equivalents" hereto.

"Multicurrency Advances" has the meaning set forth in Section 2.1(b).

"Multicurrency Availability" means, as of any date of determination, the amount that Borrower is entitled to borrow as Multicurrency Advances hereunder (after giving effect to all then outstanding Multicurrency Advances and Multicurrency Letters of Credit).

"Multicurrency Lender" means the Persons listed on Schedule C as having any Multicurrency Revolving Commitments and any other Person that becomes a party hereto pursuant to an Assignment and Acceptance that provides for such Person to assume any Multicurrency Revolving Commitments and/or acquire any Multicurrency Loans (other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance or otherwise in accordance with the terms hereof).

"Multicurrency Loan" means a Multicurrency Advance made by the Multicurrency Lenders (or Agent on behalf thereof) to Borrower pursuant to Section 2.1(b), and "Multicurrency Loans" means all such Multicurrency Advances.

"Multicurrency Revolving Commitment" means, with respect to each Multicurrency Lender, its commitment to make Multicurrency Advances, and to acquire participations in Letters of Credit denominated in Dollars and in Alternative Currencies hereunder, and, with respect to all Multicurrency Lenders, their commitments in respect of the Multicurrency Revolving Credit Facility, in each case in the maximum aggregate amount as set forth beside such Multicurrency Lender's name under the applicable heading on Schedule C, beside such Multicurrency Lender's name under the applicable heading in the applicable Increase Joinder, or in the Assignment and Acceptance pursuant to which such Multicurrency Lender became a Multicurrency Lender hereunder, as such amounts may be (a) reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 9.1, and (b) increased from time to time pursuant to Section 2.18.

"Multicurrency Revolving Credit Facility" means the multicurrency revolving credit facility described in Section 2.1(b).

"Multicurrency Revolving Credit Facility Usage" means, at the time any determination thereof is to be made, the aggregate Dollar Equivalent of the outstanding Multicurrency Advances at such time.

"Multiemployer Plan" means any Employee Benefit Plan which is a "multiemployer plan" as defined in Section 3(37) of ERISA.

"New Acquisition" means any acquisition by a Loan Party or a Subsidiary of a Loan Party of Assets after the Closing Date, to the extent otherwise permitted by this Agreement; provided that, for all purposes of this Agreement, any acquisition by a Fund for which a Loan Party or Subsidiary directly or indirectly contributes consideration in connection with such acquisition and such acquisition will directly or indirectly result in increased Fees for any Loan Party or Subsidiary shall be deemed to be a New Acquisition.

"NYFRB" means the Federal Reserve Bank of New York.

"NYFRB Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day; provided, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to zero for the purposes of calculating such rate.

"Obligations" means all loans (including the Advances), debts, principal, interest (including any interest that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), premiums, liabilities, reimbursement obligations in respect of drawn Letters of Credit, contingent reimbursement obligations with respect to outstanding Letters of Credit, obligations (including indemnification obligations), fees (including the Letter of Credit Fee and the fees provided for in any Fee Letter), charges, costs, expenses (including Lender Group Expenses) (including any portion thereof that accrues after the commencement of an Insolvency Proceeding, whether or not allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), lease payments, guaranties, covenants, and duties of any kind and description incurred and outstanding by Borrower or any of its Subsidiaries or Variable Interest Entities to the Lender Group or any Lender Counterparty pursuant to or evidenced by the Loan Documents, the Secured Hedging Agreements and/or the Secured Cash Management Agreements, as applicable, and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all expenses that Borrower is required to pay or reimburse by the Loan Documents, the Secured Hedging Agreements and/or the Secured Cash Management Agreements, as applicable, by law, or otherwise. Any reference in this Agreement or in the other Loan Documents to the Obligations shall include all extensions, modifications, renewals, or alterations thereof, both prior and subsequent to any Insolvency Proceeding; provided that "Obligations" with respect to any Guarantor shall exclude all Excluded Swap Obligations of such Guarantor.

"Originating Lender" has the meaning set forth in Section 9.1(d).

"Other Taxes" means any and all present or future stamp, court or documentary, intangible, recording, filing or similar taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar transactions denominated in Dollars by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on the NYFRB's Website from time to time, and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

"Participant" has the meaning set forth in Section 9.1(d).

"Participating Member State" means any member state of the European Community that adopts or has adopted the Euro as its lawful currency in accordance with the legislation of the European Union relating to the European Monetary Union.

"Payment" has the meaning assigned to such term in Article X.

"Payment Notice" has the meaning assigned to such term in Article X.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Pension Plan" means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to Section 412 of the Code or Section 302 of ERISA.

"Perfection Certificate" means a certificate substantially in the form of Exhibit E, executed and delivered by each Loan Party.

"Permitted Holder Affiliated Entity" means, with respect to any Permitted Holder (including any other Permitted Holder Affiliated Entity) (a) such Person's Family Members, (b) without duplication with any of the foregoing, the heirs, legatees, executors and/or administrators upon the death of any Person referred to in clause (a) and any other Person who was an Affiliate of such Person upon the death of such Person and who, upon such death, directly or indirectly owned Equity Interests in the Initial Borrower, (c) any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the Persons described in clause (a) or (b) above or any private foundation or fund that is controlled by any such Persons or any donor-advised fund of which any such Person is the donor and (d) any corporation, limited liability company, partnership or other entity that is wholly-owned or managed by any one or more Persons described above in this definition.

"Permitted Holders" means (i) current, future and former bona fide employees, bona fide limited partners and bona fide senior management of any Loan Party, its Affiliates or its Subsidiaries or any Variable Interest Entity that are (A) holders of Class A or Class B Equity Interests of the Initial Borrower, (B) holders of Equity Interests (other than Class A Equity Interests) of the Subsequent Borrower, or (C) holders of any other Equity Interests of the Initial Borrower or Subsequent Borrower that are the result of the conversion of any Equity Interests described in clauses (A) or (B) or the exchange of Equity Interests in any Affiliate or Subsidiary of the Borrower or Variable Interest Entity, (ii) Jim Lim, (iii) Ashton Newhall, and (iv) any Permitted Holder Affiliated Entity.

"Permitted Investments" means:

(a) Investments in cash and Cash Equivalents;

(b) Investments in negotiable instruments for collection;

(c) advances made in connection with purchases of goods or services in the ordinary course of business;

(d) any Investments to the extent that (i) the Distribution by Borrower of the cash, Cash Equivalents or other Assets used to fund such Investment or transfer would not have violated this Agreement, (ii) such Investment or such transfer would not otherwise result in an Event of Default or an Unmatured Event of Default, and (iii) after giving pro forma effect thereto, the Borrower would be in compliance with Section 6.13;

(e) loans and advances to employees, partners or officers of any Loan Party or its Affiliates in the nature of travel advances, advances against salary and other similar advances in an aggregate outstanding amount at any one time not in excess of $5,000,000;

(f) other Investments existing on the Closing Date described in Schedule 6.3 hereof;

(g) deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with past practices of any Loan Party or any Material Subsidiary;

(h) Investments of any Loan Party or any Material Subsidiary under any Hedging Agreement so long as such Hedging Agreements are used solely as a part of its normal business operations as a risk management strategy or hedge against changes resulting from market operations and not as a means to speculate for investment purposes on trends and shifts in financial or commodities markets;

(i) existing Investments of Persons acquired to the extent such acquisition is otherwise permitted hereunder and so long as such Investment was not made in contemplation of such acquisition;

(j) Investments in the form of Letters of Credit issued by Agent on behalf of Borrower to support the credit obligations of a Fund;

(k) Investments comprising (i) general partnership, managing member, investment manager investment, advisor or sub-advisor interests, (ii) intercompany bridge or other short-term loans or similar obligations, or (iii) intercompany total return swaps or similar obligations (in the case of this clause (iii), solely to the extent any such intercompany total return swap or similar obligations would otherwise constitute a Permitted Investment (without giving effect to this clause (k)(iii)) if the notional amount thereof were invested in the form of a principal amount of intercompany loans between the parties thereto), in each case, held or made by a Loan Party or any of its Material Subsidiaries in Funds;

(l) other Investments in an aggregate amount not to exceed $100,000,000 at any time;

(m) Investments to the extent made or funded with the proceeds from a substantially contemporaneous sale of equity of Borrower or its direct or indirect parents;

(n) Investments received or acquired in connection with a restructuring, reorganization, bankruptcy or workout of an existing Investment;

(o) illiquid Investments received or acquired in connection with a liquidation of a Fund;

(p) Investments made in order to pay compensation of employees and other personnel and other ongoing operating expenses;

(q) [reserved];

(r) to the extent constituting Investments, Debt permitted pursuant to Section 6.1; and

(s) Investments (i) by any Loan Party in any other Loan Party, (ii) by any Material Subsidiary that is not a Loan Party in (A) any other Material Subsidiary that is not a Loan Party and (B) any Immaterial Subsidiary that is not a Loan Party, in the case of this clause (B), in the ordinary course of business, (iii) by any Material Subsidiary that is not a Loan Party in a Loan Party and (iv) in any Variable Interest Entity in an aggregate amount not to exceed $50,000,000.

"Permitted Liens" means:

(a) Liens for taxes, assessments, or governmental charges or claims the payment of which is not, at such time, required by Section 5.4 hereof;

(b) any attachment or judgment Lien either in existence less than 30 calendar days after the entry thereof, or with respect to which execution has been stayed, or with respect to which payment in full above any applicable deductible is covered by insurance (so long as no reservation of rights has been made by the insurer in connection with such coverage), and Liens incurred to secure any surety bonds, appeal bonds, supersedeas bonds, or other instruments serving a similar purpose in connection with the appeal of any such judgment;

(c) banker's Liens in the nature of rights of setoff arising in the ordinary course of business of a Loan Party;

(d) Liens and deposits in connection with workers' compensation, unemployment insurance, social security and other legislation affecting any Loan Party and its Subsidiaries; and

(e) Liens arising by operation of law in favor of carriers, warehousemen, landlords, mechanics, materialmen, laborers or employees for sums that are not yet delinquent or are being contested in good faith.

"Permitted Tax Distribution" means in respect of any fiscal year during which StepStone Group LP qualifies as a partnership for U.S. federal and state income tax purposes (and is not wholly owned by an entity treated as a partnership or corporation for such purposes), a Distribution to owners of its Securities with respect to such fiscal year in an aggregate cash amount not to exceed the minimum amount required for StepStone Group LP to make pro rata distributions to each of its partners in an amount not less than the General Partner's reasonable good faith estimate of such partner's Assumed Tax Liability. For this purpose, a partner's "Assumed Tax Liability" shall equal (a) the sum of (i) the net taxable income and gain allocated to such partner by StepStone Group LP in the fiscal year and (ii) to the extent (x) determined by the General Partner in its sole discretion and (y) attributable to StepStone Group LP, the amount such partner is required to include in income by reason of Code sections 707(c) (but not including guaranteed payments for services within the meaning of Code section 707(c)), 951(a), and 951A(a); multiplied by (b) the highest combined effective U.S. federal, state, and local marginal rate of tax applicable to an individual resident in San Francisco, California or New York, New York (whichever is higher). The foregoing calculation shall be made (i) taking into account (w) the character of the income or gain and (x) any limitations on, or the availability of, deductions and net operating losses, and (ii) disregarding (y) the effect of any special basis adjustments under Code section 743(b) and (z) the effect of the allocations required under Code section 704(c)(1)(A). For the avoidance of doubt, any distribution made pursuant to the General Partner's reasonable good faith estimate of a partner's Assumed Tax Liability shall be a Permitted Tax Distribution, regardless of whether such distribution is in excess of such partner's actual Assumed Tax Liability as calculated at the end of the fiscal year; provided, however, that any such excess shall be carried forward and shall reduce the next succeeding Permitted Tax Distribution(s) until such excess has been eliminated.

"Person" means and includes natural persons, corporations, partnerships, limited liability companies, joint ventures, associations, companies, business trusts, or other organizations, irrespective of whether they are legal entities.

"Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan."

"Pledge and Security Agreement" means the Pledge and Security Agreement to be executed by the Initial Borrower, following the SSG Drop-Down, the Subsequent Borrower and each Guarantor substantially in the form of Exhibit D, as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Agent) or any similar release by the Federal Reserve Board (as determined by the Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"Principal Financial Center" means, in the case of any Currency, the principal financial center where such Currency is cleared and settled, as determined by the Agent.

"Pro Rata Share" means, as of any date of determination:

(a) with respect to a Dollar Lender's obligation to make Dollar Advances and receive payments of principal, interest, fees, costs, and expenses with respect thereto, (i) prior to the Dollar Revolving Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Dollar Lender's Dollar Revolving Commitment, by (z) the aggregate Dollar Revolving Commitments of all Dollar Lenders, and (ii) from and after the time that the Dollar Revolving Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the aggregate outstanding principal amount of such Dollar Lender's Dollar Advances by (z) the aggregate outstanding principal amount of all Dollar Advances,

(b) with respect to a Multicurrency Lender's obligation to make Multicurrency Advances and receive payments of principal, interest, fees, costs, and expenses with respect thereto, (i) prior to the Multicurrency Revolving Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Multicurrency Lender's Multicurrency Revolving Commitment, by (z) the aggregate Multicurrency Revolving Commitments of all Multicurrency Lenders, and (ii) from and after the time that the Multicurrency Revolving Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the aggregate outstanding principal amount of such Multicurrency Lender's Multicurrency Advances by (z) the aggregate outstanding principal amount of all Multicurrency Advances,

(c) with respect to a Multicurrency Lender's obligation to participate in Letters of Credit, to reimburse the respective Issuing Lender, and to receive payments of fees with respect thereto, (i) prior to the Multicurrency Revolving Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Multicurrency Lender's Multicurrency Revolving Commitment, by (z) the aggregate Multicurrency Revolving Commitments of all Multicurrency Lenders, and (ii) from and after the time that the Multicurrency Revolving Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the aggregate outstanding principal amount of such Multicurrency Lender's Multicurrency Advances by (z) the aggregate outstanding principal amount of all Multicurrency Advances, and

(d) with respect to all other matters as to a particular Lender (including the indemnification obligations arising under Section 10.6), (i) prior to the Revolving Commitments (or the Revolving Commitments of any Class, as applicable) being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender's Revolving Commitment (or Revolving Commitment of such Class, as applicable), by (z) the aggregate amount of Revolving Commitments of all Lenders (or all Lenders of such Class, as applicable), and (ii) from and after the time that the Revolving Commitments (or the Revolving Commitments of any Class, as applicable) have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender's Advances (or Advances under such Class, as applicable), by (z) the outstanding principal amount of all Advances (or Advances under such Class, as applicable); provided, however, that if all of the Advances under such Class have been repaid in full and Letters of Credit remain outstanding, as applicable, Pro Rata Share under this clause (d) shall be determined based upon subclause (i) of this clause (d) as if the Revolving Commitments (or the Revolving Commitments of the applicable Class) had not been terminated or reduced to zero and based upon the applicable Revolving Commitments as they existed immediately prior to their termination or reduction to zero.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"QFC Credit Support" has the meaning set forth in Section 11.19.

"Qualified ECP Guarantor" means, in respect of any Swap Obligation, each Guarantor that has total assets exceeding $10,000,000 at the time the Guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation or that otherwise constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Purchase Money Debt" means Debt (other than the Obligations, but including Capitalized Lease Obligations), incurred at the time of, or within 20 days after, the acquisition of any fixed assets for the purpose of financing all or any part of the acquisition cost thereof.

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is the Term SOFR Rate, 5:00 a.m. (Chicago time) on the day that is two (2) U.S. Government Securities Business Days preceding the date of such setting, (2) if such Benchmark is Daily Simple SOFR, four (4) U.S. Government Securities Business Days prior to such setting, (3) if such Benchmark is EURIBOR Rate, 11:00 a.m. Brussels time two TARGET Days preceding the date of such setting, (4) if such Benchmark is Daily Simple SONIA, then five Business Days prior to such setting, (5) if such Benchmark is Daily Simple SARON, then five Business Days prior to such setting and (6) if such Benchmark is none of the Term SOFR Rate, Daily Simple SOFR, the EURIBOR Rate, Daily Simple SONIA or Daily Simple SARON, the time determined by the Agent in its reasonable discretion.

"Regulation D" means Regulation D of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents, partners, trustees, administrators and advisors of such Person and such Person's Affiliates.

"Relevant Governmental Body" means (i) with respect to a Benchmark Replacement in respect of Loans denominated in Dollars, the Federal Reserve Board and/or the NYFRB, or a committee officially endorsed or convened by the Federal Reserve Board and/or the NYFRB or, in each case, any successor thereto, (ii) with respect to a Benchmark Replacement in respect of Loans denominated in British Pounds Sterling, the Bank of England, or a committee officially endorsed or convened by the Bank of England or, in each case, any successor thereto, (iii) with respect to a Benchmark Replacement in respect of Loans denominated in Euros, the European Central Bank, or a committee officially endorsed or convened by the European Central Bank or, in each case, any successor thereto, (iv) with respect to a Benchmark Replacement in respect of Loans denominated in Swiss Francs, the Swiss National Bank, or a committee officially endorsed or convened by the Swiss National Bank or, in each case, any successor thereto, and (v) with respect to a Benchmark Replacement in respect of Loans denominated in any Alternative Currency, (a) the central bank for the currency in which such Benchmark Replacement is denominated or any central bank or other supervisor which is responsible for supervising either (1) such Benchmark Replacement or (2) the administrator of such Benchmark Replacement or (b) any working group or committee officially endorsed or convened by (1) the central bank for the currency in which such Benchmark Replacement is denominated, (2) any central bank or other supervisor that is responsible for supervising either (A) such Benchmark Replacement or (B) the administrator of such Benchmark Replacement, (3) a group of those central banks or other supervisors or (4) the Financial Stability Board or any part thereof.

"Relevant Rate" means (i) with respect to any Term Benchmark borrowing denominated in Dollars, the Term SOFR Rate, (ii) with respect to any Term Benchmark borrowing denominated in Euros, the EURIBOR Rate, (iii) with respect to any borrowing denominated in British Pounds Sterling, the Daily Simple SONIA, (iv) with respect to any borrowing denominated in Swiss Francs, the Daily Simple SARON and (v) with respect to any borrowing denominated in Australian Dollars, the AUD Rate, as applicable.

"Relevant Screen Rate" means (i) with respect to any Term Benchmark borrowing denominated in Dollars, the Term SOFR Reference Rate, (ii) with respect to any Term Benchmark borrowing denominated in Euros, the EURIBOR Screen Rate or (iii) with respect to any Term Benchmark borrowing denominated in Australian Dollars, the AUD Screen Rate, as applicable.

"Replacement Lender" has the meaning set forth in Section 11.2.

"Request for Borrowing" means an irrevocable written notice to Agent of Borrower's request for an Advance or for the issuance of a Letter of Credit, which notice shall be substantially in the form of Exhibit R-1 attached hereto.

"Request for Conversion/Continuation" means an irrevocable written notice to Agent pursuant to the terms of Section 2.7, substantially in the form of Exhibit R-2 attached hereto.

"Required Lenders" means, at any time, Lenders whose aggregate Pro Rata Shares (calculated under clause (d) of the definition of Pro Rata Share) exceed 50.0%; provided, when used in reference to any particular Class, "Required Lenders" shall mean the Lenders whose aggregate Pro Rata Shares (calculated under clause (d) of the definition of Pro Rata Share) of such Class exceed 50.0% of such Class.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means the president, chief executive officer, chief operating officer, chief financial officer, treasurer, secretary, assistant secretary, general counsel, vice president, manager, or controller of a Person (or, in the case of a limited partnership, its general partner), or such other officer of such Person designated by a Responsible Officer in a writing delivered to Agent, in each case, to the extent that any such officer is authorized to bind Borrower or the applicable Guarantor (as applicable).

"Restricted Junior Debt Payment" means any payment or prepayment of principal of, premium, if any, or interest on, or redemption, purchase, retirement, defeasance (including in-substance or legal defeasance), sinking fund or similar payment with respect any Junior Debt.

"Revaluation Date" shall mean (a) with respect to any Loan denominated in any Alternative Currency, each of the following: (i) the date of the borrowing of such Loan and (ii) each date of a conversion into or continuation of such Loan pursuant to the terms of this Agreement; (b) with respect to any Letter of Credit denominated in an Alternative Currency, each of the following: (i) the date on which such Letter of Credit is issued, (ii) the first Business Day of each calendar month and (iii) the date of any amendment of such Letter of Credit that has the effect of increasing the face amount thereof; and (c) any additional date as the Agent may determine at any time when an Event of Default exists.

"Revolving Commitments" means, collectively, the Dollar Revolving Commitments and the Multicurrency Revolving Commitments.

"Revolving Credit Facility" means, collectively, the Dollar Revolving Credit Facility and the Multicurrency Revolving Credit Facility.

"Revolving Credit Facility Usage" means, at the time any determination thereof is to be made, the aggregate Dollar amount of the outstanding Advances at such time.

"Revolving Post-Increase Lenders" has the meaning set forth in Section 2.18(d).

"Revolving Pre-Increase Lenders" has the meaning set forth in Section 2.18(d).

"S&P" has the meaning set forth in the definition of "Cash Equivalents" hereto.

"Sanctioned Country" means, at any time, a country, region or territory which is the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, any Person that is a target of Sanctions, including (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United

Nations Security Council, the European Union, any EU member state, the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, or (c) any Person owned or controlled by any such Person.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any EU member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority.

"SARON" means, with respect to any Business Day, a rate per annum equal to the Swiss Average Rate Overnight for such Business Day published by the SARON Administrator on the SARON Administrator's Website.

"SARON Administrator" means the SIX Swiss Exchange AG (or any successor administrator of the Swiss Average Rate Overnight).

"SARON Administrator's Website" means SIX Swiss Exchange AG's website, currently at https://www.six-group.com, or any successor source for the Swiss Average Rate Overnight identified as such by the SARON Administrator from time to time.

"SARON Business Day" means, for any Loan denominated in Swiss Francs, any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which banks are closed for the settlement of payments and foreign exchange transactions in Zurich.

"SARON Loan" means each portion of the Advances bearing interest based on Daily Simple SARON.

"SEC" means the Securities and Exchange Commission of the United States or any successor thereto.

"Secured Cash Management Agreement" means a Cash Management Agreement entered into by the Initial Borrower, the Subsequent Borrower or any of its Subsidiaries or Variable Interest Entities with a Lender Counterparty that is designated as a Secured Cash Management Agreement by the Borrower in a written notice executed and delivered to the Agent.

"Secured Hedging Agreement" means a Hedging Agreement entered into by the Initial Borrower, the Subsequent Borrower or any of its Subsidiaries or Variable Interest Entities with a Lender Counterparty that is designated as a Secured Hedging Agreement by the Borrower in a written notice executed and delivered to the Agent.

"Secured Parties" has the meaning set forth in the Pledge and Security Agreement.

"Securities" means the capital stock, membership interests, partnership interests (whether limited or general) or other securities or equity interests of any kind of a Person, all warrants, options, convertible securities, and other interests which may be exercised in respect of, converted into or otherwise relate to such Person's capital stock, membership interests, partnership interests (whether limited or general) or other equity interests and any other securities, including debt securities of such Person.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"SOFR" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the NYFRB (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the NYFRB's website, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"SOFR Determination Date" has the meaning specified in the definition of "Daily Simple SOFR".

"SOFR Rate Day" has the meaning specified in the definition of "Daily Simple SOFR".

"Solvent" means, with respect to Borrower and its Subsidiaries, on a consolidated basis, that as of the date of determination, (i) the fair value of the assets of the Borrower and its Subsidiaries, on a consolidated basis, will exceed their debts and liabilities, on a consolidated basis, subordinated, contingent or otherwise; (ii) the present fair saleable value of the property of the Borrower and its Subsidiaries, on a consolidated basis, will be greater than the amount that will be required to pay the probable liabilities on their debts and other liabilities, on a consolidated basis, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Borrower and its Subsidiaries, on a consolidated basis, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Borrower and its Subsidiaries, on a consolidated basis, are not engaged in and are not about to engage in business for which they will have unreasonably small capital. In computing the amount of the contingent liabilities of the Borrower and its Subsidiaries as of such date, such liabilities have been computed at the amount that, in light of all the known facts and circumstances existing as of such date, represents the amount that can reasonably be expected to become an actual or matured liability.

"SONIA" means, with respect to any Business Day, a rate per annum equal to the Sterling Overnight Index Average for such Business Day published by the SONIA Administrator on the SONIA Administrator's Website.

"SONIA Administrator" means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

"SONIA Administrator's Website" means the Bank of England's website, currently at http://www.bankofengland.co.uk, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

"SONIA Loan" means each portion of the Advances bearing interest based on Daily Simple SONIA.

"SONIA Business Day" means, for any Loan denominated in British Pounds Sterling, means any day on which major commercial banks are open for international business (including dealings in British Pounds Sterling deposits) in London, England.

"Specified Equity Contribution" has the meaning set forth in Section 6.13.

"Specified Representations" means the representations and warranties of the Loan Parties set forth in Sections 4.1(a), 4.3(a), 4.3(c), 4.4, 4.5(a)(iii), 4.10(a), 4.15, 4.20, 4.22(b), 4.22(d) and 4.25.

"Specified Transaction" means any Investment that results in a Person becoming a Material Subsidiary, any New Acquisition or any Disposition that results in a Material Subsidiary ceasing to be a Material Subsidiary of the Borrower, any Investment constituting an acquisition of assets constituting a business unit, line of business or division of, or all or substantially all of the Equity Interests of, another Person or any Disposition of a business unit, line of business or division of the Borrower or a Subsidiary, in each case whether by merger, consolidation, amalgamation or otherwise, or any incurrence or repayment of Debt (other than Debt incurred or repaid under any revolving credit facility or line of credit), Distribution or Approved Increase that by the terms of this Agreement requires such test to be calculated on a pro forma basis or after giving pro forma effect.

"SSG Drop-Down" has the meaning set forth in Section 9.2(b).

"SSG LP Agreement" means that certain Ninth Amended and Restated Limited Partnership Agreement of the Subsequent Borrower, dated as of September 20, 2021 (as may be further amended, restated, supplemented or otherwise modified from time to time).

"Stand Alone Basis" means, for any Person, with respect to any financial calculation or information that is specified herein to be calculated or reported on a "Stand Alone Basis", such calculation or information for such Person and its Subsidiaries on a stand-alone basis which deconstructs funds required to be consolidated under GAAP.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Federal Reserve Board to which the Agent is subject with respect to the Adjusted EURIBOR Rate or Adjusted AUD Rate, as applicable, for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D) or any other reserve ratio or analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the Revolving Commitments or the funding of the Loans. Such reserve percentage shall include those imposed pursuant to Regulation D. Term Benchmark Loans for which the associated Benchmark is adjusted by reference to the Statutory Reserve Rate (per the related definition of such Benchmark) shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"StepStone Fund" means (i) any fund that is managed, co-managed, serviced or co-serviced, directly or indirectly, by a Loan Party or any Subsidiary of a Loan Party, (ii) any entity that, upon the making of an Investment therein or upon the acquisition of the related management rights with respect thereto, would be a fund under clause (i) of this definition or a Subsidiary of such a fund, (iii) any entity that Borrower intends, in good faith, to cause to become a fund under clause (i) of this definition or a Subsidiary of such a fund within a reasonable period of time; provided that if at any time the Borrower no longer intends in good faith to cause such entity to become a StepStone Fund or a Subsidiary of a StepStone Fund within a reasonable period of time, such entity shall no longer constitute a StepStone Fund, (iv) any entity established (or acquired) in connection with the formation or other administration of a StepStone Fund or the primary purpose of which is to receive funds or other assets to be invested in, or constituting investments in, a StepStone Fund, solely to the extent that (and for so long as) such entity conducts no other material business activities other than those related to the formation or other administration of a StepStone Fund or the receiving of funds or other assets to be invested in, making investments with such funds in, holding interests in, or the investment activities related to, other StepStone Funds or using such funds to purchase assets substantially all of which would be contributed to a StepStone Fund, or (v) any entity into which the Borrower in good faith believes an Investment has been made or that is acquired for the primary purposes of providing a strategic benefit to the Borrower, a Guarantor or any Affiliate thereof; provided if at any time any Person described above in any of clauses (i), (ii), (iii), (iv), or (v) of this definition receives any Fees owing to it (or if any Fees are payable, in whole or in part, to any such Person), such Person shall thereafter no longer be a StepStone Fund for all purposes under this Agreement and the other Loan Documents.

"StepStone Partners LP Agreement" means that certain Third Amended and Restated Limited Partnership Agreement of StepStone Partners, L.P., dated as of August 16, 2019 (as may be further amended, restated, supplemented or otherwise modified from time to time).

"Subordinated Debt" means any Debt of Borrower or a Material Subsidiary, the payment of principal and interest of which and other obligations of Borrower or such Material Subsidiary in respect thereof are subordinated to the prior payment in full of the Obligations on terms and conditions reasonably satisfactory to Agent.

"Subsequent Borrower" has the meaning set forth in the preamble to this Agreement.

"Subsequent Borrower Assignment Agreement" shall mean a Subsequent Borrower Assignment Agreement executed by the Initial Borrower, the Subsequent Borrower and the Agent in substantially the form of Exhibit A-4 or such other form agreed to by the Borrower and the Agent.

"Subsequent Guarantors" means (a) each of the Subsequent Borrower's existing and subsequently acquired or organized direct or indirect Material Subsidiaries (other than any Excluded Subsidiaries) and (b) each other Person who from time to time guarantees the Debt of the Borrower to the Lender Group under the Loan Documents pursuant to the provisions of Section 5.7.

"Subsidiary" means, with respect to any Person (a) any corporation in which such Person, directly or indirectly through its Subsidiaries, owns, on a fully diluted basis, more than 50.0% of the Equity Interests of any class or classes having by the terms thereof the ordinary voting power to elect a majority of the directors of such corporation, and (b) any partnership, association, joint venture, limited liability company, or other entity in which such Person, directly or indirectly through its Subsidiaries, owns, on a fully diluted basis, more than 50.0% of the Equity Interests having ordinary voting power (or in the case of a partnership, more than 50.0% of the general partnership interests) at the time; provided, however, that for the purposes of this Agreement, no Fund or Subsidiary of a Fund shall be deemed to be a Subsidiary of a Loan Party. Notwithstanding anything to the contrary, each Carry Subsidiary shall be deemed to be a Subsidiary of the Borrower.

"Supported QFC" has the meaning set forth in Section 11.19.

"Swap Obligation" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"Swiss Francs" means the lawful currency of Switzerland.

"TARGET Day" means any day on which TARGET2 (or, if such payment system ceases to be operative, such other payment system, if any, determined by the Agent to be a suitable replacement) is open for the settlement of payments in Euro.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, assessments, fees, charges or withholdings (including backup withholding) imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Benchmark" when used in reference to any Loan or borrowing, refers to whether such Loan, or the Loans comprising such borrowing, are bearing interest at a rate determined by reference to the Adjusted Term SOFR Rate (other than solely as a result of clause (c) of the definition of Alternate Base Rate), the Adjusted EURIBOR Rate or the Adjusted AUD Rate.

"Term ESTR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on ESTR that has been selected or recommended by the Relevant Governmental Body.

"Term ESTR Notice" means a notification by the Agent to the Lenders and the Borrower of the occurrence of a Term ESTR Transition Event.

"Term ESTR Transition Event" means the determination by the Agent (in consultation with the Borrower) that (a) Term ESTR has been recommended for use by the Relevant Governmental Body, (b) the administration of Term ESTR is administratively feasible for the Agent and (c) a Benchmark Transition Event has previously occurred resulting in a Benchmark Replacement in accordance with Section 2.14 that is not Term ESTR.

"Term SOFR Determination Day" has the meaning assigned to it under the definition of Term SOFR Reference Rate.

"Term SOFR Rate" means, with respect to any Term Benchmark borrowing denominated in Dollars and for any tenor comparable to the applicable Interest Period, the Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time, two (2) U.S. Government Securities Business Days prior to the commencement of such tenor comparable to the applicable Interest Period, as such rate is published by the CME Term SOFR Administrator.

"Term SOFR Reference Rate" means, for any day and time (such day, the "Term SOFR Determination Day"), with respect to any Term Benchmark borrowing denominated in Dollars and for any tenor comparable to the applicable Interest Period, the rate per annum published by the CME Term SOFR Administrator and identified by the Agent as the forward-looking term rate based on SOFR. If by 5:00 pm (New York City time) on such Term SOFR Determination Day, the "Term SOFR Reference Rate" for the applicable tenor has not been published by the CME Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Rate has not occurred, then, so long as such day is otherwise a U.S. Government Securities Business Day, the Term SOFR Reference Rate for such Term SOFR Determination Day will be the Term SOFR Reference Rate as published in respect of the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate was published by the CME Term SOFR Administrator, so long as such first preceding U.S. Government

Securities Business Day is not more than five (5) U.S. Government Securities Business Days prior to such Term SOFR Determination Day.

"Total Commitment" means, with respect to each Lender, its Revolving Commitment and, with respect to all Lenders, the sum of their Revolving Commitments, in each case in the maximum aggregate amounts as are set forth beside such Lender's name under the applicable heading on Schedule C attached hereto, beside such Lender's name under the applicable heading in the applicable Increase Joinder, or on the signature page of the Assignment and Acceptance pursuant to which such Lender became a Lender under this Agreement, as such amounts may be (1) reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 9.1, and (2) increased from time to time pursuant to Section 2.18.

"Total Multicurrency Commitment" means, with respect to each Multicurrency Lender, its Multicurrency Revolving Commitment and, with respect to all Multicurrency Lenders, the sum of their Multicurrency Revolving Commitments, in each case in the maximum aggregate amounts as are set forth beside such Multicurrency Lender's name under the applicable heading on Schedule C attached hereto, beside such Multicurrency Lender's name under the applicable heading in the applicable Increase Joinder, or on the signature page of the Assignment and Acceptance pursuant to which such Multicurrency Lender became a Multicurrency Lender under this Agreement, as such amounts may be (1) reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 9.1, and (2) increased from time to time pursuant to Section 2.18.

"Total Net Leverage Ratio" means, with respect to the most recently ended four fiscal quarter period of the Borrower with respect to which financial statements have been, or were required to have been, delivered pursuant to Section 5.2(a) or (b), the ratio of (a) Consolidated Total Net Debt as of the last day of such period to (b) Consolidated Adjusted EBITDA for such period.

"Total Utilization of Revolving Commitments" means, as of any date of determination, the sum of (i) the aggregate principal amount of all outstanding Loans and (ii) the Letter of Credit Usage.

"Trade Date" means the meaning set forth in Section 9.1(g).

"Transaction Costs" means the fees, costs and expenses payable by Borrower or any of its Subsidiaries (including any upfront fees on the Loans) on or before the Closing Date in connection with Acquisition or the transactions contemplated by the Loan Documents (including, without limitation, the SSG Drop-Down).

"Transactions" means, collectively, the funding of the Loans on the Closing Date, the consummation of the Acquisition, and the payment of the Transaction Costs.

"Type", when used in reference to any Loan or borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such borrowing, is determined by reference to the Adjusted Term SOFR Rate, the Adjusted EURIBOR Rate, Daily Simple SONIA, Daily Simple SARON, the Adjusted AUD Rate or the Alternate Base Rate.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that, if by reason of mandatory provisions of law, perfection, or the effect of perfection or non-perfection or the priority of a security interest in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or priority or availability of such remedy, as the case may be.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"United States" means the United States of America.

"Unmatured Event of Default" means an event, act, or occurrence which, with the giving of notice or the passage of time, would become an Event of Default.

"USA Patriot Act" has the meaning set forth in Section 11.13.

"U.S. Government Securities Business Day" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Special Resolution Regimes" has the meaning set forth in Section 11.19.

"Variable Interest Entities" means, collectively:

(i) StepStone Group Real Assets, LP;

(ii) StepStone Group Real Estate, LP;

(iii) Swiss Capital Alternative Investments AG; and

(iv) any other entity (other than a Subsidiary of the Borrower) in which the Borrower directly or indirectly owns any Equity Interests issued by such entity, and that is designated by the Borrower in good faith as a "Variable Interest Entity" pursuant to a written notice delivered to the Agent;

in each case of clauses (i) through (iv), solely to the extent (A) the relevant Person is directly or indirectly controlled by the Borrower, (B) the Borrower or any of its wholly-owned Subsidiaries is the primary beneficiary of such Person and (C) such Person is consolidated in the financial statements of the Borrower and its consolidated Subsidiaries for the relevant period.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Construction. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular and to the singular include the plural, the part includes the whole, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." References in this Agreement to a "determination" or "designation" include estimates by Agent (in the case of quantitative determinations or designations), and beliefs by Agent (in the case of qualitative determinations or designations). The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Article, section, subsection, clause, exhibit, and schedule references are to this Agreement unless otherwise specified. Any reference herein to this Agreement or any of the Loan Documents includes any and all alterations, amendments, restatements, changes, extensions, modifications, renewals, or supplements thereto or thereof, as applicable. Any reference herein to any Person shall be construed to include such Person's successors and assigns including, without limitation, as a result of a restructuring or conversion not prohibited by this Agreement. Any reference herein or in any other Loan Document to the satisfaction or repayment in full of the Obligations, any reference herein or in any other Loan Document to the Obligations being "paid in full" or "repaid in full", and any reference herein or in any other Loan Document to the action by any Person to repay the Obligations in full, shall mean the repayment in full in cash in Dollars or applicable Alternative Currency (or cash collateralization or receipt of a backup letter of credit in accordance with the terms hereof) of all Obligations other than contingent indemnification Obligations for which no claim has been made. References in this Agreement to "ordinary course of business" or similar term shall also include any activities conducted in the ordinary course of business by asset managers and managers of mutual funds, private equity or debt funds, hedge funds, or funds of funds, as well as any activities conducted in the ordinary course of business by any Loan Party or any Subsidiary thereof existing on the Closing Date or formed or acquired thereafter, in each case, consistent with customary investment or asset management services, financial advisory services, money management services, and merchant banking activities or any similar or related business.

1.3 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. The Borrower covenants and agrees with the Lenders that whether or not the Borrower has adopted the Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (or successor standard solely as it relates to the accounting of lease assets and liabilities) ("ASU 2016-02") with respect to the definition of Capitalized Lease Obligations, all determinations of compliance with the terms and conditions of this Agreement shall be made on the basis that the Borrower has not adopted ASU 2016-02.

1.4 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, light, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

1.5 Interest Rates; Benchmark Notification. The interest rate on a Loan denominated in Dollars or an Alternative Currency may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event or a Term ESTR Transition Event, Section 2.14(b) and Section 2.14(c) provide a mechanism for determining an alternative rate of interest. The Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, performance or any other matter related to any interest rate used in this Agreement, or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the existing interest rate being replaced or have the same volume or liquidity as did any existing interest rate prior to its discontinuance or unavailability. The Agent and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Agreement or any alternative, successor or alternative rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Agent may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

1.6 Certain Calculations.

(a) Notwithstanding anything herein to the contrary, for purposes of calculating (a) the amount of Debt to determine compliance with Sections 6.1 and 6.2 and (b) the amount of Consolidated Total Net Debt to determine compliance with Section 6.13(a), the Debt of non-wholly owned Subsidiaries included in such calculation shall be equal to:

(i) if such Debt is (A) not guaranteed by any Loan Party and/or any other Subsidiary or (B) guaranteed by any Loan Party and/or any other Subsidiary and each such guaranty is permitted under Section 6.1 (and Section 6.2, if applicable) pursuant to a clause that is not subject to a dollar cap, the proportionate amount of such Debt based on the Loan Parties' and each such other Subsidiary's aggregate economic ownership interests in such Subsidiary, and

(ii) if such Debt is guaranteed by any Loan Party and/or any other Subsidiary and any such guaranty is not permitted under Section 6.1 (and Section 6.2, if applicable) pursuant to a clause that is not subject to a dollar cap, an amount equal to the greater of (x) the proportionate amount of such Debt based on the Loan Parties' and each such other Subsidiary's aggregate economic ownership interests in such Subsidiary and (y) without duplication and in no event to exceed the amount of the underlying Debt, the aggregate amount of such Debt guaranteed by the Loan Parties and/or each such other Subsidiary.

(b) Notwithstanding anything to the contrary herein, financial ratios and tests, including the Total Net Leverage Ratio, shall be calculated in the manner prescribed by this

Section 1.6. Whenever a financial ratio or test is to be calculated on a pro forma basis, the reference to the "Test Period" for purposes of calculating such financial ratio or test shall be deemed to be a reference to, and shall be based on, the most recently ended four fiscal quarter period of the Borrower with respect to which financial statements have been, or were required to have been, delivered pursuant to Section 5.2(a) or (b).

(c) For purposes of calculating any financial ratio or test, Specified Transactions that have been made (i) during the applicable Test Period and (ii) subsequent to such Test Period and prior to or simultaneously with the event for which the calculation of any such ratio is made shall be calculated on a pro forma basis assuming that all such Specified Transactions (and any increase or decrease in Consolidated Adjusted EBITDA and the component financial definitions used therein attributable to any Specified Transaction) had occurred on the first day of the applicable Test Period. If since the beginning of any applicable Test Period any Person that subsequently became a Material Subsidiary or was merged, amalgamated or consolidated with or into the Borrower or any of its Material Subsidiaries since the beginning of such Test Period shall have made any Specified Transaction that would have required adjustment pursuant to this Section 1.6, then such financial ratio or test shall be calculated to give pro forma effect thereto in accordance with this Section 1.6.

(d) Whenever pro forma effect is to be given to a Specified Transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Borrower and include, for the avoidance of doubt, the amount of "run-rate" cost savings and synergies projected by the Borrower in good faith to be realized as a result of specified actions taken, committed to be taken or expected to be taken (calculated on a pro forma basis as though such cost savings and synergies had been realized on the first day of such period and as if such cost savings and synergies were realized during the entirety of such period) and "run-rate" means the full recurring benefit for a period that is associated with any action taken, committed to be taken or expected to be taken (including any savings expected to result from the elimination of a public target's compliance costs with public company requirements) net of the amount of actual benefits realized during such period from such actions, and any such adjustments shall be included in the initial pro forma calculations of such financial ratios or tests and during any subsequent Test Period in which the effects thereof are expected to be realized relating to such Specified Transaction; provided that (A) such amounts are factually supportable, reasonably identifiable, quantifiable, attributable to the transaction and based on assumptions believed by the Borrower in good faith to be reasonable at the time made and supported by an officer's certificate delivered to the Agent, and calculated on a pro forma basis as though such cost savings and synergies had been realized on the first day of such period as if such cost savings and synergies were realized during the entirety of such period relating to such specified transaction, net of the amount of actual benefits realized during such period from such actions, (B) projected by the Borrower in good faith to be reasonably anticipated to be realizable within twenty-four (24) months of the date of such Specified Transaction and (C) no amounts shall be added pursuant to this Section 1.6(d) to the extent duplicative of any amounts that are otherwise added back in computing Consolidated Adjusted EBITDA, whether through a pro forma adjustment or otherwise, with respect to such period; provided that aggregate amounts of pro forma adjustments and other amounts included in the calculation of "Consolidated Adjusted EBITDA" pursuant to this Section 1.6(d), together with aggregate amounts added to "Consolidated Adjusted EBITDA" pursuant to clause (i) of the definition thereof, shall not cumulatively exceed 20% of "Consolidated Adjusted EBITDA" (prior to giving effect to the amounts added pursuant to this Section 1.6(d) or such clause (i)).

1.7 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Term Benchmark Loan", a "Daily Simple SOFR Loan" or a "SARON Loan") or by Class and Type (e.g., a "Term Benchmark Revolving Loan", a "Daily Simple SOFR Revolving Loan" or a "SARON Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving borrowing") or by Type (e.g., a "Term Benchmark borrowing", a "Daily Simple SOFR borrowing" or a "SARON borrowing") or by Class and Type (e.g., a "Term Benchmark Revolving borrowing", a "Daily Simple SOFR Revolving borrowing" or a "SARON Revolving borrowing").

Article II.

AMOUNT AND TERMS OF LOANS

2.1 Credit Facilities.

(a) Dollar Revolving Credit Facility.

(i) Subject to the terms and conditions of this Agreement, and during the term of this Agreement:

(A) each Dollar Lender agrees (severally, not jointly or jointly and severally) to make revolving loans ("Dollar Advances") to Borrower in Dollars in an aggregate amount at any one time outstanding not to exceed such Dollar Lender's Pro Rata Share of the Maximum Dollar Revolving Amount at such time; provided that at no time shall the sum of such Dollar Lender's aggregate Dollar Advances exceed such Dollar Lender's Dollar Revolving Commitment, and

(B) amounts borrowed pursuant to this Section 2.1(a) may be repaid at any time during the term of this Agreement and, subject to the terms and conditions of this Agreement, reborrowed prior to the Maturity Date. The outstanding principal amount of the Dollar Advances, together with interest accrued thereon, shall be due and payable on the Maturity Date or, if earlier, on the date on which they are declared due and payable pursuant to the terms of this Agreement.

(ii) No Dollar Lender shall have an obligation to make any Dollar Advance under the Dollar Revolving Credit Facility on or after the Maturity Date.

(b) Multicurrency Revolving Credit Facility.

(i) Subject to the terms and conditions of this Agreement, and during the term of this Agreement:

(A) each Multicurrency Lender agrees (severally, not jointly or jointly and severally) to make revolving loans ("Multicurrency Advances", and together with the Dollar Advances, collectively, the "Advances") to Borrower in Dollars or any Alternative Currency in an aggregate amount at any one time outstanding not to exceed such Multicurrency Lender's Pro Rata Share of the Maximum Multicurrency Revolving Amount *less* such Lender's Pro Rata Share of the aggregate Letter of Credit Usage at such time; provided that at no time shall the sum of such Multicurrency Lender's aggregate Multicurrency Advances and such Multicurrency Lender's Pro Rata Share of the aggregate Letter of Credit

Usage exceed such Multicurrency Lender's Multicurrency Revolving Commitment, and

(B) amounts borrowed pursuant to this Section 2.1(b) may be repaid at any time during the term of this Agreement and, subject to the terms and conditions of this Agreement, reborrowed prior to the Maturity Date. The outstanding principal amount of the Multicurrency Advances, together with interest accrued thereon, shall be due and payable on the Maturity Date or, if earlier, on the date on which they are declared due and payable pursuant to the terms of this Agreement.

(ii) No Multicurrency Lender shall have an obligation to make any Multicurrency Advance under the Multicurrency Revolving Credit Facility on or after the Maturity Date.

2.2 Rate Designation. Borrower shall designate each Loan as (i) in the case of any Loan denominated in Dollars, a Base Rate Loan or a Term SOFR Rate Loan, (ii) in the case of any Loan denominated in Euros, a EURIBOR Rate Loan, (iii) in the case of any Loan denominated in British Pounds Sterling, a SONIA Loan, (iv) in the case of any Loan denominated in Swiss Francs, a SARON Loan, and (v) in the case of any Loan denominated in Australian Dollars, an AUD Rate Loan, in each case, in the Request for Borrowing or Request for Conversion/Continuation, as applicable, given to Agent in accordance with Section 2.6 or Section 2.7, as applicable. Each Base Rate Loan shall be denominated in Dollars. Each Base Rate Loan shall be in a minimum principal amount of $500,000 and, thereafter, in integral multiples of $100,000, unless such Advance is being made to pay any interest, fees, or expenses then due hereunder, in which case such Advance may be in the amount of such interest, fees, or expenses. Each Term SOFR Rate Loan shall be in a minimum principal amount of $500,000 and, thereafter, in integral multiples of $100,000, and each EURIBOR Rate Loan, SONIA Loan, SARON Loan or AUD Rate Loan shall be in a minimum principal amount of the Alternative Currency Equivalent of $500,000 and, thereafter, in integral multiples of the Alternative Currency Equivalent of $100,000.

2.3 Interest Rates; Payment of Principal and Interest.

(a) Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of L/C Disbursements, or under Section 2.13, 2.14 or 2.23, or otherwise) or under any other Loan Document (except to the extent otherwise provided therein) prior to 1:00 p.m., New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Agent at the Agent's Account, except as otherwise expressly provided in the relevant Loan Document and except payments to be made directly to an Issuing Lender as expressly provided herein and payments pursuant to Sections 2.13, 2.14, 2.23 and 8.2, which shall be made directly to the Persons entitled thereto. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

(b) All amounts owing under this Agreement (excluding payments of principal of, and interest on, any Advance or payments relating to any Letters of Credit denominated in any Alternative Currency, which are payable in such Alternative Currency) or under any other Loan Document (except to the extent otherwise provided therein) are payable in Dollars. Notwithstanding the foregoing, if Borrower shall fail to pay any principal of any Advance when due (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise) or shall fail to pay any reimbursement obligation in respect of any Letter of Credit when due, the unpaid portion of such Advance or reimbursement obligation shall, if such Advance or reimbursement obligation is not denominated in Dollars, automatically be redenominated in Dollars on the due date thereof (or, if such due date in respect of any such Advance is a day other than the last day of the Interest Period therefor, on the last day of such Interest Period) in an amount equal to the Dollar Equivalent thereof on the date of such redenomination and such principal or reimbursement obligation shall be payable on demand; and if Borrower shall fail to pay any interest on any Advance or on any reimbursement obligation in respect of any Letter of Credit, or any other amount (other than any principal or reimbursement obligation), that is not denominated in Dollars, such interest or other amount shall automatically be redenominated in Dollars on the due date therefor (or, if such due date in respect of any such Advance is a day other than the last day of the Interest Period therefor, on the last day of such Interest Period) in an amount equal to the Dollar Equivalent thereof on the date of such redenomination and such interest or other amount shall be payable on demand.

(c) Unless the Agent shall have received notice from Borrower prior to the date on which any payment is due to the Agent for account of the applicable Lenders or the respective Issuing Lender hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to such Lenders or such Issuing Lender, as the case may be, the amount due. In such event, if Borrower has not in fact made such payment, then each of the applicable Lenders or such Issuing Lender, as the case may be, severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender or such Issuing Lender with interest thereon at the Defaulting Lender Rate, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent.

(d) Except as otherwise provided with respect to Defaulting Lenders and except as otherwise provided in the Loan Documents (including Section 7.3 and any agreements between Agent and individual Lenders), aggregate principal and interest payments shall be apportioned ratably among the Lenders (or the Lenders under the applicable Class, as applicable) (according to the unpaid principal balance of the Obligations to which such payments relate held by each applicable Lender) and applied thereto and payments of fees and expenses (other than fees or expenses that are for Agent's separate account, after giving effect to any agreements between Agent and individual Lenders) shall be apportioned ratably among the applicable Lenders in accordance with their respective Pro Rata Shares be applied as follows:

(i) Subject to Section 2.3(d)(iii) below and Section 7.3, all payments shall be remitted to Agent and all such payments shall be applied:

(A) first, to pay any fees and Lender Group Expenses (or the fees and Lender Group Expenses with respect to the relevant Class, as applicable) then due to Agent under the Loan Documents, until paid in full,

(B) second, to pay any fees and Lender Group Expenses (or the fees and Lender Group Expenses with respect to the relevant Class, as applicable) then due to the applicable Lenders under the Loan Documents, on a ratable basis, until paid in full,

(C) third, ratably to pay interest due in respect of the Loans (or the Loans under relevant Class, as applicable) until paid in full,

(D) fourth, so long as no Application Event has occurred and is continuing, to pay the principal of all Advances (or the Advances under relevant Class, as applicable) until paid in full,

(E) fifth, if an Application Event has occurred and is continuing, ratably (i) to pay the principal of all Advances until paid in full, and (ii) to Agent, to be held by Agent, for the ratable benefit of the respective Issuing Lender and those Multicurrency Lenders having a Multicurrency Revolving Commitment, as cash collateral in an amount up to 102.0% of the Letter of Credit Usage until paid in full,

(F) sixth, if an Application Event has occurred and is continuing, to pay any other Obligations until paid in full, and

(G) seventh, to Borrower (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(ii) Agent promptly shall distribute to each Lender (or each Lender under the applicable Class, as applicable), pursuant to the applicable wire instructions received from each Lender in writing, such funds as it may be entitled to receive.

(iii) In each instance, so long as no Application Event has occurred and is continuing, Section 2.3(d)(i) shall not apply to any payment made by Borrower to Agent and specified by Borrower to be for the payment of specific Obligations (including any Obligations under any Class) then due and payable (or prepayable) under any provision of this Agreement.

(iv) For purposes of the foregoing, "paid in full" means payment of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, and expense reimbursements, whether or not any of the foregoing would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding, other than any contingent and unasserted indemnification or similar Obligations.

(v) In the event of a direct conflict between the priority provisions of this Section 2.3 and other provisions contained in any other Loan Document, it is the intention of the parties hereto that such priority provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.3 shall control and govern.

(e) Subject to Section 2.4, each Loan shall bear interest upon the unpaid principal balance thereof, from and including the date advanced or converted, to but excluding the date of conversion or repayment thereof, at a fluctuating rate, per annum, equal to (i) in the case of any Base Rate Loans, the Alternate Base Rate plus the Applicable Margin, (ii) in the case of any Term SOFR Rate Loans, Adjusted Term SOFR for the Interest Period in effect for such borrowing plus the Applicable Margin, (iii) in the case of any Loans comprising each Term Benchmark borrowing denominated in Euros, the Adjusted EURIBOR Rate for the Interest Period in effect for such borrowing plus the Applicable Margin, (iv) in the case of any SONIA Loans, the Daily Simple SONIA plus the Applicable Margin, (v) in the case of any SARON Loans, the Daily Simple SARON plus the Applicable Margin and (vi) in the case of any AUD Loans, the Adjusted AUD Rate plus the Applicable Margin. Any change in the interest rate resulting from a change in the Alternate Base Rate will become effective on the day on which each change in the Alternate Base Rate is announced by Agent. Interest due with respect to any Loans shall be due and payable, in arrears, commencing on the first Interest Payment Date following the Closing Date, and continuing on each Interest Payment Date thereafter up to and including the Interest Payment Date immediately preceding the Maturity Date, and on the Maturity Date.

(f) [Reserved].

(g) Interest computed by reference to the Term SOFR Rate, the EURIBOR Rate or Daily Simple SARON hereunder shall be computed on the basis of a year of 360 days. Interest computed by reference to the Daily Simple SONIA, AUD Screen Rate or the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year). In each case interest shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Interest shall accrue from the first day of the making of a Loan (or the date on which interest or fees or other payments are due hereunder, if applicable) to (but not including) the date of repayment of such Loan (or the date of the payment of interest or fees or other payments, if applicable) in accordance with the provisions hereof. The applicable Alternate Base Rate, Adjusted Term SOFR Rate, Term SOFR Rate, Daily Simple SOFR, Adjusted EURIBOR Rate, EURIBOR Rate, Daily Simple SONIA, SONIA, Daily Simple SARON or SARON shall be determined by the Agent, and such determination shall be conclusive absent manifest error.

(h) Borrower shall pay Agent (for the ratable benefit of the Multicurrency Lenders with a Multicurrency Revolving Commitment), a Letter of Credit fee (in addition to the charges, commissions, fees, and costs set forth in Section 2.10(f)) which shall accrue at a rate equal to the Applicable Margin *times* the Daily Balance of the undrawn amount of all outstanding Letters of Credit (the "Letter of Credit Fee"). The Letter of Credit Fee shall be due and payable quarterly in arrears on the first day of each quarter.

(i) Unless prepaid in accordance with the terms hereof, the outstanding principal balance of all Advances, together with accrued and unpaid interest thereon, shall be due and payable, in full, on the Maturity Date.

(j) Any Lender by written notice to Borrower (with a copy to Agent) may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall execute and deliver to such Lender a promissory note, substantially in the form of Exhibit A-2, payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.1) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns). For the avoidance of doubt, assignments of any Loans by Lenders (irrespective of whether promissory notes are issued hereunder) shall be in accordance with the provisions of Section 9 of this Agreement. In no event shall the delivery of a promissory note pursuant to this Section 2.3(i) constitute a condition precedent to any extension of credit hereunder.

2.4 Default Rate. (i) If any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration, by mandatory prepayment or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (A) in the case of overdue principal of any Loan, the rate otherwise applicable to such Loan as provided above plus 2.0 percentage points or (B) in the case of any other amount, 2.0 percentage points plus the rate applicable to Base Rate Loans as provided above and (ii) upon the occurrence and during the continuance of an Event of Default, (A) all Loans then outstanding shall bear interest at a rate equal to the rate otherwise applicable to such Loan plus 2.0 percentage points, and (B) the Letter of Credit Fee shall be increased to 2.0 percentage points above the per annum rate otherwise applicable thereunder. All amounts payable under this Section 2.4 shall be due and payable on demand by Agent.

2.5 Computation of Fees. All computations of the fees (including the Letter of Credit Fee) due hereunder for any period shall be calculated on the basis of a year of 360 days for the actual number of days elapsed in such period.

2.6 Request for Borrowing.

(a) Each Loan shall be made on a Business Day.

(b) Each Loan or Letter of Credit that is proposed to be made after the Closing Date shall be made upon written notice, by way of a Request for Borrowing, which Request for Borrowing shall be irrevocable and shall be given by facsimile, mail, electronic mail (in a format bearing a copy of the signature(s) required thereon), or personal service, and delivered to Agent and Issuing Lender as provided in Section 11.3.

(i) For a Base Rate Loan, Borrower shall give Agent notice not later than 12:00 noon New York City time on the Business Day that is the requested Funding Date, and such notice shall specify that a Base Rate Loan is requested and state the amount thereof (subject to the provisions of this Article II).

(ii) For a Term SOFR Rate Loan, Borrower shall give Agent notice not later than 12:00 noon New York City time three (3) U.S. Government Securities Business Days before the date the Term SOFR Rate Loan is to be made, and such notice shall specify that a Term SOFR Rate Loan is requested and state the amount and Interest Period thereof (subject to the provisions of this Article II); provided, however, that no Loan shall be available as a Term SOFR Rate Loan when any Unmatured Event of Default or Event of Default has occurred and is continuing. At any time that an Event of Default has occurred and is continuing, Agent may convert, and shall convert if so requested by the Required Lenders, the interest rate on all outstanding Term SOFR Rate Loans to the rate then applicable to Base Rate Loans hereunder. If Borrower fails to designate a Loan as a Term SOFR Rate Loan in accordance herewith, the Loan will be a Base Rate Loan.

(iii) For a EURIBOR Rate Loan, Borrower shall give Agent notice not later than 12:00 noon New York City time three (3) Business Days prior to the date that is the requested Funding Date, and such notice shall specify that a EURIBOR Rate Loan is requested and state the amount thereof (subject to the provisions of this Article II).

(iv) For a SONIA Loan, Borrower shall give Agent notice not later than 11:00 a.m. New York City time five (5) Business Days prior to the date that is the requested Funding Date, and such notice shall specify that a SONIA Loan is requested and state the amount thereof (subject to the provisions of this Article II).

(v) For a SARON Loan, Borrower shall give Agent notice not later than 11:00 a.m. New York City time five (5) Business Days prior to the date that is the requested Funding Date, and such notice shall specify that a SARON Loan is requested and state the amount thereof (subject to the provisions of this Article II).

(vi) For an AUD Rate Loan, Borrower shall give Agent notice not later than 10:30 a.m. New York City time four (4) Business Days prior to the date that is the requested Funding Date, and such notice shall specify that an AUD Rate Loan is requested and state the amount thereof (subject to the provisions of this Article II).

In connection with each Term Benchmark Loan, the Borrower shall indemnify, defend, and hold Agent and the Lenders harmless against any loss, cost or expense incurred by Agent or any Lender as a result of (A) the payment of any principal of any such Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or an optional or mandatory prepayment of Loans), (B) the conversion of any such Loan other than on the last day of the Interest Period applicable thereto or (C) the failure to borrow, convert, continue or prepay any such Loan on the date specified in any notice delivered pursuant hereto (such losses, costs and expenses, collectively, "Funding Losses"). Funding Losses shall, with respect to Agent or any Lender, be deemed to equal the amount reasonably determined by Agent or such Lender to be the excess, if any, of (I) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted Term SOFR Rate, the Adjusted EURIBOR Rate or the Adjusted AUD Rate, as applicable, that would have been applicable thereto, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert, or continue, for the period that would have been the Interest Period therefor), *minus* (II) the amount of interest that would accrue on such principal amount for such period at the interest rate which Agent or such Lender would be offered were it to be offered, at the commencement of such period, deposits in the applicable Agreed Currency of a comparable amount and period in the relevant interbank market.

A certificate of Agent or a Lender delivered to the Borrower setting forth any amount or amounts that Agent or such Lender is entitled to receive pursuant to this Section 2.6(b)(vii) shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(c) Each Request for Borrowing shall specify, among other information, (i) the Class of any such Loan, (ii) the Agreed Currency of such Loan or Letter of Credit, (iii) the date such Loan or Letter of Credit will be made or issued, which shall be a Business Day, (iv) whether any such Loan will be a Base Rate Loan, Term SOFR Rate Loan, EURIBOR Rate Loan, AUD Rate Loan, SONIA Loan or SARON Loan, (v) the aggregate amount of such Loan or Letter of Credit and (vi) in the case of a Term SOFR Rate Loan, a EURIBOR Rate Loan or an AUD Rate Loan, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

(d) Promptly after receipt of a Request for Borrowing pursuant to Section 2.6(b), Agent shall notify the applicable Lenders not later than 2:00 p.m. New York City time, on the Funding Date applicable thereto (in the case of a Base Rate Loan), the third (3^{rd}) U.S. Government Securities Business Day preceding the Funding Date (in the case of a Term SOFR Rate Loan), 11:00 a.m. Brussels time, on the second Business Day preceding the Funding Date (in the case of a EURIBOR Rate Loan), 12:00 p.m. New York City time, on the fourth Business Day preceding the Funding Date (in the case of an AUD Rate Loan) or the fifth Business Day preceding the Funding Date (in the case of a SONIA Loan or a SARON Loan), by telecopy, electronic mail (in a format bearing a copy of the signature(s) required thereon), telephone, or other similar form of transmission, of the requested Loan. Each such Lender shall make the amount of such Lender's Pro Rata Share of the requested Loan available to Agent in immediately available funds, to Agent's Account, not later than 3:00 p.m. New York City time on the Funding Date applicable thereto. After Agent's receipt of the proceeds of such Loans, Agent shall make the proceeds thereof available to Borrower on the applicable Funding Date by transferring to the Designated Account immediately available funds equal to the proceeds that are requested by Borrower in the applicable Request for Borrowing; provided, however, that Agent shall not request any Lender to make, and no Lender shall have the obligation to make, any Loan if Agent shall have actual knowledge that (1) one or more of the applicable conditions precedent set forth in Article III will not be satisfied on the requested Funding Date for the applicable Loan unless such condition has been waived, or (2) the requested Loan or Letter of Credit would exceed the Availability, Dollar Availability and/or Multicurrency Availability, as applicable, on such Funding Date.

(e) Unless Agent receives notice from a Lender on or prior to the Closing Date or, with respect to any Loan after the Closing Date, prior to 10:00 a.m. (New York City time) on the date of such Loan, that such Lender will not make available as and when required hereunder to Agent for the account of Borrower the amount of that Lender's Pro Rata Share of the Loan, Agent may assume that each Lender has made or will make such amount available to Agent in immediately available funds on the Funding Date and Agent may (but shall not be so required), in reliance upon such assumption, make available to Borrower on such date a corresponding amount. If and to the extent any Lender shall not have made its full amount available to Agent in immediately available funds and Agent in such circumstances has made available to Borrower such amount, that Lender shall on the Business Day following such Funding Date make such amount available to Agent, together with interest at the Defaulting Lender Rate for each day during such period. A notice submitted by Agent to any Lender with respect to amounts owing under this subsection shall be conclusive, absent manifest error. If such amount is so made available, such payment to Agent shall constitute such Lender's Loan on the date of such Loan for all purposes of this Agreement. If such amount is not made available to Agent on the Business Day following the Funding Date, Agent will notify Borrower of such failure to fund and, upon demand by Agent, Borrower shall pay such amount to Agent for Agent's account, together with interest thereon for each day elapsed since the date of such Loan, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Loan, without in any way prejudicing the rights and remedies of Borrower against the Defaulting Lender. The failure of any Lender to make any Loan on any Funding Date shall not relieve any other Lender of any obligation hereunder to make a Loan on such Funding Date, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on any Funding Date.

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.10(d), 2.6(f) or 8.2, then the Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Agent for the account of such Lender for the benefit of the Agent or the respective Issuing Lender to satisfy such Lender's obligations to it under such Section until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Agent in its discretion.

(g) All Advances under any Class shall be made by the Lenders under such Class contemporaneously and in accordance with their Pro Rata Shares of such Class. It is understood that (i) no Lender shall be responsible for any failure by any other Lender to perform its obligation to make any Advance (or other extension of credit) hereunder, nor shall any Revolving

Commitment of any Lender be increased or decreased as a result of any failure by any other Lender to perform its obligations hereunder, and (ii) no failure by any Lender to perform its obligations hereunder shall excuse any other Lender from its obligations hereunder. Each Lender at its option may make any Advance by causing any Applicable Lending Office of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

2.7 Conversion or Continuation.

(a) Subject to the provisions of clause (d) of this Section 2.7 and the provisions of Section 2.14, Borrower shall have the option to (i) convert all or any portion of the outstanding Base Rate Loans equal to $500,000, and integral multiples of $100,000 in excess of such amount, to a Term SOFR Rate Loan, (ii) convert all or any portion of the outstanding Term SOFR Rate Loans denominated in Dollars equal to $500,000 and integral multiples of $100,000 in excess of such amount, to a Base Rate Loan, and (iii) upon the expiration of any Interest Period applicable to any of its Term Benchmark Loans, continue all or any portion of such Term Benchmark Loan equal to $500,000 (or the Alternative Currency Equivalent thereof), and integral multiples of $100,000 (or the Alternative Currency Equivalent thereof) in excess of such amount, as a Term Benchmark Loan denominated in the same Currency, and the succeeding Interest Period of such continued Loan shall commence on the expiration date of the Interest Period previously applicable thereto; provided, however, that a Term Benchmark Loan only may be converted or continued, as the case may be, on the expiration date of the Interest Period applicable thereto; provided further, however, that no outstanding Loan may be continued as, or be converted into, a Term Benchmark Loan when any Unmatured Event of Default or Event of Default has occurred and is continuing; provided further, however, that if, before the expiration of an Interest Period of a Term Benchmark Loan, Borrower fails timely to deliver the appropriate Request for Conversion/Continuation, such Term Benchmark Loan, in the case of a Term SOFR Rate Loan, automatically shall be converted to a Base Rate Loan and, in the case of a EURIBOR Loan or an AUD Rate Loan, automatically shall be continued as a EURIBOR Rate Loan or an AUD Rate Loan, as applicable, having an Interest Period of one month.

(b) Borrower shall by facsimile, mail, electronic mail (in a format bearing a copy of the signature(s) required thereon), personal service or by telephone (which shall be confirmed by one of the other means of delivery) deliver a Request for Conversion/Continuation to Agent (i) no later than 1:00 p.m., New York City time, one (1) Business Day prior to the proposed conversion date (in the case of a conversion to a Base Rate Loan), and (ii) no later than 1:00 p.m. New York City time, three (3) U.S. Government Securities Business Days before (in the case of a conversion to a Term SOFR Rate Loan, or a conversion to, or a continuation of, a Term Benchmark Loan). A Request for Conversion/Continuation shall specify (x) the proposed conversion or continuation date (which shall be a Business Day), (y) the amount and type of the Loan to be converted or continued, and (z) the nature of the proposed conversion or continuation.

(c) Any Request for Conversion/Continuation (or telephonic notice in lieu thereof) shall be irrevocable and Borrower shall be obligated to convert or continue in accordance therewith.

(d) No Loan (or portion thereof) may be converted into, or continued as, a Term Benchmark Loan with an Interest Period that ends after the Maturity Date.

2.8 Mandatory Repayment.

(a) The Revolving Commitments, including any commitment to issue any Letter of Credit, shall terminate on the Maturity Date and all Loans, all interest that has accrued and remains unpaid thereon, all contingent reimbursement obligations of Borrower with respect to outstanding Letters of Credit, all unpaid fees, costs, or expenses that are payable hereunder or under any other Loan Document, and all other Obligations immediately shall be due and payable in full, without notice or demand (including either (i) providing cash collateral to be held by Agent in an amount equal to 102.0% of the Letter of Credit Usage, or (ii) causing the original Letters of Credit to be returned to Agent), on the Maturity Date.

(b) (i) On each Revaluation Date, the Agent shall determine the aggregate Revolving Credit Facility Usage, Dollar Revolving Credit Facility Usage, Multicurrency Revolving Credit Facility Usage and Letter of Credit Usage, as applicable. For the purpose of this determination, the outstanding principal amount of any Loan or the undrawn amount of any outstanding Letter of Credit that is denominated in any Alternative Currency shall be deemed to be the Dollar Equivalent of the amount in the Alternative Currency of such Loan or Letter of Credit, determined as of such Revaluation Date. Upon making such determination, the Agent shall promptly notify the Lenders and the Borrower thereof.

(ii) In the event that, as of the date of such determination, the sum of the then outstanding Revolving Credit Facility Usage and the Letter of Credit Usage exceeds 105.0% of the then extant amount of the Maximum Revolving Amount, then, and in each such event, promptly upon obtaining notice of such excess (and in any event within fifteen (15) Business Days of obtaining such notice) Borrower shall repay such amount or cash collateralize Letters of Credit as shall be necessary so that the outstanding Revolving Credit Facility Usage and the Letter of Credit Usage does not exceed the then extant amount of the Maximum Revolving Amount.

(iii) In the event that, as of the date of such determination, the sum of the then outstanding Multicurrency Revolving Credit Facility Usage and the Multicurrency Letter of Credit Usage exceeds 105.0% of the then extant amount of the Maximum Multicurrency Revolving Amount, then, and in each such event, promptly upon obtaining notice of such excess (and in any event within fifteen (15) Business Days of obtaining such notice) Borrower shall repay such amount or cash collateralize Multicurrency Letters of Credit as shall be necessary so that the outstanding Multicurrency Revolving Credit Facility Usage and the Multicurrency Letter of Credit Usage does not exceed the then extant amount of the Maximum Multicurrency Revolving Amount.

(c) All prepayments of the Loans made pursuant to this Section 2.8 shall (i) prior to the Maturity Date, so long as no Application Event shall have occurred and be continuing, be applied ratably to the outstanding principal amount of the Advances under the applicable Class until paid in full, (ii) if an Application Event shall have occurred and be continuing, be applied in the manner set forth in Section 2.3(d)(i), and (iii) so long as an Event of Default has not occurred and is not continuing, to the extent that such prepayments are to be applied to any Advances denominated in Dollars pursuant to Section 2.8(c)(i) above, be applied, *first,* ratably to any Advances that are Base Rate Loans, until paid in full, and, *second,* ratably to any Advances that are Term SOFR Rate Loans, until paid in full.

2.9 Voluntary Prepayments; Termination and Reduction in Commitments.

(a) Borrower shall have the right, at any time and from time to time, to prepay the Loans under any Class without penalty or premium. Borrower shall give Agent written notice not less than (i) one Business Day prior to any such prepayment with respect to Base Rate Loans, (ii) three (3) U.S. Government Securities Business Days' prior written notice of any such prepayment with respect to Term SOFR Rate Loans, (iii) three Business Days' prior written notice of any such prepayment with respect to EURIBOR Rate Loans, (iv) five Business Days' prior written notice of any such prepayment with respect to SONIA Loans or SARON Loans and (v) four Business Days' prior written notice of any such prepayment with respect to AUD Rate Loans. In each case, such notice shall specify (x) the Class of Loans with respect to which such prepayment is to be made, (y) the date on which such prepayment is to be made (which shall be a Business Day), and (z) the amount of such prepayment. Each such prepayment shall be in an aggregate minimum amount of $1,000,000 (or the Alternative Currency Equivalent thereof) and shall include interest accrued on the amount prepaid to, but not including, the date of payment in accordance with the terms hereof (or, in each case, such lesser amount constituting the amount of all Loans then outstanding). Any voluntary prepayments of principal by Borrower of a Term Benchmark Loan prior to the end of the applicable Interest Period shall be subject to Section 2.6(b)(vii).

(b) Borrower has the option, at any time upon three Business Days' prior written notice to Agent, to terminate this Agreement and terminate the Revolving Commitments hereunder without penalty or premium by paying to Agent, in cash, the Obligations (including contingent reimbursement obligations of Borrower with respect to outstanding Letters of Credit, but excluding contingent indemnification obligations in respect of claims that are unasserted and unanticipated) in full (including either (i) providing immediately available funds to be held by Agent for the benefit of those Lenders with a Revolving Commitment in an amount equal to 102.0% of the Letter of Credit Usage, or (ii) causing the original Letters of Credit to be returned to each respective Issuing Lender); provided that the Revolving Commitments shall not be terminated if after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.9(a), (x) the aggregate amount of the Revolving Credit Facility Usage and Letter of Credit Usage would exceed the aggregate amount of the Revolving Commitments, (y) the aggregate amount of the Dollar Revolving Credit Facility Usage would exceed the aggregate amount of the Dollar Revolving Commitments or (z) the aggregate amount of the Multicurrency Revolving Credit Facility Usage and Letter of Credit Usage would exceed the aggregate amount of the Multicurrency Revolving Commitments. Promptly following receipt of any notice, Agent shall advise the Lenders of the contents thereof. Each notice delivered by Borrower pursuant to this Section 2.9(b) shall be irrevocable; provided that a notice of termination of the Revolving Commitments delivered by Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by Borrower (by notice to Agent on or prior to the specified effective date) if such condition is not satisfied. If Borrower has sent a notice of termination pursuant to the provisions of this Section, then (subject to the proviso in the preceding sentence) the Revolving Commitments shall terminate and Borrower shall be obligated to repay the Obligations (including contingent reimbursement obligations of Borrower with respect to outstanding Letters of Credit, but excluding contingent indemnification obligations in respect of claims that are unasserted and unanticipated) in full on the date set forth as the date of termination of this Agreement in such notice (including either (I) providing immediately available funds to be held by Agent for the benefit of those Multicurrency Lenders with a Multicurrency Revolving Commitment in an amount equal to 102.0% of the Letter of Credit Usage, or (II) causing the original Letters of Credit to be returned to each respective Issuing Lender). Any termination of the Revolving Commitments shall be permanent.

(c) Borrower has the option, at any time upon three Business Days' prior written notice to Agent, to reduce the Revolving Commitments under any Class without penalty or premium to an amount not less than the sum of (i) in the case of any such reduction of Dollar Revolving Commitments, (A) the Dollar Revolving Credit Facility Usage as of such date, plus (B) the principal amount of all Dollar Advances not yet made as to which a request has been given by Borrower under Section 2.6(b), and (ii) in the case of any such reduction of Multicurrency Revolving Commitments, (A) the Multicurrency Revolving Credit Facility Usage as of such date, plus (B) the principal amount of all Multicurrency Advances not yet made as to which a request has been given by Borrower under Section 2.6(b), plus (C) the amount of all Letters of Credit not yet issued as to which a request has been given by Borrower pursuant to Section 2.10(a) plus (D) the Letter of Credit Usage. Each such reduction shall be in an amount which is not less than $500,000 (unless the applicable Revolving Commitments are being reduced to zero and the amount of the applicable Revolving Commitments in effect immediately prior to such reduction are less than $500,000). Each notice delivered by Borrower pursuant to this Section 2.9(c) shall be irrevocable. Subject to Section 2.18, once reduced, the applicable Revolving Commitments may not be increased. Each such reduction of the Revolving Commitments under any Class shall reduce the Revolving Commitments of each Lender of such Class proportionately in accordance with its Pro Rata Share thereof.

2.10 Letters of Credit.

(a) Subject to the terms and conditions of this Agreement (including without limitation the provisions of Article III and this Section 2.10(a)), the Total Multicurrency Commitments may be utilized in addition to the Multicurrency Loans provided for in Section 2.1, upon the request of Borrower made in accordance herewith not later than five (5) Business Days before the Maturity Date, by the issuance by an Issuing Lender selected by Borrower of standby letters of credit denominated in Dollars or in an Alternative Currency for the account of Borrower (each, a "Letter of Credit"), such Issuing Lender shall amend, renew or extend any Letter of Credit; provided that notwithstanding any other provision of this Agreement, the Borrower shall be permitted to deem the Existing Letters of Credit to have been issued under this Agreement promptly following the Closing Date. Each request for the issuance of a Letter of Credit, or the amendment, renewal, or extension of any outstanding Letter of Credit, shall be made in writing and delivered to the respective Issuing Lender and Agent via hand delivery, facsimile, or other electronic method of transmission reasonably in advance of the requested date of issuance, amendment, renewal, or extension. Each such request shall be in form and substance satisfactory to the respective Issuing Lender in its sole and absolute discretion and shall specify (i) the Issuing Lender, (ii) the amount of such Letter of Credit, (iii) the date of issuance, amendment, renewal, or extension of such Letter of Credit, (iv) the expiration of such Letter of Credit, (v) the name and address of the beneficiary thereof, (vi) whether such Letter of Credit is to be denominated in Dollars or an Alternative Currency (and if to be denominated in an Alternative Currency, the Alternative Currency in which such Letter of Credit is to be denominated) and (vii) such other information (including, in the case of an amendment, renewal, or extension, identification of the outstanding Letter of Credit to be so amended, renewed, or extended) as shall be necessary to prepare, amend, renew, or extend such Letter of Credit. It is hereby acknowledged that an Issuing Lender shall have no obligation to issue, amend, renew or extend a Letter of Credit (A) if, after giving effect to the issuance of such requested Letter of Credit, the Letter of Credit Usage would exceed (1) $10,000,000, (2) the Maximum Revolving Amount less the amount of the Revolving Credit Facility Usage or (3) the Maximum Multicurrency Revolving Amount less the amount of the Multicurrency Revolving Credit Facility Usage, (B) at any time when one or more of the Multicurrency Lenders is a Defaulting Lender, but only until such time as either (1) the Multicurrency Revolving Commitments of the Defaulting Lender or Defaulting Lenders have been assumed by a Multicurrency Lender that is not a Defaulting Lender, or (2) the Maximum Multicurrency Revolving Amount has been reduced by the amount of such Defaulting Lender's or Defaulting Lenders' Multicurrency Revolving Commitments, (C) if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Lender from issuing such Letter of Credit, or any law applicable to such Issuing

Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Lender shall prohibit, or request that such Issuing Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Lender is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such Issuing Lender in good faith deems material to it, (D) if the issuance of such Letter of Credit would violate one or more policies of such Issuing Lender applicable to letters of credit generally or (E) if such Issuing Lender does not consent to such issuance, amendment, renewal or extension in its sole discretion. Agent shall provide a report to each Multicurrency Lender on a quarterly basis setting forth the then current Letter of Credit Usage and Multicurrency Lender's Pro Rata Share thereof.

(b) Each Letter of Credit shall expire at or prior to the close of business on the date twelve months after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, twelve months after the then-current expiration date of such Letter of Credit, so long as such renewal or extension occurs within three months of such then-current expiration date).

(c) (i) If an Issuing Lender shall make any L/C Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such Issuing Lender in respect of such L/C Disbursement by paying to the Agent an amount equal to such L/C Disbursement not later than 1:00 p.m., New York City time, on (x) the Business Day that the Borrower receives notice of such L/C Disbursement, if such notice is received prior to 10:00 a.m., New York City time, or (y) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time, provided that, if such L/C Disbursement is in Dollars and is not less than $500,000, the Borrower may, prior to the Maturity Date and subject to the conditions to borrowing set forth herein, request in accordance with Section 2.6 that such payment be financed with a Base Rate Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Base Rate Loan.

(i) If the Borrower fails to make such payment when due, the Agent shall notify each applicable Lender of the applicable L/C Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Pro Rata Share thereof.

(d) (i) By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) by an Issuing Lender, and without any further action on the part of such Issuing Lender or the Lenders, such Issuing Lender hereby grants to each Lender (other than the respective Issuing Lender), and each Lender (other than the respective Issuing Lender) hereby acquires from such Issuing Lender, a participation in such Letter of Credit equal to such Lender's Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of any Event of Default or Unmatured Event of Default or reduction or termination of the applicable Total Multicurrency Commitments; provided that no Lender shall be required to purchase a participation in a Letter of Credit pursuant to this Section 2.10(d) if (x) the conditions set forth in Section 3.2 would not be satisfied in respect of a credit extension at the time such Letter of Credit was issued and (y) the Required Lenders in respect of the Multicurrency Revolving Credit Facility shall have so notified such Issuing Lender in writing and shall not have subsequently determined that the circumstances giving rise to such conditions not being satisfied no longer exist; provided further that the obligation of the Multicurrency Lenders to participate in Letters of Credit issued prior to the Maturity Date and remaining outstanding thereafter shall continue solely to the extent that the Borrower shall have defaulted in its obligation to cash collateralize such Letters of Credit on the Maturity Date as required by Section 2.8(a).

(ii) In consideration and in furtherance of the foregoing, each Multicurrency Lender hereby absolutely and unconditionally agrees to pay to the Agent, for account of the respective Issuing Lender, such Multicurrency Lender's Pro Rata Share of each L/C Disbursement made by such Issuing Lender in respect of Letters of Credit promptly upon the request of such Issuing Lender at any time from the time of such L/C Disbursement until such L/C Disbursement is reimbursed or cash collateralized by the Borrower or at any time after any reimbursement payment or cash collateral is required to be refunded to the Borrower for any reason. Such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each such payment shall be made in the same manner as provided in Section 2.6(e) with respect to Loans made by such Multicurrency Lender (and Sections 2.6(e) and (f) shall apply, *mutatis mutandis*, to the payment obligations of the Multicurrency Lenders), and the Agent shall promptly pay to such Issuing Lender the amounts so received by it from the Multicurrency Lenders. Promptly following receipt by the Agent of any payment from the Borrower pursuant to Section 2.10(c), the Agent shall distribute such payment to such Issuing Lender or, to the extent that the Multicurrency Lenders have made payments pursuant to this paragraph to reimburse such Issuing Lender, then to such Multicurrency Lenders and such Issuing Lender as their interests may appear. Any payment made by a Multicurrency Lender pursuant to this paragraph to reimburse an Issuing Lender for any L/C Disbursement shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such L/C Disbursement.

(e) The Borrower's obligation to reimburse L/C Disbursements as provided in paragraph (c) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the respective Issuing Lender under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit, and (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the Borrower's obligations hereunder (other than payment in full by the Borrower).

Neither the Agent, the Lenders, any Issuing Lender, any Agent-Related Person nor any Lender-Related Person, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit by an Issuing Lender or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Lender; provided that the foregoing shall not be construed to excuse such Issuing Lender from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Lender's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that:

(i) an Issuing Lender may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit;

(ii) an Issuing Lender shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit; and

(iii) this sentence shall establish the standard of care to be exercised by an Issuing Lender when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by applicable law, any standard of care inconsistent with the foregoing).

(f) Any and all charges, commissions, fees, and costs incurred by an Issuing Lender relating to Letters of Credit shall be Lender Group Expenses for purposes of this Agreement and immediately shall be reimbursable by Borrower to Agent for the account of such Issuing Lender; it being acknowledged and agreed by Borrower that, as of the Closing Date, the issuance charge imposed by an Issuing Lender is 0.25% per annum times the undrawn amount of each Letter of Credit, and that an Issuing Lender also imposes a schedule of charges for amendments, extensions, drawings, and renewals.

(g) If the Borrower shall be required to cash collateralize Letter of Credit Usage pursuant to Section 2.3, Section 2.8, Section 2.10 or Section 7.2, the Borrower shall immediately deposit into a segregated collateral account or accounts (herein, collectively, the "Letter of Credit Collateral Account") in the name and under the dominion and control of the Agent cash denominated in the currency of the Letter of Credit under which such Letter of Credit Usage arises in an amount equal to the amount required under Section 2.3, Section 2.8(a), Section 2.10 or Section 7.2, as applicable. Such deposit shall be held by the Agent as collateral in the first instance for the Letter of Credit Usage for the applicable Issuing Lender(s) under this Agreement, and for these purposes the Borrower hereby grants a security interest to the Agent for the benefit of the Multicurrency Lenders and the other Issuing Lenders in the Letter of Credit Collateral Account and in any financial assets (as defined in the UCC) or other property held therein.

2.11 Fees.

(a) Commitment Fee. A commitment fee (the "Commitment Fee") shall be due and payable quarterly in arrears, on the fifteenth (15^{th}) day after the end of each fiscal quarter, in an amount equal to the Applicable Commitment Fee Rate times the result of (1) in the case of the Dollar Revolving Credit Facility, (i) the Maximum Dollar Revolving Amount at such time, less (ii) the average Daily Balance of Dollar Advances that were outstanding during the immediately preceding quarter and (2) in the case of the Multicurrency Revolving Credit Facility, (i) the Maximum Multicurrency Revolving Amount at such time, less (ii) the sum of (A) the average Daily Balance of Multicurrency Advances that were outstanding during the immediately preceding quarter, plus (B) the average Daily Balance of the Letter of Credit Usage during the immediately preceding quarter. The Commitment Fee shall accrue from and including the Closing Date to and including the Maturity Date.

(b) Fee Letter Fees. Borrower shall pay as and when due and payable under the terms of each Fee Letter, the fees set forth therein.

2.12 Maintenance of Records; Effect. Each Lender shall maintain in accordance with its usual practice records evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts and currency of principal and interest payable and paid to such Lender from time to time hereunder. The Agent shall maintain records in which it shall record (i) the amount and Currency of each Loan made hereunder, the type thereof and each Interest Period therefor, (ii) the amount and currency of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount and currency of any sum received by the Agent hereunder for account of the Lenders and each Lender's share thereof. The entries made in the records maintained pursuant to this Section shall be prima facie evidence, absent obvious error, of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Agent to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with the terms of this Agreement.

2.13 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in an applicable Benchmark) or any Issuing Lender; or

(ii) impose on any Lender or any Issuing Lender or the relevant interbank market any other condition (other than (x) Excluded Taxes, (y) Indemnified Taxes imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document or (z) Other Taxes of such Lender or Issuing Lender compensated under Section 2.23) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or such Issuing Lender of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or the Issuing Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or such Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or any Issuing Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Lender's capital or on the capital of such Lender's or such Issuing Lender's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Lender, to a level below that which such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Lender's policies and the policies of such Lender's or such Issuing Lender's holding company with respect to capital adequacy or liquidity), then from time to time the Borrower will pay to such Lender or such Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company for any such reduction suffered.

(c) Certificates from Lenders. A certificate of a Lender or an Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or such Issuing Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Lender, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Notice; Delay in Requests. Each Lender and Issuing Lender agrees to use reasonable efforts to notify the Borrower upon becoming aware of any Change in Law giving rise to a right to compensation pursuant to this Section. Notwithstanding the foregoing, no failure or delay on the part of any Lender or Issuing Lender to give any such notice to the Borrower or to demand compensation pursuant to this Section shall constitute a waiver of such Lender's or Issuing Lender's right to demand such compensation or otherwise form the basis of any liability of such Lender or Issuing Lender to Borrower; provided that the Borrower shall not be required to compensate a Lender or an Issuing Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or such Issuing Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

2.14 Alternate Rate of Interest.

(a) Subject to clauses (b), (c), (d), (e), (f) and (g) of this Section 2.14, if:

(i) the Agent determines (which determination shall be conclusive absent manifest error) (A) prior to the commencement of any Interest Period for a Term Benchmark borrowing, that adequate and reasonable means do not exist for ascertaining the Adjusted Term SOFR Rate, the Term SOFR Rate, the Adjusted EURIBOR Rate, the EURIBOR Rate, the Adjusted AUD Rate or the AUD Rate, as applicable (including because the Relevant Screen Rate is not available or published on a current basis), for the applicable Agreed Currency and such Interest Period or (B) at any time, that adequate and reasonable means do not exist for ascertaining Daily Simple SARON, SARON, Daily Simple SONIA, or SONIA, as applicable, for the applicable Agreed Currency; or

(ii) the Agent is advised by the Required Lenders for the relevant Class that (A) prior to the commencement of any Interest Period for a Term Benchmark borrowing, the Adjusted Term SOFR Rate, the Term SOFR Rate, the Adjusted EURIBOR Rate, the EURIBOR Rate, the Adjusted AUD Rate or the AUD Rate, as applicable, for the applicable Agreed Currency and such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such borrowing for the applicable Agreed Currency and such Interest Period or (B) at any time, the applicable Daily Simple SARON, SARON, Daily Simple SONIA, or SONIA, as applicable, for the applicable Agreed Currency will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such borrowing for the applicable Agreed Currency;

then the Agent shall give notice thereof to the Borrower and the Lenders by telephone, telecopy or electronic mail as promptly as practicable thereafter and, until (x) the Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Borrower delivers a new Request for Conversion/Continuation in accordance with the terms of Section 2.7 or a new Request for Borrowing in accordance with the terms of Section 2.6, (A) for Loans denominated in Dollars, any Request for Conversion/Continuation that requests the conversion of any borrowing to, or continuation of any borrowing as, a Term Benchmark borrowing and any Request for Borrowing that requests a Term Benchmark borrowing shall instead be deemed to be an Request for Conversion/Continuation or a Request for Borrowing, as applicable, for an Alternate Base Rate borrowing and (B) for Loans denominated in an Alternative Currency, any Request for Conversion/Continuation that requests the conversion of any borrowing to, or continuation of any borrowing as, a Term Benchmark borrowing and any Request for Borrowing that requests a Term Benchmark borrowing, a SARON borrowing or a SONIA borrowing, in each case, for the relevant Benchmark, shall be ineffective; provided that if the circumstances giving rise to such notice affect only one Type of borrowings, then all other Types of borrowings shall be permitted. Furthermore, if any Loan in any Agreed Currency is outstanding on the date of the Borrower's receipt of the notice from the Agent referred to in this Section 2.14(a) with respect to a Relevant Rate applicable to such Loan, then until (x) the Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Borrower delivers a new Request for Conversion/Continuation in accordance with the terms of Section 2.7 or a new Request for Borrowing in accordance with the terms of Section 2.6, (A) for Loans denominated in Dollars, any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan, be converted by the Agent to, and shall constitute, a Base Rate Loan on such day, and (B) for Loans denominated in an Alternative Currency, (1) any Term Benchmark Loan shall, on the last day of the Interest Period applicable to such Loan, at the Borrower's election prior to such day, either (A) bear interest at the Central Bank Rate for the applicable Alternative Currency plus the CBR Spread; provided that, if the Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Alternative Currency cannot be determined, this clause (A) shall be unavailable to be selected by the Borrower, (B) be prepaid by the Borrower on such day or (C) solely for the purpose of calculating the interest rate applicable to such Term Benchmark Loan, such Term Benchmark Loan denominated in any Alternative Currency shall be deemed to be a Term Benchmark Loan denominated in Dollars and shall accrue interest at the same interest rate applicable to Term Benchmark Loans denominated in Dollars at such time and (2) any SARON Loan or SONIA Loan shall, at the Borrower's election, either (A) bear interest at the Central Bank Rate for the applicable Alternative Currency plus the CBR Spread; provided that, if the Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Alternative Currency cannot be determined, this clause (A) shall be unavailable to be selected by the Borrower, (B) be converted into Base Rate Loans denominated in Dollars (in an amount equal to the Dollar Equivalent of such Alternative Currency) immediately or (C) be prepaid in full immediately.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document (and any Hedging Agreement shall not be deemed to be a "Loan Document" for purposes of this Section 2.14), if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(c) Notwithstanding anything to the contrary herein or in any other Loan Document (and any Hedging Agreement shall be deemed not to be a "Loan Document" for purposes of this Section 2.14) and subject to the proviso below in this paragraph, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders; provided that with respect to EURIBOR Rate Loans, this clause shall not be effective unless the Agent has delivered to the Lenders and the Borrower a Term ESTR Notice. For the avoidance of doubt, the Agent shall not be required to deliver any Term ESTR Notice after the occurrence of a Term ESTR Transition Event, and may do so in its sole discretion (provided the Agent's determination shall be generally consistent with determinations made for borrowers of syndicated loans denominated in Dollars).

(d) Notwithstanding anything to the contrary herein or in any other Loan Document, the Agent will have the right, in consultation with the Borrower, to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(e) The Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or a Term ESTR Transition Event, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (f) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.14, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.14.

(f) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Rate, Term ESTR, the EURIBOR Rate or the AUD Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(g) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a borrowing of, conversion to or continuation of Term Benchmark Loans, SARON Loans or SONIA Loans, as applicable, to be made, converted or continued during any Benchmark Unavailability Period and, failing that, either (x) the Borrower will be deemed to have converted any request for (1) a Term Benchmark borrowing denominated in Dollars into a request for a borrowing of or conversion to an Alternate Base Rate borrowing or (y) any other Term Benchmark borrowing, SARON borrowing or SONIA borrowing denominated in an Alternative Currency shall be ineffective. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of Alternate Base Rate. Furthermore, if any Term Benchmark Loan, SARON Loan or SONIA Loan in any Agreed Currency is outstanding on the date of the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a Relevant Rate applicable to such Loan, then until such time as a Benchmark Replacement for such Agreed Currency is implemented pursuant to this Section 2.14, (A) for Loans denominated in Dollars any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan be converted by the Agent to, and shall constitute, a Base Rate Loan on such day and (B) for Loans denominated in an Alternative Currency, (1) any Term Benchmark Loan shall, on the last day of the Interest Period applicable to such Loan, at the Borrower's election prior to such day, either (A) bear interest at the Central Bank Rate for the applicable Alternative Currency plus the CBR Spread; provided that, if the Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Alternative Currency cannot be determined, this clause (A) shall be unavailable to be selected by the Borrower (B) be prepaid by the Borrower on such day or (C) solely for the purpose of calculating the interest rate applicable to such Term Benchmark Loan, such Term Benchmark Loan denominated in any Alternative Currency shall be deemed to be a Term Benchmark Loan denominated in Dollars and shall accrue interest at the same interest rate applicable to Term Benchmark Loans denominated in Dollars at such time and (2) any SARON Loan or SONIA Loan shall, at the Borrower's election, either (A) bear interest at the Central Bank Rate for the applicable Alternative Currency plus the CBR Spread; provided that, if the Agent determines (which determination shall be conclusive and binding absent manifest error) that the Central Bank Rate for the applicable Alternative Currency cannot be determined, this clause (A) shall be unavailable to be selected by the Borrower, (B) be converted into Base Rate Loans denominated in Dollars (in an amount equal to the Dollar Equivalent of such Alternative Currency) immediately or (C) be prepaid in full immediately.

2.15 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to honor its obligation to make or maintain Term Benchmark Loans, SARON Loans or SONIA Loans in any Currency hereunder, then such Lender shall promptly notify the Borrower thereof (with a copy to the Agent), such Lender's obligation to make, convert or continue such Loans in such Currency shall be suspended until such time as such Lender may again make or maintain such Loans in such Currency, and if applicable law shall so mandate, such Lender's Loans in such Currency shall be prepaid by the Borrower, together with accrued and unpaid interest thereon and all other amounts payable by the Borrower under this Agreement, on or before such date as shall be mandated by such applicable law.

2.16 Place of Loans. Nothing herein shall be deemed to obligate the Lenders (or Agent on behalf thereof) to obtain the funds to make any Loan in any particular place or manner and nothing herein shall be deemed to constitute a representation by Agent or any Lender that it has obtained or will obtain such funds in any particular place or manner.

2.17 Survivability. Borrower's obligations under Section 2.13 hereof shall survive repayment of the Loans made hereunder and termination of the Revolving Commitments for a period of 90 days after such repayment and termination.

2.18 Increase in Revolving Commitments.

(a) Borrower may, by written notice to Agent, elect to request an increase in the existing Revolving Commitments of any Class and the Maximum Revolving Amount, Maximum Dollar Revolving Amount or Maximum Multicurrency Revolving Amount, as applicable (each increase that satisfies the terms and conditions of this Section 2.18, an "Approved Increase"), which Approved Increase shall be effective on or promptly following the Closing Date, by an aggregate amount, for all such increases under this Section 2.18, that does not cause the Maximum Revolving Amount to exceed $300,000,000. Such Approved Increase shall be in a minimum principal amount of $5,000,000 unless otherwise agreed by Agent. Each such notice shall specify (i) the amount of the proposed increase, if any, to the existing Dollar Revolving Commitments or Multicurrency Revolving Commitments, as applicable, and the existing Maximum Dollar Revolving Amount or Maximum Multicurrency Revolving Amount, as applicable, (ii) the date on which such increase shall become effective (the "Increase Effective Date"), and (iii) the identity of each Lender or other Eligible Transferee to whom Borrower proposes any portion of such increased or new Dollar Revolving Commitments or Multicurrency Revolving Commitments, as applicable, be allocated and the amounts of such allocations, which Lender or other Eligible Transferee shall be satisfactory to the Agent in its sole discretion; provided that any Lender or other Eligible Transferee approached to provide all or a portion of the increased or new Dollar Revolving Commitments or Multicurrency Revolving Commitments, as applicable, may elect or decline, in its sole discretion, to provide such increased or new Dollar Revolving Commitment, Multicurrency Revolving Commitment, Maximum Dollar Revolving Amount or Maximum Multicurrency Revolving Amount, as applicable, and the Maximum Dollar Revolving Amount, Maximum Multicurrency Revolving Amount, and the Total Commitments, as applicable, shall only be increased to the extent of Dollar Revolving Commitments or Multicurrency Revolving Commitments, as applicable, agreed to be provided by Lenders or Eligible Transferees. Any Eligible Transferee who agrees to provide such increased or new Revolving Commitment and Maximum Revolving Amount, Maximum Dollar Revolving Amount or Maximum Multicurrency Revolving Amount, as applicable, shall execute a joinder agreement to which such Eligible Transferee and Agent (whose consent thereto shall not be unreasonably withheld or delayed) are party (the "Increase Joinder"). If such proposed Lender agrees to execute an Increase Joinder in connection with an Approved Increase, such Increase Joinder may, without the consent of any other Lender, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of Agent, to effect the provisions of this Section 2.18. Unless otherwise specifically provided herein, all references in this Agreement and any other Loan Document to Loans shall be deemed, unless the context otherwise requires, to include Loans made pursuant to the increased Revolving Commitments made pursuant to this Section 2.18.

(b) The increased Revolving Commitments and Maximum Revolving Amount, Maximum Dollar Revolving Amount or Maximum Multicurrency Revolving Amount, as applicable, with respect to an Approved Increase shall become effective as of such Increase Effective Date; provided that each of the conditions set forth in Section 3.2 shall be satisfied (or waived).

(c) The terms and provisions of Loans made pursuant to an Approved Increase shall be identical to the terms and provisions applicable to the relevant Loans made immediately prior to such Increase Effective Date.

(d) To the extent any Advances or Letters of Credit of the relevant Class are outstanding on the Increase Effective Date when the Revolving Commitments of such Class and the Maximum Revolving Amount, Maximum Dollar Revolving Amount or Maximum Multicurrency Revolving Amount, as applicable, are increased, each of the Lenders of such Class having a Revolving Commitment of such Class prior to the Increase Effective Date (the "Revolving Pre-Increase Lenders") shall assign to any Lender of such Class which is acquiring a new or additional Revolving Commitment on the Increase Effective Date (the "Revolving Post-Increase Lenders"), and such Revolving Post-Increase Lenders shall purchase from each Revolver Pre-Increase Lender, at the principal amount thereof, such interests in the Advances and participation interests in Letters of Credit on such Increase Effective Date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Advances and participation interests in Letters of Credit will be held by Revolving Pre-Increase Lenders and Revolving Post-Increase Lenders ratably in accordance with their Pro Rata Share of such Class after giving effect to such increased Revolving Commitments.

(e) The Loans and Revolving Commitments established pursuant to this Section shall constitute Loans and Revolving Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from the guarantees and security interests created by the Loan Documents.

2.19 Exchange Rates; Alternative Currency Equivalents.

(a) At any time, any reference in the definition of the term "Alternative Currency" or in any other provision of this Agreement to the currency of any particular nation means the lawful currency of such nation at such time whether or not the name of such currency is the same as it was on the Closing Date. The outstanding principal amount of any Loan or Letter of Credit that is denominated in any Alternative Currency shall be deemed to be the Dollar Equivalent of the amount of the Alternative Currency of such Loan or Letter of Credit, as determined as of the most recent Revaluation Date. Wherever in this Agreement in connection with a Loan or Letter of Credit an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Loan or Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest 1,000 units of such Alternative Currency).

(b) Each obligation hereunder of any party hereto that is denominated in the national currency of a state that is not a Participating Member State on the Closing Date shall, effective from the date on which such state becomes a Participating Member State, be redenominated in Euro in accordance with the legislation of the European Union applicable to the European Monetary Union; provided that, if and to the extent that any such legislation provides that any such obligation of any such party payable within such Participating Member State by crediting an account of the creditor can be paid by the debtor either in Euros or such national currency, such party shall be entitled to pay or repay such amount either in Euros or in such national currency. If the basis of accrual of interest or fees expressed in this Agreement with respect to an Alternative Currency of any country that becomes a Participating Member State after the date on which such currency becomes an Alternative Currency shall be inconsistent with any convention or practice in the interbank market for the basis of accrual of interest or fees in respect of the Euro, such convention or practice shall replace such expressed basis effective as of and from the date on which such state becomes a Participating Member State; provided that, with respect to any Loan denominated in such currency that is outstanding immediately prior to such date, such replacement shall take effect at the end of the Interest Period therefor.

(c) Without prejudice to the respective liabilities of the Borrower to the Lenders and the Lenders to the Borrower under or pursuant to this Agreement, each provision of this Agreement shall be subject to such reasonable changes of construction as the Agent may from time to time, in consultation with the Borrower, reasonably specify to be necessary or appropriate to reflect the introduction or changeover to the Euro in any country that becomes a Participating Member State after the Closing Date; provided that, the Agent shall provide the Borrower and the Lenders with prior notice of the proposed change with an explanation of such change in sufficient time to permit the Borrower and the Lenders an opportunity to respond to such proposed change.

2.20 [Reserved].

2.21 [Reserved].

2.22 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) commitment fees pursuant to Section 2.11(a) shall cease to accrue on the unfunded portion of the Revolving Commitment of such Defaulting Lender;

(b) the Revolving Credit Facility Usage, Dollar Revolving Credit Facility Usage, Multicurrency Revolving Credit Usage and/or Letter of Credit Usage, as applicable, of such Defaulting Lender shall not be included in determining whether the Required Lenders or the Required Lenders of a Class have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 11.2); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) if any Letter of Credit Usage exists at the time any Multicurrency Lender becomes a Defaulting Lender then:

(i) all or any part of the Letter of Credit Usage of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders under the Multicurrency Revolving Credit Facility in accordance with their respective Pro Rata Share thereof but only to the extent the sum of all non-Defaulting Lenders' Multicurrency Revolving Credit Facility Usage plus such Defaulting Lender's Letter of Credit Usage does not exceed the total of all non-Defaulting Lenders' Multicurrency Revolving Commitments and provided that at no time shall the sum of any Multicurrency Lender's aggregate Multicurrency Advances and such Multicurrency Lender's Pro Rata Share of the aggregate Letter of Credit Usage exceed such Multicurrency Lender's Multicurrency Revolving Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within two Business Days following notice by the Agent, cash collateralize for the benefit of each Issuing Lender only the Borrower's obligations corresponding to such Defaulting Lender's Letter of Credit Usage in accordance with the procedures set forth in Section 2.10;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's Letter of Credit Usage pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.3(g) with respect to such Defaulting Lender's Letter of Credit Usage during the period such Defaulting Lender's Letter of Credit Usage is cash collateralized;

(iv) if the Letter of Credit Usage of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.11(a) and Section 2.3(g) shall be adjusted in accordance with such non-Defaulting Lenders' Pro Rata Share;

(v) if all or any portion of such Defaulting Lender's Letter of Credit Usage is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any Issuing Lender or any other Lender hereunder, all letter of credit fees payable under Section 2.3(g) with respect to such Defaulting Lender's Letter of Credit Usage shall be payable to the respective Issuing Lender until and to the extent that such Letter of Credit Usage is reallocated and/or cash collateralized; and

(vi) so long as such Lender is a Defaulting Lender, an Issuing Lender shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Letter of Credit Usage will be 100.0% covered by the Multicurrency Revolving Commitments of the applicable non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.22(c), and participating interests in any newly issued or increased Letter of Credit shall be allocated among the applicable non-Defaulting Lenders in a manner consistent with Section 2.22(c)(i) (and such Defaulting Lender shall not participate therein).

If (a) a Bankruptcy Event with respect to a parent of any Multicurrency Lender shall occur following the Closing Date and for so long as such event shall continue or (b) an Issuing Lender has a good faith belief that any Multicurrency Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Multicurrency Lender commits to extend credit, such Issuing Lender shall not be required to issue, amend or increase any Letter of Credit, or an Issuing Lender shall have entered into arrangements with the Borrower or such Multicurrency Lender, satisfactory to such Issuing Lender to defease any risk to it in respect of such Multicurrency Lender hereunder.

In the event that the Agent, the Borrower, and such Issuing Lender each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Letter of Credit Usage of the Multicurrency Lenders shall be readjusted to reflect the inclusion of such Lender's Total Multicurrency Commitment, and on such date such Lender shall purchase at par such of the Loans of the other Lenders under the relevant Class as the Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Pro Rata Share of such Class.

2.23 Taxes.

(a) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made free and clear of and without deduction for any Taxes except as required by applicable law; provided that if any Loan Party or another applicable withholding agent shall be required by applicable law to deduct any Taxes from such payments, then (i) if such Taxes are Indemnified Taxes, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.23) the Agent, each Lender or each Issuing Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions in respect of Indemnified Taxes been made, (ii) the applicable Loan Party shall make such deductions and (iii) the applicable Loan Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Loan Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law or at the option of the Agent timely reimburse it for the payment of any Other Taxes.

(c) The Loan Parties shall indemnify the Agent, each Lender and each Issuing Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Agent, such Lender or such Issuing Lender, as the case may be, on or with respect to any payment by or on account of any obligation of any Loan Party under any Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.23) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or an Issuing Lender, or by the Agent on its own behalf or on behalf of a Lender or an Issuing Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of any Taxes by any Loan Party to a Governmental Authority, the applicable Loan Party shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent

(e) Each Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Agent on the date on which such Foreign Lender becomes a Lender under any Loan Document (and from time to time thereafter upon the reasonable request of the Borrower or the Agent), an executed copy of whichever of the following is applicable: (i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (1) with respect to payments of interest under any Loan Document, IRS Form W-8BEN or Form W-8BEN-E (or any subsequent versions thereof or successors thereto) establishing an exemption from, or reduction of, U.S. federal withholding tax pursuant to the "interest" article of such tax treaty and (2) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or Form W-8BEN-E (or any subsequent versions thereof or successors thereto) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty, (ii) Internal Revenue Service Form W-8ECI (or any subsequent versions thereof or successors thereto), (iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 871(h) or 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender qualifies for such exemption and (y) Internal Revenue Service Form W-8BEN or Form W-8BEN-E (or any subsequent versions thereof or successors thereto), (iv) Internal Revenue Service Form W-8IMY, together with forms and certificates described in clauses (i) through (iii) above (and Forms W-9 and additional Form W-8IMYs) as may be required or (v) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made. In addition, in each of the foregoing circumstances, each Foreign Lender shall deliver such forms, if legally entitled to deliver such forms, promptly upon the obsolescence, expiration or invalidity of any form previously delivered by such Foreign Lender. Each Foreign Lender shall promptly notify the Borrower (or such other relevant Loan Party) at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower.

(f) Any Lender that is not a Foreign Lender shall deliver to the Borrower and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter as prescribed by applicable law or upon the request of the Borrower or the Agent), a duly executed and properly completed copy of Internal Revenue Service Form W-9 certifying that it is not subject to U.S. federal backup withholding.

(g) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the applicable withholding agent to comply with its obligations under FATCA, to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.23(g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(h) If the Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.23, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.23 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of the Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the Borrower, upon the request of the Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Agent or such Lender in the event the Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.23(h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 2.23(h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section shall not be construed to require the Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

2.24 Mitigation of Obligations. If any Lender or Issuing Lender requests compensation under Section 2.13, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.23, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans or obligations in respect of any Letters of Credit issued hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or Issuing

Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Sections 2.13 or 2.23, as the case may be, in the future and (ii) would not subject such Lender or Issuing Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or Issuing Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or Issuing Lender in connection with any such designation or assignment.

Article III

CONDITIONS TO LOANS

3.1 Conditions Precedent to the Closing Date. The obligation of each Lender to make its initial extension of credit hereunder and the occurrence of the Closing Date is subject to the fulfillment (or waiver), to the reasonable satisfaction of Agent and each Lender, of each of the following conditions prior to February 7, 2022:

(a) The Acquisition shall have been (or, substantially concurrently with the initial funding under the Revolving Credit Facility, shall be) consummated pursuant to, and in all material respects in accordance with, the terms of the Acquisition Agreement. The Acquisition Agreement shall not have been amended, supplemented or modified in any respect, or any provision or condition therein waived, or any consent granted thereunder (directly or indirectly), by the Initial Borrower or any of its Subsidiaries, if such amendment, supplementation, modification, waiver or consent would be material and adverse to the interests of the Lenders or the Arrangers (in either case, in their capacities as such) without the Arrangers' prior written consent, it being understood and agreed that (i) any reduction, when taken together with all prior reductions, of less than 10.0% in the original consideration for the Acquisition will be deemed not to be (and any such reduction of 10.0% or more will be deemed to be) material and adverse to interests of the Lenders or the Arrangers, (ii) any increase, when taken together with all prior increases, of less than 10.0% in the original consideration for the Acquisition will be deemed not to be (and any such increase of 10.0% or more will be deemed to be) material and adverse to interests of the Lenders and the Arrangers and (iii) any change to the definition of "Material Adverse Effect" (as defined in the Acquisition Agreement) will be deemed to be material and adverse to interests of the Lenders and the Arrangers;

(b) Agent shall have received (i) this Agreement, (ii) the Pledge and Security Agreement pursuant to which a Lien is granted on the Collateral in favor of the Agent, for the ratable benefit of the Lenders, and pursuant to which the Agent is authorized to file customary "all assets" UCC-1 financing statements; (iii) the Agent Fee Letter; (iv) the Intercompany Subordination Agreement and (v) each other Loan Document, each duly executed and delivered by each party hereto or thereto;

(c) Agent shall have received the written opinions, dated the Closing Date, of counsel to the Loan Parties, with respect to this Agreement and the other Loan Documents;

(d) Agent shall have received a certificate of status with respect to each Loan Party dated within 30 days of the date of effectiveness of this Agreement, or confirmed by facsimile, if facsimile confirmation is available, each such certificate to be issued by the applicable Governmental Authority, and which certificates shall indicate that the applicable Loan Party is in good standing in such jurisdiction;

(e) Agent shall have received a copy of each Loan Party's Governing Documents, certified by a Responsible Officer with respect to Borrower;

(f) Agent shall have received a copy of the resolutions or the unanimous written consents with respect to each Loan Party, certified as of the Closing Date by a Responsible Officer, authorizing (A) the transactions contemplated by the Loan Documents to which such Loan Party is or will be a party, and (B) the execution, delivery and performance by such Loan Party of each Loan Document to which it is or will be a party and the execution and delivery of the other documents to be delivered by it in connection herewith and therewith;

(g) Agent shall have received a signature and incumbency certificate of the Responsible Officer with respect to each Loan Party executing this Agreement and the other Loan Documents not previously delivered to Agent to which it is a party, certified by a Responsible Officer;

(h) Borrower shall have paid all Lender Group Expenses incurred in connection with the transactions (to the extent invoiced at least three Business Days prior to the Closing Date) and all fees due on the Closing Date pursuant to any Fee Letter;

(i) The Arrangers shall have received the following (collectively, the "Historical Financial Statements"):

(i) (A) audited consolidated balance sheets and related consolidated statements of income, comprehensive income, stockholders' equity and cash flows of the Initial Borrower, prepared in accordance with GAAP, for the three most recent fiscal years that shall have ended at least 60 days prior to the Closing Date; and (B) unaudited consolidated balance sheets and related consolidated statements of income, comprehensive income, stockholders' equity and cash flows of the Initial Borrower, prepared in accordance with GAAP, for each fiscal quarter (other than the fourth fiscal quarter) ended after the date of the most recent balance sheet delivered pursuant to clause (A) above and at least 40 days prior to the Closing Date, in the case of clauses (A) and (B), together with reconciliation statements necessary to eliminate the financial information pertaining to the Initial Borrower and its subsidiaries (other than the Subsequent Borrower and its subsidiaries). The financial statements delivered in respect of each of clauses (A) and (B) shall be prepared in a form consistent with the requirements of Regulation S-X. The Arrangers hereby acknowledge that the Initial Borrower's public filing with the SEC of any required financial statements will satisfy the applicable requirements of this clause (i); provided that a subsequent Form 8-K, Item 4.02 has not been filed with respect to the financial statements included therein;

(ii) (A) audited consolidated balance sheets of Greenspring Associates, LLC and its Consolidated Subsidiaries (as defined in the Acquisition Agreement), for the three most recent fiscal years that shall have ended at least 60 days prior to the Closing Date and the related audited consolidated statements of operations, changes in members' equity, and income of Greenspring Associates, LLC and the Consolidated Subsidiaries for the periods then ended, together with all related notes and schedules thereto; and (B) the unaudited consolidated balance sheet of Greenspring Associates, LLC and the Consolidated Subsidiaries, and the related consolidated statements of operations, changes in members' equity and income of Greenspring Associates, LLC and its Subsidiaries (as defined in the Acquisition Agreement), together with all related notes and schedules thereto, for each fiscal quarter (other than the fourth fiscal quarter) ended after the date of the most recent balance sheet delivered pursuant to clause (A) above and at least 40 days prior to the Closing Date; and

(iii) (A) audited balance sheets and related statements of operations, comprehensive income, stockholders' or members' equity and cash flows of each of GA Inc., GBOS Inc., GALP and GBOS (as each such term is defined in the Acquisition Agreement), in each case, prepared in accordance with GAAP (as defined in the Acquisition Agreement), for the two most recent fiscal years that shall have ended at least 60 days prior to the Closing Date and (B) unaudited balance sheets and related statements of operations, comprehensive income, stockholders' or members' equity and cash flows of GA Inc., GBOS Inc., GALP and GBOS (as each such term is defined in the Acquisition Agreement), in each case, prepared in accordance with GAAP (as defined in the Acquisition Agreement), for each fiscal quarter (other than the fourth fiscal quarter) ended after the date of the most recent balance sheet delivered pursuant to clause (A) above and at least 40 days prior to the Closing Date;

(j) The Arrangers shall have received an officer's certificate (as to the satisfaction of the closing conditions set forth in clauses (a) (other than the last sentence thereof)), (k) and (l) of this Section 3.1 and (B) a certificate in the form of Exhibit F from the Initial Borrower executed by its chief financial officer (or person with equivalent responsibilities);

(k) At the time of and upon giving effect to the borrowing and application of the Loans on the Closing Date, (i) the Acquisition Agreement Representations shall be true and correct and (ii) the Specified Representations shall be true and correct in all material respects (without duplication of any materiality qualifier set forth therein);

(l) There shall not have occurred a Material Adverse Effect (as defined in the Acquisition Agreement as in effect on July 7, 2021) since the date of the Acquisition Agreement;

(m) The Agent shall have received any certificated Equity Interests representing (a) any Equity Interests of the General Partner and the Subsequent Borrower and (b) any Equity Interests of the Acquired Business and its Subsidiaries constituting Collateral, in each case, together with customary stock powers executed in blank;

(n) The Arrangers shall have received, at least three Business Days prior to the Closing Date, all documentation and other information requested by it in writing to the Initial Borrower at least 10 Business Days prior to the Closing Date that is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the USA Patriot Act and the Beneficial Ownership Regulation (including, to the extent the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification); and

(o) At least two (2) Business Days prior to the Closing Date, the Borrower shall have delivered to Agent a Request for Borrowing pursuant to the terms of Section 2.6 hereof.

3.2 Conditions Precedent to All Extensions of Credit. After the Closing Date (except in the case of clause (e)(A) below, which shall apply on the Closing Date), the obligation of the Lender Group (or any member thereof) to make any Loan hereunder (or to issue, extend or renew any Letter of Credit or extend any other credit hereunder) is subject to the fulfillment, at or prior to the time of the making of such extension of credit, of each of the following conditions:

(a) the representations and warranties of Loan Parties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the date of such extension of credit as though made on and as of such date (provided that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; provided, further that, any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct in all respects on such respective dates);

(b) no Event of Default or Unmatured Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making of such extension of credit;

(c) [reserved];

(d) Borrower shall have delivered to Agent a Request for Borrowing pursuant to the terms of Section 2.6 hereof or in the case of any Letter of Credit, a request therefor in accordance with Section 2.10; and

(e) the proceeds of such extension of credit (including any Letter of Credit) shall have been, and shall be (after giving effect to such requested extension of credit), used (A) on the Closing Date, to (i) pay a portion of the consideration for the Acquisition and (ii) fund certain fees, costs and expenses incurred in connection with the Acquisition, this Agreement and the other Loan Documents and (B) after the Closing Date, to finance the ongoing working capital needs and general corporate purposes of the Borrower and its Subsidiaries, including, without limitation, to finance acquisitions otherwise permitted hereunder; provided that the proceeds shall not be available to repay any Debt that is junior or structurally subordinated to the Obligations. Such use of proceeds shall be evidenced on the Request for Borrowing delivered to Lender pursuant to the terms of Section 2.6 hereof.

Article IV

REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower makes the following representations and warranties which shall be true, correct, and complete in all material respects as of the Closing Date, at and as of the date of each Loan, and at and as of the date of each issuance of, renewal of, or amendment to any Letter of Credit (other than technical amendments to any Letter of Credit that do not change the maturity date thereof, the face amount thereof, the amount of any fees or other charges with respect thereto, or any other material term set forth therein), as though made on and as of the date of the making of such Loan or at and as of the date of such issuance of, renewal of, or amendment to any Letter of Credit (other than technical amendments to any Letter of Credit that do not change the maturity date thereof, the face amount thereof, the amount of any fees or other charges with respect thereto, or any other material term set forth therein) (provided that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; provided, further that, any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct in all respects on such respective dates) and such representations and warranties shall survive the execution and delivery of this Agreement and the making of the Loans and the issuance of the Letters of Credit:

4.1 Due Organization. Each Loan Party is (a) a duly organized and validly existing limited liability company, corporation, or limited partnership, as applicable, under the laws of the jurisdiction of its organization and (b) in good standing (or equivalent) under the laws of the jurisdiction of its organization and is duly qualified to conduct business in all jurisdictions where its failure to do so could reasonably be expected to have a Material Adverse Effect.

4.2 Interests in Loan Parties and Subsidiaries. As of the Closing Date, all of the Equity Interests in each Loan Party and each of its Subsidiaries are owned by the Persons identified in Schedule 4.2. As of the Closing Date, after giving effect to the SSG Drop-Down, Schedule 4.2 identifies all Material Subsidiaries.

4.3 Requisite Power and Authorization. (a) Each Loan Party has all requisite limited liability company, corporate, or limited partnership power and authority to execute and deliver the Loan Documents to which it is a party, and in the case of the Borrower, to borrow the sums provided for in this Agreement; (b) each Loan Party has all governmental licenses, authorizations, consents, and approvals necessary to own and operate its Assets and to carry on its businesses as now conducted and as proposed to be conducted, other than licenses, authorizations, consents, and approvals that are not currently required or the failure to obtain which could not reasonably be expected to have a Material Adverse Effect; (c) the execution, delivery, and performance of the Loan Documents to which it is a party have been duly authorized by each Loan Party and all necessary limited liability company, corporate, or limited partnership action in respect thereof has been taken; and (d) the execution, delivery, and performance of the Loan Documents to which a Loan Party is a party do not require any consent or approval of any other Person that has not been obtained.

4.4 Binding Agreements. Each Loan Document has been duly executed and delivered by each Loan Party that is a party thereto. This Agreement and the other Loan Documents to which Borrower is a party, when executed and delivered by Borrower, will constitute, the legal, valid, and binding obligations of Borrower, enforceable against Borrower in accordance with their terms, and the Loan Documents to which the Guarantors are a party, when executed and delivered by the Guarantors, as applicable, will constitute, the legal, valid, and binding obligations of the Guarantors, as applicable, enforceable against the Guarantors, as applicable, in accordance with their terms, in each case except as the enforceability hereof or thereof may be affected by: (a) bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the enforcement of creditors' rights generally and (b) equitable principles of general applicability.

4.5 Compliance with Laws and Other Agreements. The execution, delivery, and performance by Borrower of this Agreement and the other Loan Documents to which it is a party, and the execution, delivery and performance by each of the Guarantors of the Loan Documents to which they are a party, do not and will not: (a) violate (i) any provision of any federal (including the Exchange Act), state, or local law, rule, or regulation (including Regulations T, U, and X of the Federal Reserve Board) binding on any Loan Party, (ii) any order of any applicable Governmental Authority, court, arbitration board, or tribunal binding on any Loan Party, or (iii) the Governing Documents of any Loan Party, or (b) contravene any provisions of, result in a breach of, constitute (with the giving of notice or the lapse of time) a default under, or result in the creation of any Lien upon any of the Assets of any Loan Party pursuant to, any Contractual Obligation of any Loan Party (other than Liens permitted under the Loan Documents), or (c) require termination of any Contractual Obligation of any Loan Party, or (d) constitute a tortious interference with any Contractual Obligation of any Loan Party, in each case of clauses (a)(i), (a)(ii), (b), (c) and (d), except as could not reasonably be expected to have a Material Adverse Effect.

4.6 Litigation; Adverse Facts; Environmental Matters.

(a) There is no action, suit, proceeding, or arbitration (irrespective of whether purportedly on behalf of any Loan Party) at law or in equity, or before or by any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, pending or, to the actual knowledge of Borrower, threatened in writing against or affecting any Loan Party, that could reasonably be expected to have a Material Adverse Effect, or could reasonably be expected to materially and adversely affect such Person's ability to perform its obligations under the Loan Documents to which it is a party (including Borrower's ability to repay any or all of the Loans when due);

(b) None of the Loan Parties is: (i) in violation of any applicable law (including Environmental Law) in a manner that could reasonably be expected to have a Material Adverse

Effect, or (ii) subject to or in default with respect to any final judgment, writ, injunction, decree, rule, or regulation of any court or of any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, in a manner that could reasonably be expected to have a Material Adverse Effect, or could reasonably be expected to materially and adversely affect such Person's ability to perform its obligations under the Loan Documents to which it is a party (including Borrower's ability to repay any or all of the Loans when due); and

(c) (i) There is no action, suit, proceeding or, to the best of Borrower's knowledge, investigation pending or, to the best of Borrower's knowledge, threatened in writing against or affecting any Loan Party that questions the validity or the enforceability of this Agreement or other the Loan Documents, and (ii) there is no action, suit, or proceeding pending against or affecting any Loan Party pursuant to which, on the date of the making of any Loan hereunder or on the date of each issuance of, renewal of, or amendment to any Letter of Credit (other than technical amendments to any Letter of Credit that do not change the maturity date thereof, the face amount thereof, the amount of any fees or other charges with respect thereto, or any other material term set forth therein), there is in effect a binding injunction that could reasonably be expected to materially and adversely affect the validity or enforceability of this Agreement or the other Loan Documents.

(d) Neither Borrower nor any of its Material Subsidiaries nor any of their respective Facilities or operations are subject to any Environmental Claim that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There are and, to each of Borrower's and its Material Subsidiaries' knowledge, have been, no conditions or occurrences which could reasonably be expected to form the basis of an Environmental Claim against Borrower or any of its Material Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Compliance with all current or reasonably foreseeable future requirements pursuant to or under Environmental Laws could not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

4.7 Government Consents. Other than such as may have previously been obtained, filed, or given, as applicable, no consent, license, permit, approval, or authorization of, exemption by, notice to, report to or registration, filing, or declaration with, any governmental authority or agency is required in connection with the execution, delivery, and performance by the Loan Parties of the Loan Documents to which they are a party, in each case, except as could not reasonably be expected to have a Material Adverse Effect.

4.8 [Reserved].

4.9 Payment of Taxes. All tax returns and reports of the Loan Parties (and all taxpayers with which any Loan Party is or has been consolidated or combined) required to be filed by it has been timely filed (inclusive of any permitted extensions), and all Taxes, assessments, fees, amounts required to be withheld and paid to a Governmental Authority and all other governmental charges upon the Loan Parties, and upon their Assets, income, and franchises, that are due and payable have been paid, except to the extent that: (a) the failure to file such returns or reports, or pay such Taxes, assessments, fees, or other governmental charges, as applicable, could not reasonably be expected to have a Material Adverse Effect, or (b) other than with respect to Taxes, assessments, charges or claims which have become a federal tax Lien upon any of any Loan Party's Assets, such Tax, assessment, charge, or claim is being contested, in good faith, by appropriate proceedings promptly instituted and diligently conducted, and an adequate reserve or other appropriate provision, if any, shall have been made as required in order to be in conformity with GAAP. Borrower does not have actual knowledge of any proposed, asserted, or assessed tax deficiency against it or any Guarantor that, if such deficiency existed and had to be rectified, could reasonably be expected to have a Material Adverse Effect.

4.10 Governmental Regulation.

(a) Borrower and its Material Subsidiaries are not, nor immediately after the application by Borrower of the proceeds of the Loans will they be, required to be registered as an "investment company" under the Investment Company Act of 1940, as amended. Each StepStone Fund that is required to be registered as an "investment company" under the Investment Company Act of 1940, as amended, is so registered.

(b) Borrower and each of its Material Subsidiaries and their respective members, partners, officers, directors, other employees (in their capacity as employees), to the extent required under applicable law, are duly registered as an investment adviser or an associated person of an investment adviser, as applicable, under the Investment Advisers Act of 1940, as amended (and has been so registered at all times when such registration has been required by applicable law with respect to the services provided for Borrower's Material Subsidiaries and for the StepStone Funds).

(c) Borrower and each of its Material Subsidiaries, to the extent required under applicable law, are duly registered as a broker-dealer or as a member of a self-regulatory organization, such as FINRA (and has been so registered at all times when such registration has been required by applicable law with respect to the services provided for Borrower's Material Subsidiaries and for the StepStone Funds). Except as set forth on Schedule 4.10, to the extent required pursuant to applicable law, each Broker-Dealer Subsidiary is a member in good standing of FINRA and each Broker-Dealer Subsidiary is duly registered as a broker-dealer with the U.S. Securities and Exchange Commission and/or duly registered as an introducing broker with the CFTC, and in each state where the conduct of a material portion of its business requires such registration, in each case except where the failure to so be in good standing or duly registered, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(d) Borrower, each of its Material Subsidiaries, and each of their respective members, partners, officers, directors and other employees (in their capacity as employees), as the case may be, to the extent required under applicable law, is registered, licensed or qualified as a broker-dealer, broker-dealer representative, a registered representative, or agent in any State of the United States or with the SEC (and has been so registered, licensed or qualified at all times when such registration, license, or qualification has been required by applicable law with respect to the services provided for Borrower's Material Subsidiaries and for the StepStone Funds). Other than Borrower, its Material Subsidiaries, their respective officers, directors and employees, and other Persons in connection with subadvisory arrangements, there are no other Persons who act in the capacity as an investment adviser (as such term is defined in the Investment Advisers Act of 1940, as amended) or an associated person of an investment adviser, in each case with respect to any of the StepStone Funds.

(e) No Loan Party is subject to regulation under the Federal Power Act or any federal, state, or local law, rule, or regulation generally limiting its ability to incur Debt.

4.11 Disclosure. As of the Closing Date, no representation or warranty of any Loan Party contained in this Agreement or any other document, certificate, or written statement furnished to Agent or any Lender by or on behalf of Borrower with respect to the business, operations, Assets, or condition (financial or otherwise) of the Loan Parties for use solely in connection with the transactions contemplated by this Agreement (other than projections (if any), pro forma financial statements and budgets) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein, taken as a whole and in light of the circumstances under which they were made, not materially misleading. As of the Closing Date, there is no fact actually known to Borrower (other than matters of a general economic nature) that Borrower believes reasonably could be expected to have a Material Adverse Effect that has not been disclosed herein or in such other documents, certificates, and statements furnished to Agent or any Lender for use in connection with the transactions contemplated hereby.

4.12 Debt. Neither any Loan Party nor any of their respective Material Subsidiaries has any Debt outstanding other than Debt permitted by Section 6.1 hereof.

4.13 Existing Defaults. No Loan Party is in default in the performance, observance or fulfillment of any of the obligations, contained in any Contractual Obligation applicable to it, and no condition exists which, with or without the giving of notice or the lapse of time, would constitute a default under such Contractual Obligation, except, in any such case, where the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect.

4.14 No Default; No Material Adverse Effect.

(a) No Event of Default or Unmatured Event of Default has occurred and is continuing or would result from any proposed Loan or Letter of Credit.

(b) Since March 31, 2021, no event or development has occurred which could reasonably be expected to result in a Material Adverse Effect.

4.15 Perfection, Etc.. Each Collateral Document delivered pursuant to this Agreement will, upon execution and delivery thereof, be effective to create (to the extent described therein) in favor of the Agent for the benefit of the Secured Parties, legal, valid and enforceable First Priority Liens on, and security interests in, the Collateral described therein to the extent intended to be created thereby and required to be perfected therein, except as to enforcement, as may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and any implied covenant of good faith and fair dealing and (a) when financing statements and other filings in appropriate form are filed in the offices of the Secretary of State (or other applicable office) of each Loan Party's jurisdiction of organization or formation, any applicable documents are filed and recorded in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, and (b) upon the taking of possession or control by the Agent of such Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Agent to the extent possession or control by the Agent is required by the Pledge and Security Agreement), the Liens created by the Collateral Documents shall constitute fully perfected Liens so far as possible under relevant law on, and security interests in (to the extent intended to be created thereby and required to be perfected under the Loan Documents), all right, title and interest of the grantors in such Collateral in each case free and clear of any Liens other than Liens permitted hereunder.

4.16 Historical Financial Statements; Projections.

(a) Historical Financial Statements. The Historical Financial Statements were prepared in conformity with GAAP and fairly present, in all material respects, the financial position, on a consolidated basis, of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows, on a consolidated basis, of the entities described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year-end adjustments. As of the Closing Date, neither Borrower nor any of its Material Subsidiaries has any contingent liability or liability for Taxes, long-term lease or unusual forward or long-term commitment that is not reflected in the Historical Financial Statements or the notes thereto and which in any such case is material in relation to the business, operations, properties, assets or financial condition of Borrower and any of its Material Subsidiaries taken as a whole.

(b) Projections. The projections of Borrower and its Subsidiaries for the period of Fiscal Year 2021 through and including Fiscal Year 2024 delivered to Agent on or prior to the Closing Date (the "Projections") have been prepared in good faith based upon assumptions that are believed by the preparer thereof to be reasonable at the time such Projections were furnished to Agent or Lenders; provided, the Projections are not a guarantee of financial performance and actual results may differ from such Projections and such differences may be material.

4.17 Governing Documents of the Loan Parties. As of the Closing Date, true, correct and complete copies of each Loan Party's Governing Documents have been provided to the Agent and each Lender.

4.18 [Reserved].

4.19 Affected Financial Institutions. No Loan Party is an Affected Financial Institution.

4.20 Federal Reserve Regulations; Exchange Act.

(a) None of the Borrower or any of its Material Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

(b) No portion of the proceeds of any Loan or Letter of Credit shall be used in any manner, whether directly or indirectly, that causes or could reasonably be expected to cause, such Loan or Letter of Credit or the application of such proceeds to violate Regulation T, Regulation U or Regulation X of the Board of Governors or any other regulation thereof or to violate the Exchange Act.

4.21 Employee Matters; Employee Benefit Plans.

(a) Neither Borrower nor any of its Material Subsidiaries is engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (a) no unfair labor practice complaint pending against Borrower or any of its Subsidiaries, or to the best knowledge of Borrower, threatened against any of them before the National Labor Relations Board and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement that is so pending against Borrower or any of its Subsidiaries or to the best knowledge of Borrower, threatened against any of them, (b) no strike or work stoppage in existence or threatened involving Borrower or any of its Subsidiaries, and (c) to the best knowledge of Borrower, no union representation question existing with respect to the employees of Borrower or any of its Subsidiaries and, to the best knowledge of Borrower, no union organization activity that is taking place, except (with respect to any matter specified in clause (a), (b) or (c) above, either individually or in the aggregate) such as is not reasonably likely to have a Material Adverse Effect.

(b) Borrower, each of its Material Subsidiaries and each of their respective ERISA Affiliates are in compliance with all applicable provisions and requirements of ERISA and the Code and the regulations and published interpretations thereunder with respect to each Employee Benefit Plan, and have performed all their obligations under each Employee Benefit Plan, except as could not reasonably be expected to have a Material Adverse Effect. Each Employee Benefit Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service indicating that such Employee Benefit Plan is so qualified and nothing has occurred subsequent to the issuance of such determination letter which would reasonably be expected to cause such Employee Benefit Plan to lose its qualified status. No liability to the PBGC (other than required premium payments due but not delinquent), the Internal Revenue Service, any Employee Benefit Plan or any trust established under Title IV of ERISA has been or is expected to be incurred by Borrower, any of its Material Subsidiaries or any of their ERISA Affiliates except as could not reasonably be expected to have a Material Adverse Effect. No ERISA Event that could reasonably be expected to have a Material Adverse Effect has occurred or is reasonably expected to occur. Except to the extent required under Section 4980B of the Code or similar state laws, no Employee Benefit Plan provides health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employee of Borrower or any of its Material Subsidiaries. The present value of the aggregate benefit liabilities under each Pension Plan sponsored, maintained or contributed to by Borrower, any of its Material Subsidiaries or any of their ERISA Affiliates (determined as of the end of the most recent plan year on the basis of the actuarial assumptions specified for funding purposes in the most recent actuarial valuation for such Pension Plan), did not exceed the aggregate current value of the assets of such Pension Plan. As of the most recent valuation date for each Multiemployer Plan for which the actuarial report is available, the potential liability of Borrower, its Material Subsidiaries and their respective ERISA Affiliates for a complete withdrawal from such Multiemployer Plan (within the meaning of Section 4203 of ERISA), when aggregated with such potential liability for a complete withdrawal from all Multiemployer Plans, based on information available pursuant to Section 101(l) of ERISA is zero. Borrower, each of its Material Subsidiaries and each of their ERISA Affiliates have complied with the requirements of Section 515 of ERISA with respect to each Multiemployer Plan and are not in material "default" (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan.

4.22 Sanctions, Anti-Corruption Laws and PATRIOT Act.

(a) Borrower represents that neither it nor any of its Material Subsidiaries nor to Borrower's knowledge, any employee or agent of Borrower or any of its Material Subsidiaries is a Person that is, or is owned or controlled by a Person or Persons that are (i) the subject or target of any Sanctions or (ii) located, organized or resident in a Sanctioned Country.

(b) The Borrower represents that neither it nor any of its Material Subsidiaries will, directly or, to its knowledge, indirectly, use the proceeds of any Loan or Letter of Credit contemplated by the Agreement, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions, or (ii) in any other manner that will result in a violation of Sanctions, Anti-Corruption Laws or any Anti-Money Laundering Laws by any Person (including any Person participating in the credit or the transaction, whether as lender, underwriter, advisor, investor or otherwise).

(c) Neither the Borrower nor any Material Subsidiary nor to the Borrower's or any Material Subsidiary's knowledge, any employee or agent of Borrower or of any of its Material Subsidiaries, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage, in each case, in violation of the Foreign Corrupt Practices Act of 1977 (as amended, the "FCPA"), the United Kingdom Bribery Act of 2010 (as amended, the "UK Bribery Act"), any European Union anti-corruption laws or any other Anti-Corruption Laws applicable to the Borrower or its Material Subsidiaries. The Borrower and its Material Subsidiaries have instituted and maintain and will continue to maintain policies and procedures designed to promote material compliance with such laws and with the representation and warranty contained herein.

(d) The operations of Borrower and its Material Subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements under all anti-money laundering laws and regulations of the United States, including the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of the United Kingdom and other European Union jurisdictions that are applicable to Borrower and its Material Subsidiaries, the rules and regulations thereunder and any related guidelines, issued, administered or enforced by any Governmental Authority (collectively, the "Anti-Money Laundering Laws"). No action, suit or proceeding by any Governmental Authority before any court or Governmental Authority, authority or body or any arbitrator against Borrower or any of its Material Subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of Borrower, threatened.

(e) The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Material Subsidiaries and their respective directors, officers, employees and agents with applicable Sanctions, and the Borrower, its Material Subsidiaries and, to the knowledge of the Borrower, their respective officers and employees and the Borrower's directors and agents, are in material compliance with applicable Sanctions.

4.23 Use of Proceeds. The Borrower will use the proceeds of the Loans and the Letters of Credit as set forth in Section 3.2(e).

4.24 Properties; Licenses, Etc..

(a) Title. Each of Borrower and its Material Subsidiaries has (i) good, marketable and legal title to (in the case of fee interests in real property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), (iii) valid ownership or licensed rights in (in the case of licensed interests in Intellectual Property), and (iv) good title to (in the case of all other personal property), all of their respective properties and assets reflected in their respective Historical Financial Statements and in the most recent financial statements delivered pursuant to Section 5.2, in each case except for assets disposed of since the date of such financial statements in the ordinary course of business or as otherwise permitted under Section 6.7. Except as permitted by this Agreement, all such properties and assets are free and clear of Liens.

(b) The Borrower and the Material Subsidiaries own or have a valid right to use, all the Intellectual Property necessary for the operation of their respective businesses as currently conducted, except where the failure to have any such rights, has not resulted in, or is not reasonably expected, individually or in the aggregate, to result in a Material Adverse Effect. The operation of the respective businesses of the Borrower and the Material Subsidiaries as currently conducted does not infringe upon, misappropriate or violate any Intellectual Property rights held by any Person except for such infringements, misappropriations or violations that have not resulted in, or are not reasonably expected, individually or in the aggregate, to result in, a Material Adverse Effect. No claim or litigation regarding any Intellectual Property owned by the Borrower or any of the Material Subsidiaries is pending or, to the knowledge of the Borrower, threatened against the Borrower or any Material Subsidiary, that, has resulted in, or is reasonably expected, individually or in the aggregate, to result in a Material Adverse Effect.

(c) Except as otherwise permitted under Section 6.6, each Loan Party will, and will cause each of its Material Subsidiaries to, at all times preserve and keep in full force and effect its existence and all rights and franchises, licenses and permits and Intellectual Property Assets (and such other Assets) material to its business; provided, no Loan Party (other than Borrower with respect to existence) or any of its Material Subsidiaries shall be required to preserve any such existence, right or franchise, licenses and permits if such Person's board of directors (or similar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person or to Lenders.

4.25 Solvency. As of the Closing Date, after giving effect to the Transactions, the Initial Borrower, on a consolidated basis with its Subsidiaries, is Solvent.

4.26 Beneficial Ownership. As of the Closing Date, to the best knowledge of the Borrower, the information included in the Beneficial Ownership Certification provided on or prior to the Closing Date (if any) to any Lender in connection with this Agreement is true and correct in all material respects.

4.27 Acquired Business Management Agreements. On the Closing Date, each Management Agreement between (i) the general partner (or similar governing Person or body) of a Fund and (ii) the Acquired Business or any of its Subsidiaries immediately prior to the Closing Date has been assigned to the Subsequent Borrower.

Article V

AFFIRMATIVE COVENANTS OF BORROWER

Borrower covenants and agrees that, so long as any portion of the Revolving Commitment under this Agreement shall be in effect and until payment, in full, of the Loans, with interest accrued and unpaid thereon, all other Obligations (other than (i) contingent indemnification obligations for which no claim has been made and (ii) Obligations in respect of Letters of Credit that have been cancelled, backstopped, expired or cash collateralized in accordance with the provisions of Section 2.8(a) hereof, or to which other arrangements have been made, in each case, in a manner reasonably satisfactory to the Issuing Lender and Agent) and all other amounts due hereunder, and Borrower will do, and (except in the case of the covenants set forth in Sections 5.2(a), (b), (c), (d) and (e) which covenants shall be performed by the

Borrower) will cause the other Loan Parties and their Material Subsidiaries to do, each and all of the following:

5.1 Accounting Records and Inspection. Maintain adequate financial and accounting books and records in accordance with sound business practices and, to the extent so required, GAAP consistently applied, and permit any representative of Agent (and after the occurrence and during the continuance of an Event of Default, a representative of each Lender) upon reasonable prior written notice to Borrower, at any time during usual business hours, to inspect, audit, and examine such books and records and to make copies and take extracts therefrom, and to discuss its affairs, financing, and accounts with Borrower's or the applicable Material Subsidiary's officers and independent public accountants; provided, that Borrower shall only be obligated to reimburse Agent for the reasonable and documented, out-of-pocket expenses for one such inspection, audit or examination performed by such representative per calendar year absent the occurrence and continuance of an Event of Default. Subject to Section 11.11, Borrower shall furnish Agent with any information reasonably requested by Agent regarding the Initial Borrower's, Subsequent Borrower's or their respective Subsidiaries' business or finances promptly upon request.

5.2 Financial Statements and Other Information. Furnish to Agent:

(a) Within 90 days after the end of each fiscal year of Borrower, (i) an annual report containing consolidated statements of financial condition as of the end of such fiscal year, and consolidated statements of operations and cash flows for the Borrower for the year then ended, prepared in accordance with GAAP, which shall be accompanied by a report and an unqualified opinion under generally accepted auditing standards of independent certified public accountants of recognized standing selected by Borrower and reasonably satisfactory to Agent (it being agreed that any of the "Big Four" are reasonably satisfactory) (which opinion shall be without (1) a "going concern" or like qualification or exception, (2) any qualification or exception as to the scope of such audit, or (3) any qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause any noncompliance with the provisions of Section 6.13); provided that, so long as the Initial Borrower is subject to the reporting requirements of the Exchange Act, the filing of the Initial Borrower's report on Form 10-K for such fiscal year shall satisfy the requirements of this clause (i), so long as such Form 10-K is concurrently furnished (which may be by a link to a website containing such document sent by automated electronic notification) to the Agent upon filing thereof, and (ii) a reconciliation (that may be part of the financial statements) prepared by a Financial Officer of the Initial Borrower and indicating the differences between (x) the statement of financial condition and statement of operations referred to in clause (i) above and (y) the unaudited statement of financial condition and statement of operations of the Loan Parties and their consolidated Subsidiaries on a Stand Alone Basis in respect of such year and, unless otherwise separately provided, as between such consolidated Subsidiaries, a reconciliation between the Subsidiaries of the Loan Parties and any Person that is not a Subsidiary of a Loan Party (such reconciliation, the "LP Annual Financial Statements").

(b) Within 45 days after the end of each of the first three quarters of each fiscal year of Borrower, (i) a financial report containing consolidated statements of financial condition, consolidated statements of operations and cash flows for the Borrower for the period then ended; provided that, so long as the Initial Borrower is subject to the reporting requirements of the Exchange Act, the filing of the Initial Borrower's report on Form 10-Q for such fiscal quarter shall satisfy the requirements of this clause (i), so long as such Form 10-Q is concurrently furnished (which may be by a link to a website containing such document sent by automated electronic notification) to the Agent upon filing thereof, and, (ii) a reconciliation (that may be part of the financial statements) prepared by a Financial Officer of the Initial Borrower and indicating the differences between (x) the statement of financial condition and statement of operations referred to in clause (i) above and (y) the unaudited statement of financial condition and statement of operations of the Loan Parties and their consolidated Subsidiaries on a Stand Alone Basis in respect of such year and, unless otherwise separately provided, as between such consolidated Subsidiaries, a reconciliation between the Subsidiaries of the Loan Parties and any Person that is not a Subsidiary of a Loan Party (such reconciliation, the "LP Quarterly Financial Statements").

(c) Promptly upon the filing thereof, all material documents filed by the Initial Borrower with the SEC (which may be by a link to a website containing such document sent by automated electronic notification);

(d) Substantially concurrent with the delivery of the financial reports described above in clauses (a) and (b) of this Section 5.2, a Compliance Certificate duly executed by the chief financial officer (or person with equivalent responsibilities) of Borrower (1) stating that (i) he or she has individually reviewed the provisions of this Agreement and the other Loan Documents, (ii) the financial statements contained in such report have been prepared in accordance with GAAP (except in the case of reports required to be delivered pursuant to clause (b) above, for the lack of footnotes and being subject to year-end audit adjustments) and fairly present in all material respects the financial condition of the Initial Borrower and its Subsidiaries, (iii) the LP Annual Financial Statements or LP Quarterly Financial Statements, as the case may be fairly present in all material respects the financial condition and statement of operations of the Loan Parties and their consolidated Subsidiaries on a Stand Alone Basis in respect of such period other than as provided in any reconciliation for that period, (iv) consistent with past practice, a review of the activities of the Initial Borrower and its Subsidiaries during such year or quarterly period, as the case may be, has been made by or under such individual's supervision, with a view to determining whether the Loan Parties have fulfilled all of their respective obligations under this Agreement, and the other Loan Documents, and (v) no Loan Party is in default in the observance or performance of any of the provisions hereof or thereof, or if any Loan Party shall be so in default, specifying all such defaults and events of which such individual may have knowledge, (2) to the extent information is available in the Initial Borrower's public disclosure and reasonably requested by Agent, attaching a schedule thereto that sets forth, on a StepStone Fund by StepStone Fund basis, the Fee Paying Assets Under Management for such StepStone Fund and (3) attaching a schedule thereto that sets forth a calculation of Consolidated Adjusted EBITDA for the most recent four fiscal quarter period, including reasonable detail of each component of Consolidated Adjusted EBITDA as set forth in the definition thereof and reasonable detail of any portion of Fees included in Consolidated Adjusted EBITDA that is contributed by a Subsidiary;

(e) if not otherwise provided pursuant to clause (a) or (b), above, as applicable, then, substantially contemporaneously with each quarterly and year-end financial report required by clauses (a) and (b) of this Section 5.2, a certificate of the chief financial officer (or person with equivalent responsibilities) of Borrower separately identifying and describing all material Contingent Obligations of the Loan Parties;

(f) notice, as soon as possible and, in any event, within five (5) Business Days after Borrower has knowledge, of: (i) the occurrence of any Event of Default or any Unmatured Event of Default, (ii) any default or event of default as defined in any evidence of Debt of Borrower or under any material agreement, indenture, or other instrument under which such Debt has been issued, irrespective of whether such Debt is accelerated or such default waived, (iii) a breach of, or noncompliance with, any term, condition, or covenant contained in this Agreement or any other Loan Document, (iv) a breach of, or noncompliance with, any term, condition, or covenant of any Contractual Obligation of any Loan Party that in the case of clauses (ii) - (iv), would result in an Event of Default hereunder, or (v) any condition or event which has resulted or could reasonably be expected to result in a Material Adverse Effect. In any such event, Borrower also shall supply Agent with a statement from a Responsible Officer of Borrower, setting forth the details thereof and the action that Borrower proposes to take with respect thereto; provided, that Borrower shall not be required to provide any information that reasonably would be expected to result in a waiver of any attorney-client privilege of Borrower;

(g) as soon as practicable, any written report pertaining to material items in respect of Borrower's internal control matters submitted to Borrower by its independent accountants in connection with each annual audit of the financial condition of Borrower;

(h) [reserved];

(i) promptly upon becoming aware of any Person's seeking to obtain or threatening to seek to obtain a decree or order for relief with respect to any Loan Party in an involuntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, a written notice thereof specifying what action Borrower is taking or proposes to take with respect thereto;

(j) promptly, copies of all amendments to the Governing Documents of any Loan Party except for (i) immaterial amendments or waivers permitted by such Governing Documents not requiring the consent of the holders of the Securities in the applicable Loan Party, or (ii) amendments or waivers which would not, either individually or collectively, be materially adverse to the interests of the Lender Group;

(k) prompt notice of:

(i) all legal or arbitral proceedings, and all proceedings by or before any governmental or regulatory authority or agency, against or, to the knowledge of Borrower, threatened in writing against or affecting any Loan Party which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(ii) the acquisition by any Loan Party of any Margin Stock; and

(iii) the issuance by any United States federal or state court or any United States federal or state regulatory authority of any injunction, order, or other restraint prohibiting, or having the effect of prohibiting or delaying, the making of the Loans or issuing Letters of Credit, or the institution of any litigation or similar proceeding seeking any such injunction, order, or other restraint, in each case, of which Borrower or any of its Material Subsidiaries has knowledge;

(l) reasonably promptly, such other information and data (other than monthly financial statements) with respect to the Loan Parties (including information regarding know-your-customer), as from time to time may be reasonably requested by Agent or any Lender (including any information reasonably requested by Agent or such Lender to enable Agent or such Lender to comply with any of the requirements under Regulations T, U, or X of the Federal Reserve Board);

(m) promptly (and in any event within 30 days) written notice of any change (i) in any Loan Party's legal name, (ii) in any Loan Party's legal identity or legal structure or (iii) in any Loan Party's jurisdiction of organization. Each Loan Party agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made, or are made concurrently with such change, under the UCC or otherwise that are required in order for the Agent to continue at all times following such change to have a valid, legal and perfected First Priority security interest in all the Collateral as contemplated in the Collateral Documents. The Borrower also agrees promptly to notify the Agent if any material portion of the Collateral is damaged or destroyed; and

(n) each year, at the time of delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.2(a), the Borrower shall deliver to the Agent a certificate of its Responsible Officer (or its general partner) (i) either confirming that there has been no change in such information since the later of (x) the date of the Perfection Certificate delivered on the Closing Date and (y) the date of the most recent updated certificate delivered pursuant to this Section 5.2(n) and/or identifying such changes and (ii) certifying that all UCC financing statements (including fixtures filings, as applicable) and all supplemental intellectual property security agreements or other appropriate filings, recordings or registrations, have been filed of record by or on behalf of the Agent in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (i) above (or in such Perfection Certificate) to the extent necessary to effect, protect and perfect the security interests under the Collateral Documents for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

5.3 Existence. Except as expressly permitted by Section 6.6, preserve and keep in full force and effect, at all times, its existence (and with respect to the Borrower only, its legal existence in a state of the United States or the District of Columbia) and that of each Material Subsidiary unless such Material Subsidiary is wound up or dissolved as a result of the Fund applicable to such Material Subsidiary being wound up or dissolved.

5.4 Payment of Taxes and Claims. Pay all material Taxes, assessments, and other governmental charges imposed upon it or any of its Assets or in respect of any of its businesses, incomes, or Assets before any penalty or interest accrues thereon, and all claims (including claims for labor, services, materials, and supplies) for sums which have become due and payable and which by law have or may become a Lien upon any of its Assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, however, that, unless such Taxes, assessments, charges, or claims have become a federal tax Lien on any of its Assets, no such Tax, assessment, charge, or claim need be paid if the same is being contested, in good faith, by appropriate proceedings promptly instituted and diligently conducted and if an adequate reserve or other appropriate provision, if any, shall have been made there for as required in order to be in conformity with GAAP.

5.5 Compliance with Laws. Comply with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property (including compliance with all Environmental Laws), except, in each case, where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

5.6 Further Assurances. At any time or from time to time upon the request of Agent, Borrower shall, and shall cause each other Loan Party to, execute and deliver such further documents and do such other acts and things as Agent may reasonably request in writing in order to effect fully the purposes of this Agreement or the other Loan Documents and to provide for payment of the Loans made hereunder, with interest thereon, in accordance with the terms of this Agreement. In furtherance and not in limitation of the foregoing, each Loan Party shall take such actions as the Agent may reasonably request from time to time to ensure that the Obligations are guaranteed by the Guarantors and are secured by the Collateral. Each Loan Party hereby agrees (i) that the Agent may from time to time order such additional Uniform Commercial Code, United States Patent and Trademark Office, United States Copyright Office, tax and judgment lien searches, bankruptcy and pending lawsuit searches or equivalent reports as the Agent deems reasonably necessary or advisable in order to verify and maintain the priority and perfection of its security interest in the Collateral and (ii) to reasonably cooperate in connection therewith.

5.7 Additional Loan Parties; Additional Collateral. Within 20 days after a Material Subsidiary is formed or acquired or such person becomes (or is required pursuant to the definition of "Immaterial Subsidiaries" to be designated as) a Material Subsidiary, as applicable, notify the Agent of such occurrence, and, within 30 days (or such longer period as the Agent may agree in its reasonable discretion) following such notification, cause such Material Subsidiary (other than an Excluded Subsidiary) to (i) become a Loan Party by delivering to the Agent a Loan Party Joinder Agreement executed by such new Loan Party, (ii) deliver to the Agent a certificate of such Material Subsidiary, substantially in the form of the certificates delivered pursuant to Section 3.1(e) through (g) on the Closing Date, with appropriate insertions and attachments, (iii) if reasonably requested by the Agent, deliver to the Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from Gibson, Dunn & Crutcher LLP or other counsel, reasonably satisfactory to the Agent, (iv) take all such actions and execute and deliver, or cause to be executed and delivered, all such documents, instruments, agreements, and certificates as are similar to those described in Section 3.1(d), (m) and (n). Any document, agreement, or instrument executed or issued pursuant to this Section 5.7 shall be a Loan Document.

5.8 Insurance. Borrower will maintain or cause to be maintained, with financially sound and reputable insurers, such public liability insurance, third-party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of Borrower and its Material Subsidiaries as may customarily be carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses, in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such Persons. Each such policy of insurance shall (i) name the Agent, for the benefit of the Secured Parties, as an additional insured thereunder as its interests may appear, and (ii) in the case of each casualty insurance policy, contain a loss payee clause or endorsement, reasonably satisfactory in form and substance to the Agent, that names the Agent, for the benefit of the Secured Parties, as the loss payee thereunder and provide for at least thirty days' prior written notice to Agent of any modification or cancellation of such policy or otherwise be in such form as Agent may reasonably agree.

5.9 Foreign Qualification. Borrower shall duly qualify to conduct business in all jurisdictions where its failure to do so could reasonably be expected to have a Material Adverse Effect, and each Guarantor shall duly qualify to conduct business in all jurisdictions where its failure to do so could reasonably be expected to have a Material Adverse Effect.

5.10 [Reserved].

5.11 Cash Management Systems. Within 60 days after the Closing Date (or such later date as may be agreed in the sole discretion of the Agent), the Borrower and the Guarantors shall ensure that all cash held by them in deposit accounts (other than any in Excluded Accounts (as defined in the Pledge and

Security Agreement)) are subject to a valid and perfected First Priority security interest in favor of the Agent, for the benefit of the Secured Parties, pursuant to control agreements in form and substance reasonably satisfactory to the Agent (each, a "Control Agreement").

5.12 Maintenance of Properties. Borrower will, and will cause each Material Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition (subject to casualty, condemnation and ordinary wear and tear), except where the failure to do so could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.13 Conduct of Business. From and after the Closing Date, each Loan Party shall, and shall cause each of its Material Subsidiaries to, engage in solely the businesses engaged in by such Loan Party or such Material Subsidiary on the Closing Date and similar or related businesses.

5.14 Compliance with Anti-Money Laundering Laws and Anti-Corruption Laws. Borrower shall, and shall cause each of its Material Subsidiaries to, (a) comply with all Anti-Money Laundering Laws and Anti-Corruption Laws in all material respects, and shall maintain policies and procedures designed to ensure compliance with all Anti-Money Laundering Laws and Anti-Corruption Laws, (b) ensure it does not directly or, to its knowledge, indirectly use or authorize the use of the proceeds of any of the Loans in connection with any improper payment, or otherwise lend, contribute, or otherwise make available such proceeds to any Subsidiary, joint venture partner, or other Person in any manner that would violate or cause Lender to violate any Anti-Corruption Laws or Anti-Money Laundering Laws, and (c) ensure it does not directly or, to its knowledge, indirectly fund any portion of any repayment of the Obligations out of funds or assets derived from any improper payment or otherwise in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws.

5.15 Compliance with Sanctions. The Borrower shall not, and shall cause each of its Material Subsidiaries and its and their respective directors, officers, employees and agents to not, directly or, to their knowledge, indirectly use or authorize the use of the proceeds of any Loan hereunder, or lend, contribute, or otherwise make available such proceeds to any Subsidiary, joint venture partner, or other Person in any manner that would be prohibited by Sanctions or would otherwise cause Lender to be in breach of any Sanctions or to become a Sanctioned Person. Borrower, its Material Subsidiaries and its and their respective directors, officers, employees and agents shall comply with all Sanctions in all material respects. Borrower shall maintain and enforce policies and procedures designed to ensure material compliance with all Sanctions.

5.16 Post-Closing Matters. The Borrower shall, and shall cause each applicable Material Subsidiary to, complete each action set forth on Schedule 5.16 attached hereto in the timeframes set forth thereon (or such longer periods as the Agent may agree).

Article VI

NEGATIVE COVENANTS OF BORROWER

Borrower covenants and agrees that, so long as any portion of the Revolving Commitment under this Agreement shall be in effect and until payment, in full, of the Loans, with interest accrued and unpaid thereon, all other Obligations (other than (i) contingent indemnification obligations for which no claim has been made and (ii) Obligations in respect of Letters of Credit that have been cancelled, backstopped, expired or cash collateralized in accordance with the provisions of Section 2.8(a) hereof, or to which other arrangements have been made, in each case, in a manner reasonably satisfactory to the Issuing Lender and Agent) and all other amounts due hereunder, and Borrower will not do, and, except in respect of Section

6.5, will not permit any Material Subsidiary (and, in the case of Section 6.11, each Subsidiary) to do, any of the following:

6.1 Debt. Create, incur, assume, permit, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Debt, except:

(a) Debt evidenced by this Agreement and the other Loan Documents;

(b) Debt incurred by any Loan Party; provided that at the time of incurrence of such Debt and after giving pro forma effect thereto, (i) the Borrower would be in compliance with Section 6.13 and (ii) no Unmatured Event of Default or Event of Default has occurred and is continuing at the time of such incurrence; provided further, that the Loan Parties shall cause any Debt incurred pursuant to this clause (b) and owed to any Subsidiary that is not a Loan Party or any other Subordinated Creditor (as defined in the Intercompany Subordination Agreement) to be subordinated to the Loans on substantially the same terms as set forth in the Intercompany Subordination Agreement;

(c) Contingent Obligations resulting from the endorsement of instruments for collection in the ordinary course of business;

(d) Debt of (i) any Loan Party to any other Loan Party, (ii) any Material Subsidiary that is not a Loan Party to any other Subsidiary that is not a Loan Party and (iii) any Material Subsidiary that is not a Loan Party to a Loan Party; provided, that the Loan Parties shall cause any Debt incurred pursuant to this clause (d) and owed to any Subsidiary that is not a Loan Party or any other Subordinated Creditor (as defined in the Intercompany Subordination Agreement) to be subordinated to the Loans on substantially the same terms as set forth in the Intercompany Subordination Agreement;

(e) Debt which may be deemed to exist pursuant to any performance bonds, surety bonds, statutory bonds, appeal bonds or similar obligations incurred in the ordinary course of business;

(f) Debt in respect of netting services, overdraft protections and otherwise in connection with deposit accounts incurred in the ordinary course of business;

(g) guaranties in the ordinary course of business of the obligations of suppliers, customers, franchisees and licensees of Loan Parties and Subsidiaries;

(h) (i) Debt of a Loan Party or any Material Subsidiaries under (A) any Cash Management Agreement in the ordinary course of business or (B) any Hedging Agreement so long as such Hedging Agreements are used solely as a part of its normal business operations as a risk management strategy or hedge against changes resulting from market operations and not as a means to speculate for investment purposes on trends and shifts in financial or commodities markets and (ii) to the extent constituting Debt, Intercompany Total Return Swaps; provided, solely in respect of this clause (h)(ii), (A) to the extent and owed to any Subsidiary that is not a Loan Party or any other Subordinated Creditor (as defined in the Intercompany Subordination Agreement), the payment of any obligations in respect thereof shall be subordinated to the prior payment in full of the Obligations on terms and conditions reasonably satisfactory to Agent and (B) any such Intercompany Total Return Swap would otherwise be permitted under this Section 6.1 (without giving effect to this clause (h)(ii)) if the notional amount thereof were incurred in the form of a principal amount of intercompany loans between the parties thereto;

(i) Debt described in Schedule 6.1 hereof;

(j) Debt incurred in the ordinary course of business under incentive, non-compete, consulting, deferred compensation, or other similar arrangements incurred by any Loan Party or Material Subsidiary;

(k) Debt incurred in the ordinary course of business with respect to the financing of insurance premiums;

(l) Debt in respect of taxes, assessments or governmental charges to the extent that payment thereof shall not at the time be required to be made hereunder;

(m) other Debt of Material Subsidiaries (other than any Loan Party) in an aggregate principal amount not to exceed, at the time of incurrence of such other Debt, the greater of (i) $45,000,000 and (ii) 30% of Consolidated Adjusted EBITDA for the most recent four fiscal quarter period with respect to which financial statements have been, or were required to have been, delivered pursuant to Section 5.2(a) or (b), so long as after giving pro forma effect thereto, (i) the Borrower would be in compliance with Section 6.13 and (ii) no Unmatured Event of Default or Event of Default has occurred and is continuing at the time of incurrence of any such other Debt;

(n) Debt incurred by the Subsequent Borrower pursuant to the Intercompany Loan Agreement; provided, that the Subsequent Borrower shall cause any Debt incurred pursuant to this clause (n) to be subordinated to the Loans on substantially the same terms as set forth in the Intercompany Subordination Agreement;

(o) guaranties by Loan Parties and Material Subsidiaries in respect of real estate lease obligations incurred in the ordinary course of business;

(p) guaranties by Borrower of Debt of a Guarantor or guaranties by a Guarantor of Debt of the Borrower with respect to, in each case, to Debt otherwise permitted pursuant to this Section 6.1; provided, that if the Debt that is being guaranteed is unsecured and/or subordinated to the Obligations, the guaranty shall also be unsecured and/or subordinated to the Obligations; and

(q) Purchase Money Debt.

6.2 Liens. Create, incur, assume, or permit to exist, directly or indirectly, any Lien on or with respect to any of its Assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except:

(a) Liens granted by the Loan Parties to Agent in order to secure the Obligations;

(b) Permitted Liens;

(c) Liens described in Schedule 6.2 hereof, if any, but not the extension of coverage thereof to other property or assets;

(d) any interest or title of a lessor under any lease entered into by a Loan Party or any Material Subsidiary in its capacity as lessee, tenant or subtenant (i) in the ordinary course of its business, (ii) covering only the assets so leased and (iii) not materially impairing the use by or value to any Loan Party with respect to such leased real property;

(e) leases or subleases, licenses or sublicenses granted to other Persons not materially interfering with the conduct of the business of the Borrower or any Material Subsidiaries and disclosed to Agent;

(f) Liens in connection with the financing of insurance premiums in the ordinary course of business which attach solely to the proceeds thereof or any premium refund;

(g) purported Liens evidenced by the filing of precautionary UCC financing statements (i) relating solely to operating leases of personal property entered into the ordinary course of business and (ii) covering assets sold or contributed to any Person not prohibited hereunder;

(h) Liens granted by any Loan Party or any of its Material Subsidiaries, in each case, that is a general partner, manager or member of a Fund to secure any indebtedness incurred by such Fund that is secured by the capital commitments of such Fund and/or the right of such Loan Party or Material Subsidiary, as applicable, to call capital commitments to such Fund;

(i) [reserved];

(j) Liens granted by (i) any Loan Party in favor of any other Loan Party, (ii) any Material Subsidiary that is not a Loan Party in favor of any Loan Party and (iii) any Material Subsidiary that is not a Loan Party in favor of any other Material Subsidiary that is not Loan Party; provided, that if the Lien permitted by this clause (j) is on Assets constituting Collateral, such Lien shall be shall be subject to an intercreditor agreement reasonably satisfactory to the Agent;

(k) easements, rights of way, zoning restrictions and similar encumbrances on real property and minor irregularities in the title thereto that do not (i) secure obligations for the payment of money or (ii) materially impair the value of such property or its use by any Loan Party or any of its Subsidiaries in the normal conduct of such Person's business, and are not violated by any such use;

(l) Liens in favor of any escrow agent solely on and in respect of any cash earnest money deposits made by any Loan Party or any Subsidiary in connection with any letter of intent or purchase agreement (to the extent that the acquisition or Disposition with respect thereto is otherwise permitted hereunder); provided that (i) the Distribution by the Borrower of cash in an amount equal to such cash earnest money deposit would not be prohibited by Section 6.5 and (ii) such acquisition would not otherwise result in an Event of Default or an Unmatured Event of Default;

(m) Liens encumbering customary deposits and margin deposits, and similar Liens and margin deposits, and similar Liens attaching to commodity trading accounts and other deposit or brokerage accounts incurred in the ordinary course of business; provided that (i) the Distribution by the Borrower of cash in an amount equal to such deposit would not be prohibited by Section 6.5 and (ii) no Event of Default or an Unmatured Event of Default has occurred and is continuing at the time of such incurrence;

(n) Liens deemed to exist as a matter of law in connection with permitted repurchase obligations or set-off rights;

(o) Liens in favor of collecting banks arising under Section 4-210 of the UCC;

(p) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(q) Liens securing Debt incurred pursuant to Section 6.1(q); provided, any such Lien shall encumber only the asset acquired or leased, as applicable, in connection with the incurrence of such Debt and proceeds thereof;

(r) Liens securing Debt permitted by Section 6.1(b); provided that such Liens shall be subject to an intercreditor agreement reasonably satisfactory to the Agent;

(s) other Liens on assets of Material Subsidiaries that are not Loan Parties securing Debt permitted by Section 6.1(m); and

(t) Liens incurred to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money or other Debt), so long as no foreclosure, sale or similar proceedings have been commenced with respect to any portion of the Collateral on account thereof.

6.3 Investments. Make or own, directly or indirectly, any Investment in any Person, except Permitted Investments; provided that no Investments (other than any Permitted Investments in or to a Loan Party) shall be permitted to be incurred so long as an Event of Default under Sections 7.1(a), 7.1(b)(i) (solely with respect to a breach of Section 6.13), 7.1(d), 7.1(e), 7.1(f), or 7.1(g) has occurred and is continuing.

6.4 Negative Pledges. Be party to any agreement prohibiting the creation or assumption of any Lien upon any of its properties or assets, whether now owned or hereafter acquired, to secure the Obligations; provided that the following shall not be prohibited:

(a) specific property encumbered to secure payment of particular Debt or to be sold pursuant to an executed agreement with respect to a permitted sale of Assets;

(b) restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordinary course of business (provided that such restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be);

(c) restrictions required by applicable law to be contained in any investment advisory agreement of Borrower or any Material Subsidiary and other restrictions under applicable law;

(d) restrictions contained in any agreement in effect at the time a Material Subsidiary becomes a Subsidiary of Borrower, so long as such agreement was not entered into in connection with or in contemplation of such person becoming a Subsidiary of Borrower;

(e) customary provisions in partnership agreements, limited liability company organizational governance documents, asset sale and stock sale agreements and other similar agreements entered into in the ordinary course of business that restrict the transfer of ownership interests in such partnership, limited liability company or similar person;

(f) any instrument governing Debt assumed in connection with any New Acquisition, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(g) in the case of any joint venture or special purpose vehicle which is not a Loan Party, restrictions in such Person's organizational documents or pursuant to any joint venture agreement, stockholders agreements or similar agreement solely to the extent of the equity interests of or property held in the subject joint venture or other entity;

(h) restrictions contained in the organizational documents or governing documents with respect to any Fund or general partner thereof;

(i) any encumbrances or restrictions imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents; provided that such amendments or refinancings are no more materially restrictive with respect to such encumbrances and restrictions than those prior to such amendment or refinancing; or

(j) agreements in effect on the Closing Date and set forth on Schedule 6.4.

6.5 Dividends; Restricted Junior Debt Payments.

(a) If an Event of Default or Unmatured Event of Default has occurred and is continuing or would result from any of the following, or if any Distribution (as defined below) could reasonably be expected to result in a violation of any applicable provisions of Regulations T, U, or X of the Federal Reserve Board, Borrower shall not make or declare, directly or indirectly, any dividend (in cash, return of capital, or any other form of Assets) on, or make any other payment or distribution on account of, or set aside Assets for a sinking or other similar fund for the purchase, redemption, or retirement of, or redeem, purchase, retire, or otherwise acquire any interest of any class of equity interests in Borrower, whether now or hereafter outstanding, or grant or issue any warrant, right, or option pertaining thereto, or other security convertible into any of the foregoing, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or Assets or in obligations (collectively, a "Distribution"), except for (x) irrespective of whether an Event of Default or Unmatured Event of Default has occurred and is continuing or would result therefrom, any Distributions by any Loan Party or, for the avoidance of doubt, any Subsidiary, in each case, to any other Loan Party and (y) irrespective of whether an Event of Default or an Unmatured Event of Default has occurred and is continuing or would result therefrom, to make (A) any Permitted Tax Distribution or (B) after the SSG Drop-Down, any Distribution by the Subsequent Borrower to the Initial Borrower to the extent the proceeds thereof will be used to pay reasonable and customary operating costs and expenses (including overhead costs) of the Initial Borrower incurred in the ordinary course of business and attributable to the ownership or operations of the Subsequent Borrower and its Subsidiaries and Variable Interest Entities (such costs and expenses, the "Initial Borrower Operating Expenses") (provided, any such Initial Borrower Operating Expenses are deducted in the determination of Consolidated Net Income of the Subsequent Borrower and its Subsidiaries for each applicable period); provided, during a Cure Period, the Borrower and its Subsidiaries shall be prohibited from making any Distribution (other than any Permitted Tax Distribution or any Distribution to pay any Initial Borrower Operating Expenses, in each case, pursuant to clause (y) above) (notwithstanding the absence of any Event of Default or Unmatured Event of Default).

(b) Directly or indirectly, declare, order, pay, make or set apart, or agree to declare, order, pay, make or set apart, any sum for any Restricted Junior Debt Payment, except that:

(i) Borrower and any Material Subsidiary may make Restricted Junior Debt Payments in an amount not to exceed $20,000,000;

(ii) Borrower and any Material Subsidiary may make regularly scheduled payments of principal and interest (and fees, indemnities and expenses payable) with respect to any Junior Debt to the extent such payment is permitted by the definitive documentation with respect thereto;

(iii) payments of intercompany Debt (including the Intercompany Loan Agreement) permitted under Section 6.1 to the extent not prohibited by any subordination provisions in respect thereof;

(iv) conversions, exchanges, redemptions, repayments or prepayments of such Debt into, or for, "qualified" equity Securities; and

(v) any "AHYDO" catch-up payment to the extent necessary to avoid the application of Section 163(e)(5) of the Code thereto to Debt of StepStone Group LP or its Material Subsidiaries.

6.6 Restriction on Fundamental Changes. Change its name, change the nature of its business, enter into any merger, consolidation, reorganization, or recapitalization, or reclassify its partnership interests (whether limited or general) or membership interests, as applicable, or convey, sell, assign, lease, transfer, or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business or Assets, whether now owned or hereafter acquired, or acquire any business or Assets from, or capital stock of, or be a party to any acquisition of, any other Person except for purchases of inventory and other property to be sold or used in the ordinary course of business.

Notwithstanding the foregoing provisions of this Section:

(a) a Loan Party or any Material Subsidiary may sell or otherwise transfer Assets in accordance with the provisions of Section 6.7 hereof;

(b) a Loan Party or any Material Subsidiary may make Investments in accordance with the provisions of Section 6.3 hereof;

(c) a Loan Party or any Material Subsidiary may acquire any business or Assets (other than Investments, which for the avoidance of doubt, may be permitted under clause (b) above) from any Person to the extent that (i) the Distribution by the Borrower of the cash, Cash Equivalents or other Assets used to fund such acquisition would not have violated this Agreement and (ii) such acquisition would not otherwise result in an Event of Default or an Unmatured Event of Default;

(d) a Loan Party or any Material Subsidiary may change its name or corporate, partnership or limited liability structure so long as, in the case of any change by a Loan Party, such change is permitted under Section 5.2(m);

(e) any Person may merge, consolidate or reorganize with and into a Loan Party or any Material Subsidiary; provided that (i) if such transaction involves a Loan Party, a Loan Party is the sole surviving entity of such merger, consolidation or reorganization and on or prior to the consummation of such merger, consolidation or reorganization, such Loan Party expressly reaffirms its Obligations, if any, to the Lender Group under this Agreement and the other Loan Documents to which it is a party (provided, in the case of any Loan Party other than the Borrower, such reaffirmation may be provided within 5 Business Days of the consummation of such transaction), and (ii) the consummation of such merger, consolidation or reorganization does not result in a Change of Control Event; and

(f) any Material Subsidiary may liquidate, wind-up or dissolve, in each case, in the ordinary course of business, consistent with past practice and to the extent not otherwise material to the Loan Parties and their Material Subsidiaries; provided that all of the proceeds of such liquidation, winding up or dissolution allocable to the direct or indirect ownership in such Material Subsidiary of Borrower or any other Loan Party are distributed to the direct or indirect holder of such Material Subsidiary's Securities (pro rata based on ownership at the time of such liquidation, wind-up or dissolution) or to a Loan Party or a wholly owned Material Subsidiary of a Loan Party.

6.7 Sale of Assets. Sell, assign, transfer, convey, or otherwise dispose (including in connection with any sale and leaseback transactions) of all or any substantial part of its property or business or any material Assets (determined by reference to the combined financial condition of the Loan Parties and each Material Subsidiary) except that any Loan Party or Material Subsidiary may sell, assign, transfer, convey, or otherwise dispose of any property or Assets (including any investment) (any such transaction, a "Disposition") (a) in the ordinary course of business and consistent with past practices or so long as such Disposition would not reasonably be expected to have a Material Adverse Effect, (b) so long as such Disposition would not reasonably be expected to have a Material Adverse Effect, to any Person in the ordinary course pursuant to the terms of a Benefit Plan, (c) so long as such Disposition would not reasonably be expected to have a Material Adverse Effect, in connection with the transactions contemplated by the agreements set forth on Schedule 6.7, (d) so long as such Disposition in connection with the exercise of any options or similar transactions by third parties under agreements in which the Borrower or any of its Subsidiaries own an interest, (e) constituting obsolete, worn out, surplus or uneconomic assets, (f) constituting non-core assets (including business lines and divisions) and (g) not in the ordinary course of business, the proceeds of which (valued at the principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) (x) are less than $2,000,000 with respect to any single Disposition or series of related Dispositions and (y) when aggregated with the proceeds of all other Dispositions under this clause (g) made within the same fiscal year, are less than $20,000,000; provided (1) the consideration received for such assets shall be in an amount at least equal to the fair market value thereof (determined in good faith by the board of directors (or similar governing body) of Borrower) and (2) no less than 75% thereof shall be paid in cash or Cash Equivalents.

6.8 Transactions with Affiliates. Enter into or permit to exist, directly or indirectly, any transaction (including the purchase, sale, lease, or exchange of any Asset or the rendering of any service) with any Affiliate of Borrower, in each case other than a Loan Party, on terms taken as a whole that are less favorable to Borrower or the relevant Material Subsidiary (as reasonably determined by the Borrower) than those terms that might be obtained at the time from Persons who are not such an Affiliate, or if such transaction is not one in which terms could be obtained from such other Person, on terms that are not negotiated in good faith on an arm's length basis. In no event shall the foregoing restrictive covenant apply to (a) Debt permitted under Section 6.1, (b) Permitted Investments, (c) the execution, delivery and performance of the Management Agreements, (d) transactions contemplated by the agreements set forth on Schedule 6.8, (e) (i) transactions in the ordinary course pursuant to the terms of a Benefit Plan and (ii) compensation arrangements for officers and other employees of Borrower and its

Subsidiaries entered into in the ordinary course of business, (f) (i) any investment in a Fund and (ii) any transaction between Borrower or any of its Subsidiaries and any Fund in the ordinary course of business, (g) transactions involving the use, transfer, or other Disposition of any Assets, to the extent that (i) the Distribution by Borrower of such Assets would not have violated this Agreement and (ii) such use, transfer, or other Disposition would not otherwise result in an Event of Default or an Unmatured Event of Default, (h) intercompany services agreements entered into from time to time in the ordinary course of business, (i) swaps or exchanges of equity Securities between the Subsequent Borrower, on one hand, and any Variable Interest Entity, the primary purpose of which is to increase the Subsequent Borrower's ownership in the Equity Interests of a Variable Interest Entity, (j) Dispositions permitted under Section 6.7, (k) Distributions and Restricted Junior Debt Payments permitted under Section 6.5, (l) [reserved], (m) transactions permitted hereunder to effect the SSG Drop-Down, (n) transactions approved in good faith by the audit committee of the board of directors (or similar governing body) of the Borrower (which committee shall be comprised of at least one independent member of such board of directors (or similar governing body)), (o) any transaction between the Initial Borrower, the Subsequent Borrower and its Subsidiaries or any Variable Interest Entity in the ordinary course of business or consistent with past practices and (p) reasonable and customary fees paid to members of the board of directors (or similar governing body) of Borrower and its Subsidiaries.

6.9 Conduct of Business; Passive Holding Company.

(a) Engage in any business other than the businesses in which it is permitted to conduct under its Governing Documents (as in effect on the Closing Date), or any businesses or activities substantially similar or related thereto.

(b) Prior to the SSG Drop-Down, neither the Initial Borrower nor the General Partner shall engage in any business or incur any material Debt (other than the Obligations), it being agreed that the following activities (and activities incidental thereto) will not be prohibited:

(i) (x) in the case of the Initial Borrower, its ownership of the Equity Interests of the General Partner and the Subsequent Borrower and (y) in the case of the General Partner, its ownership of the Equity Interests of the Subsequent Borrower;

(ii) the maintenance of its legal existence;

(iii) the performance of its obligations and payments with respect to the Acquisition Agreement;

(iv) in the case of the Initial Borrower, any public offering of its Equity Interests;

(v) making contributions to the capital of its Subsidiaries;

(vi) providing indemnification to officers and directors;

(vii) making Investments in assets that are cash or Cash Equivalents;

(viii) the execution and delivery of any Loan Documents to which it is a party;

(ix) [reserved];

(x) participating in tax, accounting and other administrative activities as the parent of any group of its Subsidiaries constituting the consolidated group of companies;

(xi) receiving, declaring and making dividends and distributions to the extent permitted by Section 6.5(a);

(xii) in the case of the Initial Borrower, repurchasing or redeeming any Securities to the extent permitted by Section 6.5(a);

(xiii) holding or issuing intercompany Debt permitted by Section 6.1;

(xiv) any transactions included in the public filings of the Initial Borrower prior to the Closing Date;

(xv) holding directors', partners' and shareholders' meetings, preparing corporate and similar records and other activities required to maintain its separate existence or other legal structure;

(xvi) preparing reports to, and preparing and making notices to and filings with Governmental Authorities and to its holders of its Securities; and

(xvii) any activities incidental to the business or activities described in this Section 6.9(b).

6.10 Amendments or Waivers of Certain Documents; Actions Requiring the Consent of Agent. Without the prior written consent of Agent and the Required Lenders, which consent shall not unreasonably be withheld or delayed, agree to any amendment to or waiver of the terms or provisions of its Governing Documents except for: (i) immaterial amendments or waivers permitted by such Governing Documents not requiring the consent of the holders of the Securities in the applicable Loan Party or Material Subsidiary, or (ii) amendments or waivers which would not, either individually or collectively, be materially adverse to the interests of the Lender Group.

6.11 Use of Proceeds. Use the proceeds of the Loans made and Letters of Credit issued hereunder for any purpose inconsistent with Section 3.2(e) hereof. The Borrower will not request any Loan or Letter of Credit, and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

6.12 Margin Regulation. Use any portion of the proceeds of any of the Loans or Letters of Credit in any manner which could reasonably be expected to cause the Loans, the Letters of Credit, the application of such proceeds, or the transactions contemplated by this Agreement to violate Regulations T, U, or X of the Federal Reserve Board, or any other regulation of such board, or to violate the Exchange Act, or to violate the Investment Company Act of 1940.

6.13 Financial Covenants.

(a) Total Net Leverage Ratio.

(i) As of the last day of the most recently ended four fiscal quarter period of the Borrower with respect to which financial statements have been, or were required to have been, delivered pursuant to Section 5.2(a) or (b) (commencing with the four fiscal quarter period ending December 31, 2021), permit the Total Net Leverage Ratio, to be greater than 3.00:1.00 (this clause (a)(i), the "Leverage Covenant").

(ii) Notwithstanding anything to the contrary contained in clause (i) above, in the event that the Leverage Covenant is greater than the amount set forth in clause (i) on the last day of any applicable four fiscal quarter period, the proceeds of any cash common equity contribution made to the Borrower received after the end of such four fiscal quarter period and on or prior to the day that financial statements are required to be delivered for such four fiscal quarter period and not otherwise applied for any other purpose hereunder (such date, the "Cure End Date") will, at the request of the Borrower pursuant to a written notice delivered to the Agent stating the Borrower's intent to cure such breach of the Leverage Covenant by making a Specified Equity Contribution in accordance with this clause (ii) (such notice, a "Cure Notice"), be included in the calculation of Consolidated Adjusted EBITDA solely for the purposes of determining compliance with the Leverage Covenant at the end of such four fiscal quarter period and any subsequent period that includes a fiscal quarter in such four fiscal quarter period (any such equity contribution, a "Specified Equity Contribution"); provided that (A) no Lender shall be required to make any new Loan or other extension of credit under a Loan Document, and no Issuing Lender shall be required to issue, increase the face amount of, or renew or extend any Letter of Credit, following the delivery of any Cure Notice if the Borrower has not received the proceeds of the relevant Specified Equity Contribution prior thereto or concurrently therewith; (B) the Borrower shall not be permitted to so request that a Specified Equity Contribution be included in the calculation of Consolidated Adjusted EBITDA with respect to any fiscal quarter unless, after giving effect to such requested Specified Equity Contribution, there would be at least two fiscal quarters in the relevant four fiscal quarter period in which no Specified Equity Contribution has been made; (C) no more than six Specified Equity Contributions will be made in the aggregate; (D) the amount of any Specified Equity Contribution will be no greater than the minimum amount required to cause the Borrower to be in pro forma compliance with the Leverage Covenant; (E) any Specified Equity Contributions will be counted solely for the purpose of determining compliance with the Leverage Covenant, and the proceeds thereof will be disregarded for all other purposes under the Loan Documents (including determining the availability or amount of any basket or carve-out and pricing); (F) there shall be no pro forma reduction in Debt or Consolidated Total Net Debt (by netting or otherwise) with the proceeds of any Specified Equity Contribution for purposes of determining compliance with the Leverage Covenant for the fiscal quarter for which such Specified Equity Contribution was made and (G) any Cure Notice may be delivered at any time during the then-applicable fiscal quarter or thereafter but prior to the Cure End Date.

(b) Fee Paying Assets Under Management. Permit Fee Paying Assets Under Management as of the end of any fiscal quarter of the Borrower (beginning with the fiscal quarter ending December 31, 2021) to be less than the sum of (i) $40,573,000,000 plus (ii) 65.0% of the aggregate amount of (A) any Fee Paying Assets Under Management acquired pursuant to any acquisitions or other investments not constituting organic growth minus (B) Fee Paying Assets Under Management acquired pursuant to clause (ii)(A) that are Disposed of in a secondary transaction, in each case, consummated after the Closing Date and on or prior to the last day of such fiscal quarter, in the case of this clause (ii), calculated as of the date of such acquisition or other investment or Disposition, as applicable, after giving pro forma effect thereto.

6.14 Restrictive Agreements. The Borrower will not, and will not permit any Loan Party, or any Material Subsidiary, to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability to make or repay loans or advances to the Borrower or any of its Material Subsidiaries or to guarantee Debt of any Loan Party or any of its Subsidiaries or the ability in any material respect to pay dividends or other distributions with respect to any of its Securities; provided that: the foregoing shall not apply to (x) restrictions existing on the Closing Date and set forth on Schedule 6.14 hereto, (y) restrictions and conditions imposed by law, rule or regulation or by this Agreement or other Loan Documents and (z) customary restrictions and conditions contained in agreements relating to the sale of any property pending such sale, provided that such restrictions and conditions apply only to the property that is to be sold and such sale is permitted under this Agreement.

6.15 Management Agreements. No Material Domestic Subsidiary of the Borrower that is not a Loan Party (other than any Variable Interest Entity that subsequently becomes a Material Domestic Subsidiary) shall at any time be a party to a Management Agreement.

6.16 [Reserved].

6.17 Changes in Fiscal Year. No Loan Party shall, nor shall it permit any of its Material Subsidiaries to, change its fiscal year-end from the year-end for such Person as in effect on the Closing Date; provided that the Acquired Business shall be permitted to change its fiscal year-end to align with the fiscal year-end of the Borrower.

Article VII

EVENTS OF DEFAULT AND REMEDIES

7.1 Events of Default. The occurrence of any one or more of the following events, acts, or occurrences shall constitute an event of default ("Event of Default") hereunder:

(a) Failure to Make Payments When Due.

(i) Borrower shall fail to pay any amount owing hereunder with respect to the principal of any of the Loans (or cash collateralize or reimburse obligations in respect of any Letter of Credit) when such amount is due, whether at stated maturity, by acceleration, or otherwise;

(ii) Borrower shall fail to pay, within 5 Business Days of the date when due, any amount owing hereunder with respect to interest on any of the Loans or with respect to any other amounts (including fees, costs, or expenses), other than principal (or cash collateralization or reimbursement obligations in respect of Letters of Credit), payable in connection herewith;

(b) Breach of Certain Covenants.

(i) Borrower shall fail to perform or comply with any covenant, term, or condition contained in Article VI or Sections 5.2(f), 5.3 (with respect to the Borrower), 5.11 or 5.16 of this Agreement;

(ii) [Reserved];

(iii) [Reserved]; or

(iv) any Loan Party shall fail to perform or comply with any other covenant, term, or condition contained in this Agreement or any other Loan Document to which it is a party and such failure shall not have been remedied or waived within 30 days after receipt of notice from Agent of the occurrence thereof; provided, however, that this clause (iv) shall not apply to: (1) the covenants, terms, or conditions referred to in subsections (a) and (c) of this Section 7.1; or (2) the covenants, terms, or conditions referred to in clause (i) above of this subsection (b);

(c) Breach of Representation or Warranty. Any financial statement, representation, warranty, or certification made or furnished by Borrower under this Agreement or in any statement, document, letter, or other writing or instrument furnished or delivered by or on behalf of the Initial Borrower, the Subsequent Borrower or any other Loan Party to Agent or any Lender pursuant to or in connection with this Agreement or any other Loan Document to which it is a party, or as an inducement to the Lender Group to enter into this Agreement or any other Loan Document shall have been false, incorrect, or incomplete in any material respect when made, effective, or reaffirmed, as the case may be;

(d) Involuntary Bankruptcy.

(i) If an involuntary case seeking the liquidation or reorganization of the Initial Borrower or any Loan Party or Material Subsidiary under Chapter 7 or Chapter 11, respectively, of the Bankruptcy Code or any similar proceeding shall be commenced against the Initial Borrower or any Loan Party or Material Subsidiary under any other applicable law and any of the following events occur: (1) such Person consents to the institution of the involuntary case or similar proceeding; (2) the petition commencing the involuntary case or similar proceeding is not timely controverted; (3) the petition commencing the involuntary case or similar proceeding is not dismissed within 60 days of the date of the filing thereof; provided, however, that, during the pendency of such period, the Lender Group shall be relieved of its obligation to make additional Loans; (4) an interim trustee is appointed to take possession of all or a substantial portion of the Assets of any Loan Party or Material Subsidiary; or (5) an order for relief shall have been issued or entered therein;

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, custodian, trustee, or other officer having similar powers over the Initial Borrower, any Loan Party or Material Subsidiary to take possession of all or a substantial portion of its Assets shall have been entered and, within 45 days from the date of entry, is not vacated, discharged, or bonded against, provided, however, that, during the pendency of such period, the Lender Group shall be relieved of their obligation to make additional Loans;

(e) Voluntary Bankruptcy. The Initial Borrower or any Loan Party shall institute a voluntary case seeking liquidation or reorganization under Chapter 7 or Chapter 11, respectively, of the Bankruptcy Code; the Initial Borrower or any Loan Party or Material Subsidiary shall file a petition, answer, or complaint or shall otherwise institute any similar proceeding under any other applicable law, or shall consent thereto; the Initial Borrower or any Loan Party or Material Subsidiary shall consent to the conversion of an involuntary case to a voluntary case; or the Initial Borrower or any Loan Party or Material Subsidiary shall consent or acquiesce to the appointment of a receiver, liquidator, sequestrator, custodian, trustee, or other officer with similar powers to take possession of all or a substantial portion of its Assets; the Initial Borrower, any Loan Party or Material Subsidiary shall generally fail to pay debts as such debts become due or shall admit in writing its inability to pay its debts generally; or any Loan Party or Material Subsidiary shall make a general assignment for the benefit of creditors;

(f) Dissolution. Any order, judgment, or decree shall be entered decreeing the dissolution of the Initial Borrower or any Loan Party or Material Subsidiary, and such order shall remain undischarged or unstayed for a period in excess of 45 days;

(g) Change of Control. A Change of Control Event shall occur;

(h) Judgments and Attachments. Any Loan Party or Material Subsidiary shall suffer any money judgment, writ, or warrant of attachment, or similar process involving payment of money in an amount, net of any portion thereof that is covered by or recoverable by such Loan Party under applicable insurance policies (if any) in excess of $25,000,000 and shall not discharge, vacate, bond, or stay the same within a period of 30 days;

(i) Guaranty. If the obligation of any Guarantor under the Guaranty is limited or terminated by operation of law or any Guarantor thereunder, except to the extent permitted by the terms of the Loan Documents;

(j) Material Agreements. If there is a default in any material agreement to which Borrower or any Material Subsidiary is a party and such default (a) involves Debt in an aggregate principal amount equal to $25,000,000 or more and (b) either (i) occurs at the final maturity of the obligations thereunder, or (ii) results in a right by the other party or parties thereto, irrespective of whether exercised, to accelerate the maturity of Borrower's or any Material Subsidiary's obligations thereunder or to terminate such agreement;

(k) Intercompany Subordination Agreement. If any Loan Party makes any payment on account of Debt that has been contractually subordinated under the Intercompany Subordination Agreement, except to the extent such payment is permitted by the terms of the Intercompany Subordination Agreement;

(l) Collateral. (i) Any Collateral Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms hereof or thereof or the satisfaction in full of the Obligations in accordance with the terms hereof and termination of all Revolving Commitments) or shall be declared null and void, or the Agent shall not have or shall cease to have a valid and perfected Lien in any Collateral with a value in excess of $25,000,000 purported to be covered by the Collateral Documents with the priority required by the relevant Collateral Document, in each case for any reason other than the failure of the Agent or any Secured Party to take any action within the sole control of such Person or (ii) any Loan Party shall contest the validity or perfection of any Lien in any Collateral purported to be covered by the Collateral Documents;

(m) Loan Documents. Any provision of any Loan Document (including the guarantees of the Guarantors pursuant to Article XII hereto) shall at any time for any reason be declared to be null and void, or the validity or enforceability thereof shall be contested by any Loan Party, or a proceeding shall be commenced by any Loan Party, or by any Governmental Authority having jurisdiction over any Loan Party, seeking to establish the invalidity or unenforceability thereof, or any Loan Party shall deny that any Loan Party has any liability or obligation purported to be created under any Loan Document; and

(n) Employee Benefit Plans. There shall occur one or more ERISA Events which individually or in the aggregate results in or would reasonably be expected to result in a Material Adverse Effect.

7.2 Remedies. Upon the occurrence of an Event of Default:

(a) If such Event of Default arises under subsections (d) or (e) of Section 7.1 hereof, then the Revolving Commitments hereunder immediately shall terminate and all of the Obligations owing hereunder or under the other Loan Documents automatically shall become immediately due and payable (including without limitation the cash collateralization of the Letters of Credit in accordance with Section 2.8(a) hereof), without presentment, demand, protest, notice, or other requirements of any kind, all of which are hereby expressly waived by Borrower; and

(b) In the case of any other Event of Default that has occurred and is continuing, the Agent at the request of the Required Lenders, by written notice to Borrower, may declare the

Revolving Commitments hereunder terminated and all of the Obligations owing hereunder or under the Loan Documents to be, and the same immediately shall become due and payable (including without limitation the cash collateralization of the Letters of Credit in accordance with the provisions hereof), without presentment, demand, protest, further notice, or other requirements of any kind, all of which are hereby expressly waived by Borrower.

Upon acceleration, Agent (without notice to or demand upon Borrower, which are expressly waived by Borrower to the fullest extent permitted by law), shall be entitled to proceed to protect, exercise, and enforce the Lender Group's rights and remedies hereunder or under the other Loan Documents (including, without limitation, enforcing any and all Liens and security interests created pursuant to the Collateral Documents), or any other rights and remedies as are provided by law or equity. Agent may determine, in its sole discretion, the order and manner in which the Lender Group's rights and remedies are to be exercised. All payments received by Agent shall be applied in accordance with Section 2.3(d)(i).

In addition to any other rights and remedies granted to the Agent and the other Secured Parties in the Loan Documents, the Agent on behalf of the Secured Parties may exercise all rights and remedies of a secured party under the UCC or any other applicable law. Without limiting the generality of the foregoing, the Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Loan Party or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived by Borrower on behalf of itself and its Subsidiaries), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, or consent to the use by any Loan Party of any cash collateral arising in respect of the Collateral on such terms as the Agent deems reasonable, and/or may forthwith sell, lease, assign give an option or options to purchase or otherwise dispose of and deliver, or acquire by credit bid on behalf of the Secured Parties, the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Agent or any Secured Party or elsewhere, upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery, all without assumption of any credit risk. The Agent or any Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Loan Party, which right or equity is hereby waived and released by Borrower on behalf of itself and its Subsidiaries. Borrower further agrees on behalf of itself and its Subsidiaries, at the Agent's request, to assemble the Collateral and make it available to the Agent at places which the Agent shall reasonably select, whether at the premises of Borrower, another Loan Party or elsewhere. The Agent shall apply the net proceeds of any action taken by it pursuant to this Section 7.2, after deducting all reasonable and documented costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any other way relating to the Collateral or the rights of the Agent and the Secured Parties hereunder, including reasonable and documented attorneys' fees and disbursements, to the payment in whole or in part of the obligations of the Loan Parties under the Loan Documents, in such order as the Agent may elect, and only after such application and after the payment by the Agent of any other amount required by any provision of law, including Section 9-615(a)(3) of the UCC, need the Agent account for the surplus, if any, to any Loan Party. To the extent permitted by applicable law, Borrower on behalf of itself and its Subsidiaries waives all claims, damages and demands it may acquire against the Agent or any Secured Party arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other Disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other Disposition.

7.3 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Agent by Borrower or the Required Lenders, all payments received on account of the Obligations shall, subject to Section 2.22, be applied by the Agent as follows:

(i) *first*, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts payable to the Agent (including fees and disbursements and other charges of counsel to the Agent payable under Sections 8.1 and 8.2 and amounts pursuant to Section 2.11(b) payable to Agent in its capacity as such);

(ii) *second*, to payment of that portion of the Obligations constituting fees, expenses, indemnities and other amounts (other than principal, reimbursement obligations in respect of L/C Disbursements, interest and Letter of Credit fees) payable to the Lenders and the Issuing Lenders (including fees and disbursements and other charges of counsel to the Lenders and the Issuing Lenders payable under Sections 8.1 and 8.2) arising under the Loan Documents, ratably among them in proportion to the respective amounts described in this clause (ii) payable to them;

(iii) *third*, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit fees and charges and interest on the Loans and unreimbursed L/C Disbursements, ratably among the Secured Parties in proportion to the respective amounts described in this clause (iii) payable to them;

(iv) *fourth*, (A) to payment of that portion of the Obligations constituting unpaid principal of the Loans and unreimbursed L/C Disbursements, (B) to payment of that portion of the Obligations constituting obligations owing to the Secured Parties pursuant to Secured Hedge Agreements or Secured Cash Management Agreements and (C) to cash collateralize that portion of Letter of Credit Usage comprising the undrawn amount of Letters of Credit to the extent not otherwise cash collateralized by Borrower pursuant to Section 2.3, Section 2.8, Section 2.10 or Section 7.2, ratably among the Secured Parties in proportion to the respective amounts described in this clause (iv) payable to them; provided that (x) any such amounts applied pursuant to subclause (C) above shall be paid to the Agent for the ratable account of the applicable Issuing Lender to cash collateralize Obligations in respect of Letters of Credit, (y) subject to Section 2.3, Section 2.8, Section 2.10 and Section 7.2, amounts used to cash collateralize the aggregate amount of Letters of Credit pursuant to this clause (iv) shall be used to satisfy drawings under such Letters of Credit as they occur and (z) upon the expiration of any Letter of Credit (without any pending drawings), the pro rata share of cash collateral shall be distributed to the other Obligations, if any, in the order set forth in this Section 7.3;

(v) *fifth*, to the payment in full of all other Obligations, in each case ratably among the Secured Parties based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and

(vi) *finally*, the balance, if any, after all Obligations have been indefeasibly paid in full, to Borrower or as otherwise required by law.

Article VIII

EXPENSES AND INDEMNITIES

8.1 Expenses. Irrespective of whether any Loans are made hereunder, Borrower agrees to pay on demand, to the extent invoiced, any and all Lender Group Expenses.

8.2 Indemnity.

(a) In addition to the payment of expenses pursuant to Section 8.1 hereof, and irrespective of whether the transactions contemplated hereby are consummated, Borrower agrees to indemnify, exonerate, defend, pay, and hold harmless the Agent-Related Persons, the Lender-Related Persons, and each Participant (collectively the "Indemnitees" and individually as "Indemnitee") from and against any and all liabilities, obligations, losses, damages, penalties, actions, causes of action, judgments, suits, claims (including Environmental Claims), costs (including the costs of any investigation, cleanup, removal or other response action necessary to remove, remediate, clean up or abate any Hazardous Materials), expenses, and disbursements of any kind or nature whatsoever (including, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigation, administrative, or judicial proceeding, whether such Indemnitee shall be designated a party thereto), whether direct, indirect, special, or consequential and whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations and Environmental Laws), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against such Indemnitee, in any manner relating to or arising out of (i) the Revolving Commitments, the use or intended use of the proceeds of the Loans, Letters of Credit or the consummation of the transactions contemplated by this Agreement, including, but not limited to, any matter (A) relating to the payment of principal and interest and fees, (B) relating to any Erroneous Payment, or (C) arising out of the filing or recordation of any of the Loan Documents which filing or recordation is done based upon information supplied by Borrower to Agent and its counsel or (ii) any Environmental Claim relating in any way to the Borrower or any of its Subsidiaries (collectively, the "Indemnified Liabilities"); provided, however, that Borrower shall have no obligation hereunder to any Indemnitee to the extent that such Indemnified Liabilities are found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee. Each Indemnitee will promptly notify Borrower of each event of which it has knowledge which may give rise to a claim under the indemnification provisions of this Section 8.2. To the extent that the undertaking to indemnify, pay, and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Borrower shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable law. The obligations of Borrower under this Section 8.2 shall survive the termination of this Agreement and the discharge of Borrower's other obligations hereunder.

(b) Reimbursement by Lenders. To the extent that the Borrower fails to pay any amount required to be paid by it to the Agent or an Issuing Lender under Section 8.2(a), each Lender severally agrees to pay to the Agent or such Issuing Lender, as the case may be, such Lender's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent or such Issuing Lender in its capacity as such.

(c) Waiver of Consequential Damages, Etc. To the extent permitted by applicable law, the Borrower and each other Loan Party shall not assert, and hereby waives (i) any claim against the Agent, any Issuing Lender and any Lender, and any Related Party of any of the foregoing Persons for any losses, claims (including intraparty claims), demands, damages or liabilities of any kind arising from the use by others of information or other materials (including, without limitation, any personal data) obtained through telecommunications, electronic or other information transmission systems (including the Internet) and (ii) any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this

Agreement or any agreement or instrument contemplated hereby, any Loan or Letter of Credit or the use of the proceeds thereof Without limiting the foregoing, no Indemnitee referred to in subsection (a) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and non-appealable judgment of a court of competent jurisdiction.

Article IX

ASSIGNMENT AND PARTICIPATIONS

9.1 Assignments and Participations.

(a) With the consent of the Agent, each Issuing Lender and the Borrower (which consent, in each case, shall not be (x) required (A) for an assignment to a Lender, an Affiliate of a Lender or any Approved Fund or (B) solely in the case of the consent of the Borrower, if an Event of Default under Sections 7.1(a), 7.1(d) or 7.1(e) has occurred and is continuing or (y) unreasonably withheld, conditioned or delayed), any Lender may assign and delegate to one or more assignees (each, an "Assignee") that are Eligible Transferees all, or any ratable part of all, of the Obligations, the Revolving Commitments, the Loans and the other rights and obligations of such Lender hereunder and under the other Loan Documents, in a minimum amount of \$5,000,000 (or the remaining amount of any Lender's Revolving Commitment or amount of Loans, if less); provided, however, that Borrower and Agent may continue to deal solely and directly with such Lender in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses, and related information including any documentation required pursuant to Sections 2.23(e), (f) and (g) with respect to the Assignee, have been given to Borrower and Agent by such Lender and the Assignee, (ii) such Lender and its Assignee have delivered to Borrower and Agent an Assignment and Acceptance, fully executed and delivered by each party thereto, and (iii) the assigning Lender or Assignee has paid to Agent for Agent's separate account a processing fee in the amount of \$3,500; provided, further, that the Borrower shall be deemed to have consented to any such assignment if the Borrower does not respond within ten Business Days of a written request for its consent with respect to such assignment. Any attempted or purported sale, transfer, assignment or delegation in contravention of the consent rights noted in the immediately preceding sentence shall be *ab initio* null and void and for all purposes be treated as a sale of a participation by the Lender to such Assignee. Anything contained herein to the contrary notwithstanding, the payment of any fees shall not be required and the Assignee need not be an Eligible Transferee and the consent of Borrower shall not be required if such assignment is in connection with any merger, consolidation, sale, transfer, or other disposition of all or any substantial portion of the business or loan portfolio of the assigning Lender. The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Revolving Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(b) From and after the date that Agent notifies the assigning Lender (with a copy to Borrower) that it has received an executed Assignment and Acceptance satisfying clause (a) above and payment of the above-referenced processing fee and recordation in the Register, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (except with respect to Section 8.2 hereof) and be released from any future obligations under this Agreement (and in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement and the other Loan Documents, such Lender shall cease to be a party hereto and thereto), and such assignment shall effect a novation between Borrower and the Assignee; provided, however, that nothing contained herein shall release any assigning Lender from obligations that survive the termination of this Agreement, including such assigning Lender's obligations under Section 8.2(b) of this Agreement relating to any period prior to the effectiveness of such assignment.

(c) Immediately upon Agent's receipt of the required processing fee payment and the fully executed Assignment and Acceptance satisfying clause (a) above and recordation in the Register, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Revolving Commitments or the Loans arising therefrom. The Revolving Commitment and the Loans allocated to each Assignee shall reduce such Revolving Commitments or Loans of the assigning Lender pro tanto.

(d) Any Lender may at any time sell to one or more commercial banks, financial institutions, or other Persons not Affiliates of such Lender and who are not natural persons, the Initial Borrower or any of its Subsidiaries or affiliates, or Disqualified Lenders (a "Participant") participating interests in its Obligations, its Loans, the Revolving Commitment, and the other rights and interests of that Lender (the "Originating Lender") hereunder and under the other Loan Documents; provided, however, that (i) the Originating Lender shall remain a "Lender" for all purposes of this Agreement and the other Loan Documents and the Participant receiving the participating interest in the Obligations, the Loans, the Revolving Commitments, and the other rights and interests of the Originating Lender hereunder shall not constitute a "Lender" hereunder or under the other Loan Documents and the Originating Lender's obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) Borrower, Agent, and the Lenders shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender's rights and obligations under this Agreement and the other Loan Documents, (iv) no Lender shall transfer or grant any participating interest under which the Participant has the right to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment to, or consent or waiver with respect to this Agreement or of any other Loan Document would (A) extend the final maturity date of the Obligations hereunder in which such Participant is participating, (B) reduce the interest rate applicable to the Obligations hereunder in which such Participant is participating, (C) release all or substantially all of the Collateral or all or substantially all of the guaranties (except to the extent expressly provided herein or in any of the Loan Documents) supporting the Obligations hereunder in which such Participant is participating, (D) postpone the payment of, or reduce the amount of, the interest or fees payable to such Participant through such Lender, or (E) change the amount or due dates of scheduled principal repayments or prepayments or premiums, and (v) all amounts payable by Borrower hereunder shall be determined as if such Lender had not sold such participation, except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement. The rights of any Participant only shall be derivative through the Originating Lender with whom such Participant participates and no Participant shall have any rights under this Agreement or the other Loan Documents or any direct rights as to the other Lenders, Agent, Borrower, its Subsidiaries, or otherwise in respect of the Obligations. No Participant shall have the right to participate directly in the making of decisions by the Lenders among themselves. Notwithstanding the foregoing, each Participant shall be entitled to the benefits of Sections 2.13, 2.13 and 2.23 (subject to the requirements and limitations therein, including the requirements under Section 2.23(e) and (f) (it being understood that the documentation required under Section 2.23(e) and (f) shall be delivered to the Originating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment; provided that such Participant (A) agrees to be subject to the provisions of Section 2.24 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.13 or 2.23, with respect to any participation, than the Originating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in applicable law that occurs after the Participant acquired the applicable participation. Each Originating Lender shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Revolving Commitments or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Originating Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as administrative agent) shall have no responsibility for maintaining a Participant Register.

(e) In connection with any such assignment or participation or proposed assignment or participation, a Lender may, subject to the provisions of Section 11.11, disclose all documents and information which it now or hereafter may have relating to Borrower and its Subsidiaries and their respective businesses.

(f) Any other provision in this Agreement notwithstanding, any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Bank or U.S. Treasury Regulation 31 CFR §203.24 or any other central bank having jurisdiction over such Lender, and such Federal Reserve Bank or other central bank may enforce such pledge or security interest in any manner permitted under applicable law.

(g) Notwithstanding anything to the contrary herein, no assignment or participation shall be made to any Person that was a Disqualified Lender as of the date (the "Trade Date") on which the assigning Lender entered into a binding agreement to sell and assign all or a portion of its rights and obligations under this Agreement to such Person (unless the Borrower has consented to such assignment in writing in its sole and absolute discretion, in which case such Person will not be considered a Disqualified Lender for the purpose of such assignment or participation). For the avoidance of doubt, with respect to any assignee that becomes a Disqualified Lender after the applicable Trade Date, such assignee shall not retroactively be disqualified from being a Lender. Any assignment in violation of this clause (g) shall not be void, but the other provisions of this clause (g) shall apply:

(i) if any assignment is made to any Disqualified Lender without the Borrower's prior written consent in violation of this Section 9.1, the Borrower may, at its sole expense and effort, upon notice to the applicable Disqualified Lender and the Agent, require such Disqualified Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in this Section 9.1), all of its interest, rights and obligations under this Agreement and the other Loan Documents to one or more Eligible Transferees at the lesser of (x) the principal amount thereof and (y) the amount that such Disqualified Lender paid to acquire such interests, rights and obligations (it being understood that, with respect to any such assignment of Loans, no consent to such assignment that would otherwise be required pursuant to Section 9.1(a) shall be required to be obtained), in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder and under the other Loan Documents, without premium, penalty, prepayment fee or breakage; provided that (i) the Borrower shall have paid to the Agent the assignment fee (if any) specified in Section 9.1(a) and (ii) such assignment does not conflict with applicable laws;

(ii) the Agent shall have the right, and the Borrower hereby expressly authorizes the Agent, to (A) post the list of Disqualified Lenders provided by the Borrower and any updates thereto from time to time on the electronic platform approved by the Agent, including that portion of the platform that is designated for "public side" Lenders (it being understood that the list of Disqualified Lenders shall not be effective until it has been posted to that portion of the platform that is designated for "public side" Lenders) or (B) provide the list of Disqualified Lenders to each Lender requesting the same; and

(iii) notwithstanding anything in this Agreement to the contrary, each Loan Party and the Lenders acknowledge and agree that the Agent, solely in its capacity as such, shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Lenders. The Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender or participant or prospective Lender or participant is a Disqualified Lender or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, to any Disqualified Lender.

9.2 Successors.

(a) This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however, that, except as set forth in Section 9.2(b), Borrower may not assign this Agreement or any rights or duties hereunder without the Lenders' prior written consent and any prohibited assignment shall be treated as a sale of a participation. No consent to assignment by the Lenders shall release Borrower from its Obligations. A Lender may assign this Agreement and the other Loan Documents and its rights and duties hereunder and thereunder pursuant to Section 9.1 hereof and, except as expressly required pursuant to Section

9.1 hereof, no consent or approval by Borrower is required in connection with any such assignment.

(b) Notwithstanding anything in this Agreement or any other Loan Document to the contrary, at any time on or following the Closing Date, the Initial Borrower in its sole discretion may, directly or indirectly, assign, contribute or otherwise transfer (the "SSG Drop-Down") (i) all, but not less than all, of the issued and outstanding direct or indirect equity interests of the Acquired Business, (ii) all, but not less than all, of the loans and commitments under the Revolving Credit Facility, and all of its rights and obligations as a borrower under this Agreement and the other Loan Documents, in each case of clauses (i) and (ii), to the Subsequent Borrower pursuant to the Subsequent Borrower Assignment Agreement and (iii) all or a portion of the liabilities and other obligations related to or associated with the Acquisition Agreement.

9.3 ERISA.

(a) Each Lender (x) represents and warrants, as of the date such Person becomes a Lender party hereto, to, and (y) covenants, from the date such Person becomes a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Revolving Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such

Lender further (x) represents and warrants, as of the date such Person becomes a Lender party hereto, to, and (y) covenants, from the date such Person becomes a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

Article X

AGENT; THE LENDER GROUP

10.1 Appointment and Authorization of Agent. Each of the Lenders and each of the Issuing Lenders hereby irrevocably appoints Agent as its agent and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Agent hereunder.

The Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Unmatured Event of Default or Event of Default has occurred and is continuing, (b) the Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 11.2), and (c) except as expressly set forth herein, the Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Agent or any of its Affiliates in any capacity. The Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 11.2) or in the absence of its own gross negligence or willful misconduct. The Agent shall be deemed not to have knowledge of any Unmatured Event of Default or Event of Default unless and until written notice thereof is given to the Agent by the Borrower or a Lender, and the Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent.

The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, the Agent may resign at any time by notifying the Lenders, the Issuing Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower not to be unreasonably withheld or delayed (or if an Event of Default has occurred and is continuing, in consultation with the Borrower), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Lenders, appoint a successor Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Agent's resignation hereunder, the provisions of this Article X and Sections 8.1 and 8.2 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent. Notwithstanding the foregoing, solely for purposes of maintaining any security interest granted to the Agent under any Collateral Document for the benefit of the Secured Parties, the retiring Agent shall continue to be vested with such security interest as collateral agent for the benefit of the Secured Parties, and continue to be entitled to the rights and bound to the obligations set forth in such Collateral Document and Loan Document, and, in the case of any Collateral in the possession of the Agent, shall continue to hold such Collateral, in each case until such time as a successor Agent is appointed and accepts such appointment in accordance with this Section (it being understood and agreed that the retiring Agent shall have no duty or obligation to take any further action under any Collateral Document, including any action required to maintain the perfection of any such security interest other than is necessary to give effect to the parallel debt undertaking included in any Loan Document).

Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Without limiting the generality of the foregoing, where Agent is required or deemed to act as a trustee in respect of any Collateral over which a security interest has been created pursuant to a Loan Document expressed to be governed by the laws of the United States of America or any state thereof, the obligations and liabilities of Agent to the Secured Parties in its capacity as trustee shall be excluded to the fullest extent permitted by applicable law.

10.2 [Reserved].

10.3 Reports and Information. By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that Agent furnish such Lender, promptly after it becomes available, a copy of each document delivered to Agent pursuant to Sections 5.2(a), (b), (c), (d) and (f)(i) (each a "Report" and collectively, "Reports"), and Agent shall so furnish each Lender with such Reports,

(b) expressly agrees and acknowledges that Agent does not (i) make any representation or warranty as to the accuracy of any Report, and (ii) shall not be liable for any information contained in any Report, and

(c) agrees to keep all Reports and other material, non-public information regarding the Initial Borrower and its Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 11.11.

In addition to the foregoing: (x) any Lender may from time to time request of Agent in writing that Agent provide to such Lender a copy of any report or document provided by Borrower to Agent that has not been contemporaneously provided by Borrower to such Lender, and, upon receipt of such request, Agent promptly shall provide a copy of same to such Lender, and (y) to the extent that Agent is entitled, under any provision of the Loan Documents, to request additional reports or information from Borrower, any Lender may, from time to time, reasonably request Agent to exercise such right as specified in such Lender's notice to Agent, whereupon Agent promptly shall request of Borrower the additional reports or information reasonably specified by such Lender, and, upon receipt thereof from Borrower, Agent promptly shall provide a copy of same to such Lender.

10.4 Set Off; Sharing of Payments.

(a) If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

(b) If, at any time or times any Lender shall receive (i) by payment, foreclosure, setoff, or otherwise, any payments with respect to the Obligations, except for any such proceeds or payments received by such Lender from Agent pursuant to the terms of this Agreement, or (ii) payments from Agent in excess of such Lender's ratable portion of all such distributions by Agent, such Lender promptly shall (1) turn the same over to Agent, in kind, and with such endorsements as may be required to negotiate the same to Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (2) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their Pro Rata Shares; provided, however, that to the extent that such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

10.5 Payments by Agent to the Lenders. All payments to be made by Agent to the Lenders shall be made by bank wire transfer of immediately available funds pursuant to such wire transfer instructions as each party may designate for itself by written notice to Agent. Concurrently with each such payment, Agent shall identify whether such payment (or any portion thereof) represents principal, premium, fees, or interest of the Obligations.

Each Lender and Issuing Lender hereby agrees that (x) if the Agent notifies such Lender or Issuing Lender that the Agent has determined in its sole discretion that any funds received by such Lender or Issuing Lender from the Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") were erroneously transmitted to such Lender or Issuing Lender (whether or not known to such Lender or Issuing Lender) (each such Payment, an "Erroneous Payment"), and demands the return of such Payment (or a portion thereof), such Lender or Issuing Lender shall promptly, but in no event later than one Business Day thereafter, return to the Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender or Issuing Lender to the date such amount is repaid to the Agent at the greater of the NYFRB Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Lender or Issuing Lender shall not assert, and hereby waives, as to the Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Agent for the return of any Payments received, including without limitation any defense based on "discharge for value" or any similar doctrine. A notice of the Agent to any Lender or Issuing Lender pursuant to the foregoing shall be conclusive, absent manifest error.

Each Lender and Issuing Lender hereby further agrees that if it receives a Payment from the Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice") or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Lender and Issuing Lender agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Lender or Issuing Lender shall promptly notify the Agent of such occurrence and, upon demand from the Agent, it shall promptly, but in no event later than one Business Day thereafter, return to the Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender or Issuing Lender to the date such amount is repaid to the Agent at the greater of the NYFRB Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

The Borrower and each other Loan Party hereby agrees that (x) in the event an erroneous Payment (or portion thereof) are not recovered from any Lender or Issuing Lender that has received such Payment (or portion thereof) for any reason, the Agent shall be subrogated to all the rights of such Lender or Issuing Lender with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any obligations owed by the Borrower or any other Loan Party, except, in each case, to the extent such Payment is, and solely with respect to the amount of such Payment that is, comprised of funds received by the Agent from the Borrower or any other Loan Party for the purpose of making such Payment.

Each party's obligations pursuant to the foregoing shall survive the resignation or replacement of the Agent or any transfer of rights or obligations by, or the replacement of, a Lender, an Issuing Lender, the termination of the Revolving Commitments or the repayment, satisfaction or discharge of all obligations under any Loan Document.

10.6 Several Obligations; No Liability. Notwithstanding that certain of the Loan Documents now or hereafter may have been or will be executed only by or in favor of Agent in its capacity as such, and not by or in favor of the Lenders, any and all obligations on the part of Agent (if any) to make any credit available hereunder shall constitute the several (and not joint) obligations of the respective Lenders on a ratable basis, according to their respective Revolving Commitments, to make an amount of such credit not to exceed, in principal amount, at any one time outstanding, the amount of their respective Revolving Commitments. Nothing contained herein shall confer upon any Lender any interest in, or subject any Lender to any liability for, or in respect of, the business, assets, profits, losses, or liabilities of any other Lender. Each Lender shall be solely responsible for notifying its Participants of any matters relating to the Loan Documents to the extent any such notice may be required, and no Lender shall have any obligation, duty, or liability to any Participant of any other Lender. No member of the Lender Group shall have any liability for the acts of any other member of the Lender Group. No Lender shall be responsible to Borrower or any other Person for any failure by any other Lender to fulfill its obligations to make credit available hereunder, nor to advance for it or on its behalf in connection with its Revolving Commitment, nor to take any other action on its behalf hereunder or in connection with the financing contemplated herein.

10.7 Collateral Matters.

(a) Except with respect to the exercise of setoff rights in accordance with Section 10.4 or with respect to a Secured Party's right to file a proof of claim in an insolvency proceeding, no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce any guarantee of the Obligations, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Agent on behalf of the Secured Parties in accordance with the terms thereof.

(b) In furtherance of the foregoing and not in limitation thereof, no Secured Hedge Agreement or Secured Cash Management Agreements will create (or be deemed to create) in favor of any Secured Party that is a party thereto any rights in connection with the management, enforcement or release of any Collateral or of the obligations of any Loan Party under any Loan Document. By accepting the benefits of the Collateral, each Secured Party that is a party to any such arrangement in respect of Secured Hedge Agreements or Secured Cash Management Agreements, as applicable, shall be deemed to have appointed the Agent to serve as administrative agent and the collateral agent under the Loan Documents and agreed to be bound by the Loan Documents as a Secured Party thereunder, subject to the limitations set forth in this paragraph.

(c) The Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Agent's Lien thereon or any certificate prepared by any Loan Party in connection therewith, nor shall the Agent be responsible or liable to the Lenders or any other Secured Party for any failure to monitor or maintain any portion of the Collateral.

10.8 Credit Bidding. The Secured Parties hereby irrevocably authorize the Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid, (i) the Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles, (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Agent with respect to such acquisition vehicle or vehicles, including any Disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 11.2 of this Agreement), (iv) the Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata with their original interest in such Obligations and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

Article XI

MISCELLANEOUS

11.1 No Waivers, Remedies. No failure or delay on the part of Agent or any Lender, or the holder of any interest in this Agreement in exercising any right, power, privilege, or remedy under this Agreement or any of the other Loan Documents shall impair or operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, privilege, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, privilege, or remedy. The waiver of any such right, power, privilege, or remedy with respect to particular facts and circumstances shall not be deemed to be a waiver with respect to other facts and circumstances. The remedies provided for under this Agreement or the other Loan Documents are cumulative and are not exclusive of any remedies that may be available to Agent or any Lender, or the holder of any interest in this Agreement at law, in equity, or otherwise.

11.2 Waivers and Amendments. Subject to Section 2.14(c) and (d), no amendment or waiver of any provision of this Agreement (other than an amendment pursuant to and in accordance with Section 2.18) or any other Loan Document (other than any Fee Letter), and no consent with respect to any departure by Borrower or any of its Subsidiaries therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders (or by Agent at the written request of the Required Lenders) and Borrower and then any such waiver or consent shall be effective, but only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall:

(a) increase or extend any Revolving Commitment of any Lender without the written consent of such Lender; provided that no amendment, modification or waiver of any condition precedent, covenant, Event of Default or Unmatured Event of Default shall constitute an increase in any Revolving Commitment of any Lender,

(b) postpone, extend or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees, or other amounts due hereunder or under any other Loan Document without the written consent of each Lender adversely affected thereby,

(c) reduce the principal of, or the rate of interest on, any loan or other extension of credit hereunder, or reduce any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender adversely affected thereby,

(d) change "Pro Rata Share" or Sections 2.3, 7.3 or 10.4 without the written consent of each Lender,

(e) amend or modify this Section or any provision of this Agreement providing for consent or other action by all Lenders without the written consent of each Lender,

(f) change the definition of "Required Lenders" without the written consent of each Lender,

(g) other than as permitted by Section 12.8 and clause (h) below, release any Loan Party from any obligation for the payment of money without the written consent of each Lender,

(h) release all or substantially all of the Collateral or all or substantially all of the Guarantors from the Guaranty (or subordinate liens on all or substantially all of the Collateral) without the written consent of each Lender, except in connection with a Disposition of the relevant Guarantor or such Collateral to a Person that is not a Loan Party to the extent expressly permitted by the Loan Documents and except in connection with a "credit bid" undertaken by the Agent at the direction of the Required Lenders pursuant to Section 363(k) or Section 1129(b)(2)(a)(ii) of the Bankruptcy Code or otherwise under the Bankruptcy Code or other sale or Disposition of assets in connection with an enforcement action with respect to the Collateral permitted pursuant to the Loan Documents (in which case only the consent of the Required Lenders will be needed for such release),

(i) subordinate (x) the priority of any payments in respect of any of the Obligations to any other Debt or (y) the priority of any Liens securing the Obligations to any Liens securing any other Debt, in each case, without the written consent of each Lender; or

(j) change the definition of "Alternative Currency" without the written consent of each Multicurrency Lender;

provided further, however, that no amendment, waiver or consent shall, unless in writing and signed by Agent or the respective Issuing Lender, as applicable, affect the rights or duties of Agent or such Issuing Lender, as applicable, under this Agreement or any other Loan Document.

The foregoing notwithstanding, any amendment, modification, waiver, consent, termination, or release of, or with respect to, any provision of this Agreement or any other Loan Document that relates only to the relationship of the Lender Group among themselves, and that does not affect the rights or obligations of Borrower, shall not require consent by or the agreement of Borrower.

The foregoing to the contrary notwithstanding, an amendment to this Agreement to effectuate an Approved Increase shall only require the consent of Borrower, the Agent and the new Lender and shall not require the consent of any other Lender.

Notwithstanding anything in this Agreement to the contrary, (i) to the extent any waiver, amendment or modification of any provision of this Agreement or any other Loan Document affects the Lenders of a particular Class, but does not affect the Lenders of any other Class, such waiver, amendment or modification shall require the consent of the Required Lenders of such Class (but not any other Lenders) and (ii) no waiver, amendment or modification of any provision of this Agreement or any other Loan Document that materially adversely affects the Lenders of a Class in a manner that does not affect other Classes shall not be effective against the Lenders of such Class unless the Required Lenders of such Class (in addition to any other percentage of Lenders required to consent to such waiver, amendment or modification) shall have consented to such waiver, amendment or modification; provided, however, for the avoidance of doubt, in no other circumstances shall the concurrence of the Required Lenders of a particular Class be required for any waiver, amendment or modification of any provision of this Agreement or any other Loan Document.

If any action to be taken by the Lender Group or Agent hereunder requires the greater than majority or unanimous consent, authorization, or agreement of all Lenders, and a Lender ("Holdout Lender") fails to give its consent, authorization, or agreement or if any Lender is a Defaulting Lender hereunder, then Agent or, if no Event of Default has occurred and is continuing, Borrower, upon at least 5 Business Days' prior irrevocable notice to the Holdout Lender or Defaulting Lender, may permanently replace the Holdout Lender or Defaulting Lender with one or more substitute Lenders (each, a "Replacement Lender"), and the Holdout Lender or Defaulting Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Holdout Lender or Defaulting Lender shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given. Prior to the effective date of such replacement, the Holdout Lender or Defaulting Lender, as applicable, and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Holdout Lender or such Defaulting Lender being repaid its share of the outstanding Obligations (including an assumption of its Pro Rata Share of any participation in any Letter of Credit Usage) without any premium or penalty of any kind whatsoever. If the Holdout Lender or Defaulting Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Holdout Lender or Defaulting Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Holdout Lender or Defaulting Lender shall be made in accordance with the terms of Section 9.1. Until such time as the Replacement Lenders shall have acquired all of the Obligations, the Revolving Commitments, and the other rights and obligations of the Holdout Lender or Defaulting Lender hereunder and under the other Loan Documents, the Holdout Lender or Defaulting Lender, as applicable, shall remain obligated to make its Pro Rata Share of Loans and to purchase a participation in each Letter of Credit, in accordance with this Agreement.

11.3 Notices. Except as otherwise provided herein, all notices, demands, instructions, requests, and other communications required or permitted to be given to, or made upon, any party hereto shall be in writing and (except for financial statements and certain other documents to be furnished pursuant hereto, which may be sent as provided herein) shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by courier, electronic mail (at such e-mail addresses as a party may designate in accordance herewith), or facsimile and shall be deemed to be given for purposes of this Agreement on the day that such writing is received by the Person to whom it is to be sent pursuant to the provisions of this Agreement. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 11.3, notices, demands, requests, instructions, and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective facsimile numbers) indicated on Schedule 11.3 attached hereto.

11.4 [Reserved].

11.5 Headings. Article and Section headings used in this Agreement and the table of contents preceding this Agreement are for convenience of reference only and shall neither constitute a part of this Agreement for any other purpose nor affect the construction of this Agreement.

11.6 Execution in Counterparts; Effectiveness. This Agreement shall become effective, at any time on or prior to the Closing Date, when it shall have been executed by the Agent and when the Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis.* The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation Assignment and Acceptances, amendments or other Requests for Borrowing, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent (and, for the avoidance of doubt, electronic signatures utilizing the DocuSign platform shall be deemed approved), or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

11.7 **GOVERNING LAW. EXCEPT AS SPECIFICALLY SET FORTH IN ANY OTHER LOAN DOCUMENT: (A) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF NEW YORK; AND (B) THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AND THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

11.8 **JURISDICTION AND VENUE. TO THE EXTENT THEY MAY LEGALLY DO SO, THE PARTIES HERETO AGREE THAT ALL ACTIONS, SUITS, OR PROCEEDINGS ARISING BETWEEN ANY MEMBER OF THE LENDER GROUP OR BORROWER IN CONNECTION WITH THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE OR FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK (OTHER THAN WITH RESPECT TO ACTIONS BY THE AGENT OR OTHER SECURED PARTY IN RESPECT OF RIGHTS UNDER ANY COLLATERAL AGREEMENT GOVERNED BY LAWS OTHER THAN THE LAWS OF THE STATE OF NEW YORK OR WITH RESPECT TO ANY COLLATERAL SUBJECT THERETO). BORROWER AND EACH MEMBER OF THE LENDER GROUP, TO THE EXTENT THEY MAY LEGALLY DO SO, HEREBY WAIVE ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 11.8 AND STIPULATE THAT THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF NEW YORK SHALL HAVE IN PERSONAM JURISDICTION AND VENUE OVER SUCH PERSON FOR THE PURPOSE OF LITIGATING ANY SUCH DISPUTE, CONTROVERSY, OR PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS (OTHER THAN WITH RESPECT TO ACTIONS BY THE AGENT OR OTHER SECURED PARTY IN RESPECT OF RIGHTS UNDER ANY COLLATERAL AGREEMENT GOVERNED BY LAWS OTHER THAN THE LAWS OF THE STATE OF NEW YORK OR WITH RESPECT TO ANY COLLATERAL SUBJECT THERETO). TO THE EXTENT PERMITTED BY LAW, SERVICE OF PROCESS SUFFICIENT FOR PERSONAL JURISDICTION IN ANY ACTION AGAINST BORROWER MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ITS ADDRESS INDICATED ON SCHEDULE 11.3 ATTACHED HERETO (PROVIDED THAT AGENT AND THE SECURED PARTIES RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY LOAN PARTY IN THE COURTS OF ANY OTHER JURISDICTION IN CONNECTION WITH THE EXERCISE OF ANY RIGHTS UNDER ANY COLLATERAL DOCUMENT OR THE ENFORCEMENT OF ANY JUDGMENT).**

11.9 **WAIVER OF TRIAL BY JURY. BORROWER AND EACH MEMBER OF THE LENDER GROUP, TO THE EXTENT THEY MAY LEGALLY DO SO, HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, CAUSE OF ACTION, OR PROCEEDING ARISING UNDER OR WITH RESPECT TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR IN ANY WAY CONNECTED WITH, OR**

RELATED TO, OR INCIDENTAL TO, THE DEALINGS OF THE PARTIES HERETO WITH RESPECT TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND IRRESPECTIVE OF WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. TO THE EXTENT THEY MAY LEGALLY DO SO, BORROWER AND EACH MEMBER OF THE LENDER GROUP HEREBY AGREE THAT ANY SUCH CLAIM, DEMAND, ACTION, CAUSE OF ACTION, OR PROCEEDING SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 11.9 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE OTHER PARTY OR PARTIES HERETO TO WAIVER OF ITS OR THEIR RIGHT TO TRIAL BY JURY.

11.10 Independence of Covenants. All covenants under this Agreement and other Loan Documents shall be given independent effect so that if a particular action or condition is not permitted by any one covenant, the fact that it would be permitted by another covenant, shall not avoid the occurrence of an Event of Default or Unmatured Event of Default if such action is taken or condition exists.

11.11 Confidentiality. Agent and Lenders each individually (and not jointly or jointly and severally) agree that material, non-public information regarding the Initial Borrower, the Loan Parties and their respective Subsidiaries, their operations, assets, and existing and contemplated business plans shall be treated by Agent and the Lenders in a confidential manner, used only in connection with this Agreement and in compliance with applicable laws, including United States federal or state securities laws, and shall not be disclosed by Agent and the Lenders to Persons who are not parties to this Agreement, except: (a) to attorneys for and other advisors, accountants, auditors, and consultants to any member of the Lender Group, (b) to Subsidiaries and Affiliates of any member of the Lender Group and any of their respective officers, directors, employees, counsel, accountants, auditors and other representatives; provided that in the case of clause (a) and (b), such Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential, (c) as may be required by statute, decision, or judicial or administrative order, rule, regulation or any Governmental Authority (other than any state, federal or foreign authority or examiner regulating banks or banking); provided that, to the extent it may lawfully do so, Agent or any such Lender shall notify Borrower of such requirement prior to any disclosure of such information to a party that Agent or such Lender reasonably believes may not keep such information confidential and shall reasonably cooperate with Borrower in any lawful effort by Borrower to prevent or limit such disclosure or otherwise protect the confidentiality of such information, (d) as may be agreed to in advance by Borrower or its Subsidiaries or as requested or required by any Governmental Authority (other than any state, federal or foreign authority or examiner regulating banks or banking) pursuant to any subpoena or other legal process; provided that, to the extent it may lawfully do so, Agent or any such Lender shall notify Borrower of such requirement prior to any disclosure of such information to a party that Agent or such Lender reasonably believes may not keep such information confidential and shall reasonably cooperate with Borrower in any lawful effort by Borrower to prevent or limit such disclosure or otherwise protect the confidentiality of such information, (e) as requested or required by any state, federal or foreign regulatory or other authority or examiner regulating banks or banking, (f) as to any such information that is or becomes generally available to the public (other than as a result of prohibited disclosure by Agent or the Lenders), (g) to any potential swap or derivative counterparty to any swap or derivative transaction relating to the Borrower or any of its affiliates or any of its obligations or in connection with any assignment, prospective assignment, sale, prospective sale, participation or prospective participations, or pledge or prospective pledge of any Lender's interest under this Agreement, provided that any such potential swap or derivative counterparty, assignee, prospective assignee, purchaser, prospective purchaser, participant, prospective participant, pledgee, or prospective pledgee is reasonably expected to be an actual swap or derivative counterparty or permitted assignee, purchaser, participant, or pledgee hereof and shall have agreed in writing to receive such information hereunder subject to the terms of this Section, (h) the Agent and the Lenders may disclose the existence of this Agreement and publicly available information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Agent and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Revolving Commitments and (i) in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Loan Documents or enforcement of any Agent's, Issuing Lender's or Lender's rights under the Loan Documents. The provisions of this Section 11.11 shall survive for 2 years after the payment in full of the Obligations. Notwithstanding the foregoing, confidential information shall not include, as to any Agent or Lender, information independently developed by such Person or its Affiliates, information that was in such Person's and/or Affiliates possession prior to the Closing Date and was not known by such Person or its Affiliates to be from a confidential source and information that is provided to such Person and/or its Affiliates after the Closing Date from any source without a known obligation of confidentiality to the Borrower and its Affiliates.

11.12 Complete Agreement. This Agreement, together with the exhibits and schedules hereto, and the other Loan Documents is intended by the parties hereto as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement with respect to the subject matter of this Agreement and shall not be contradicted or qualified by any other agreement, oral or written, before the Closing Date.

11.13 USA Patriot Act Notice. Each Lender hereby notifies the Loan Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56) signed into law October 26, 2001 (the "USA Patriot Act"), it may be required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the USA Patriot Act.

11.14 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the applicable Overnight Rate to the date of repayment, shall have been received by such Lender.

11.15 Judgment Currency. This is an international loan transaction in which the specification of Dollars or any Alternative Currency, as the case may be (the "Specified Currency"), and payment in New York City or the country of the Specified Currency, as the case may be (the "Specified Place"), is of the essence, and the Specified Currency shall be the currency of account in all events relating to Loans or reimbursement obligations denominated in the Specified Currency. The payment obligations of the Borrower under this Agreement shall not be discharged or satisfied by an amount paid in another currency or in another place, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on conversion to the Specified Currency and transfer to the Specified Place under normal banking procedures does not yield the amount of the Specified Currency at the Specified Place due hereunder. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Specified

Currency into another currency (the "Second Currency"), the rate of exchange that shall be applied shall be the rate at which in accordance with normal banking procedures the Agent could purchase the Specified Currency with the Second Currency on the Business Day next preceding the day on which such judgment is rendered. The obligation of the Borrower in respect of any such sum due from it to the Agent or any Lender hereunder or under any other Loan Document (in this Section called an "Entitled Person") shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following receipt by such Entitled Person of any sum adjudged to be due hereunder in the Second Currency such Entitled Person may in accordance with normal banking procedures purchase and transfer to the Specified Place the Specified Currency with the amount of the Second Currency so adjudged to be due; and the Borrower hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify such Entitled Person against, and to pay such Entitled Person on demand, in the Specified Currency, the amount (if any) by which the sum originally due to such Entitled Person in the Specified Currency hereunder exceeds the amount of the Specified Currency so purchased and transferred.

11.16 Severability. Any provision of this Agreement or any other Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof or thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

11.17 No Fiduciary Duties. Each of the Loan Parties hereby acknowledges and agrees that the Agent, the Issuing Lenders and the Lenders may have economic interests that conflict with those of the Loan Parties and/or their Affiliates and nothing in this Agreement or any other Loan Document creates any fiduciary relationship with or duty to such Loan Party arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Agent, the Issuing Lenders and Lenders, on the one hand, and such Loan Party, on the other hand, in connection herewith or therewith is solely that of creditor and debtor.

11.18 Acknowledgment and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

11.19 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

Article XII

GUARANTY

12.1 Guaranty of Payment. Subject to Section 12.7, each Guarantor hereby unconditionally and irrevocably and jointly and severally guarantees to the Agent, for the benefit of the Lenders and the Issuing Lenders, the prompt payment of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise). Any payment hereunder shall be made at such place and in the same currency as such relevant Obligation is payable. This guaranty is a guaranty of payment and not solely of collection and is a continuing guaranty and shall apply to all Obligations whenever arising.

12.2 Obligations Unconditional.

(a) Guarantee Absolute. The obligations of the Guarantors under this Article XII are primary, absolute and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of the Loan Parties under this Agreement, the other Loan Documents or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor other than payment in full of the Obligations, it being the intent of this Section 12.2 that the obligations of the Guarantors hereunder shall be absolute and unconditional, joint and several, under any and all circumstances and shall apply to any and all Obligations now existing or in the future arising. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the enforceability of this Agreement in accordance with its terms or affect, limit, reduce, discharge, terminate, alter or impair the liability of the Guarantors hereunder, which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement, the other Loan Documents or any other agreement or instrument referred to herein or therein shall be done or omitted;

(iii) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under this Agreement, the other Loan Documents or any other agreement or instrument referred to herein or therein shall be waived or any other guarantee of any of the Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any application by any member of the Lender Group of the proceeds of any other guaranty of or insurance for any of the Obligations to the payment of any of the Obligations;

(v) any settlement, compromise, release, liquidation or enforcement by any member of the Lender Group of any of the Obligations;

(vi) the giving by any member of the Lender Group of any consent to the merger or consolidation of, the sale of substantial assets by, or other restructuring or termination of the corporate existence of, the Borrower or any other Person, or to any Disposition of any Securities by the Borrower or any other Person;

(vii) the exercise by any member of the Lender Group of any of their rights, remedies, powers and privileges under the Loan Documents;

(viii) the entering into any other transaction or business dealings with the Borrower or any other Person; or

(ix) any combination of the foregoing.

(b) Waiver of Defenses. The enforceability of this Agreement and the liability of the Guarantors and the rights, remedies, powers and privileges of the Lender Group under this Agreement shall not be affected, limited, reduced, discharged or terminated, and each Guarantor hereby expressly waives to the fullest extent permitted by law any defense now or in the future arising, by reason of:

(i) the illegality, invalidity or unenforceability of any of the Obligations, any Loan Document or any other agreement or instrument whatsoever relating to any of the Obligations;

(ii) any disability or other defense with respect to any of the Obligations, including the effect of any statute of limitations, that may bar the enforcement thereof or the obligations of such Guarantor relating thereto;

(iii) the illegality, invalidity or unenforceability of any other guaranty of or insurance for any of the Obligations;

(iv) the cessation, for any cause whatsoever, of the liability of the Borrower or any Guarantor with respect to any of the Obligations;

(v) any failure of any member of the Lender Group to marshal assets, to pursue or exhaust any right, remedy, power or privilege it may have against the Borrowers or any other Person, or to take any action whatsoever to mitigate or reduce the liability of any Guarantor under this Agreement, the Lender Group being under no obligation to take any such action notwithstanding the fact that any of the Obligations may be due and payable and that the Borrower may be in default of its obligations under any Loan Document;

(vi) any counterclaim, set-off or other claim which the Borrower or any Guarantor has or claims with respect to any of the Obligations;

(vii) any failure of any member of the Lender Group to file or enforce a claim in any bankruptcy, insolvency, reorganization or other proceeding with respect to any Person;

(viii) any bankruptcy, insolvency, reorganization, winding-up or adjustment of debts. or appointment of a custodian, liquidator or the like of it, or similar proceedings commenced by or against the Borrower or any other Person, including any discharge of, or bar, stay or injunction against collecting, any of the Obligations (or any interest on any of the Obligations) in or as a result of any such proceeding;

(ix) any action taken by any member of the Lender Group that is authorized by this Section or otherwise in this Agreement or by any other provision of any Loan Document, or any omission to take any such action; or

(x) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor other than payment in full of the Obligations.

(c) Waiver of Counterclaim. The Guarantors expressly waive, to the fullest extent permitted by law, for the benefit of the Lender Group, any right of set-off and counterclaim with respect to payment of its obligations hereunder, and all diligence, presentment, demand of payment or performance, protest, notice of nonpayment or nonperformance, notice of protest, notice of dishonor and all other notices or demands whatsoever, and any requirement that any member of the Lender Group exhaust any right, power, privilege or remedy or proceed against the Loan Parties under this Agreement, the other Loan Documents or any other agreement or instrument referred to herein or therein, or against any other Person under any other guarantee of, or security for, any of the Obligations, and all notices of acceptance of this Agreement or of the existence, creation, incurrence or assumption of new or additional Obligations. Each Guarantor further expressly waives the benefit of any and all statutes of limitation, to the fullest extent permitted by applicable law.

(d) Other Waivers. Each Guarantor expressly waives, to the fullest extent permitted by law, for the benefit of the Lender Group, any right to which it may be entitled:

(i) that the assets of the Borrower first be used, depleted and/or applied in satisfaction of the Obligations prior to any amounts being claimed from or paid by such Guarantor;

(ii) to require that the Borrower be sued and all claims against the Borrower be completed prior to an action or proceeding being initiated against such Guarantor; and

(iii) to have its obligations hereunder be divided among the Guarantors, such that each Guarantor's obligation would be less than the full amount claimed.

12.3 Modifications. Each Guarantor agrees to the fullest extent permitted by applicable law that (a) all or any part of any security which hereafter may be held for the Obligations, if any, may be exchanged, compromised or surrendered from time to time; (b) the Agent, the Lenders and the Issuing Lenders shall not have any obligation to protect, perfect, secure or insure any such security interests or Liens which hereafter may be held, if any, for the Obligations or the properties subject thereto; (c) the time or place of payment of the Obligations may be changed or extended, in whole or in part, to a time certain or otherwise, and may be renewed or accelerated, in whole or in part; (d) the Borrower and any other party liable for payment under this Agreement may be granted indulgences generally; (e) any of the provisions of this Agreement or any other Loan Document may be modified, amended or waived; (f) any party liable for the payment thereof may be granted indulgences or be released; and (g) any deposit balance for the credit of the Borrower or any other party liable for the payment of the Obligations or liable upon any security therefor may be released, in whole or in part, at, before or after the stated, extended or accelerated maturity of the Obligations, all without notice to or further assent by such Guarantor, which shall remain bound thereon, notwithstanding any such exchange, compromise, surrender, extension, renewal, acceleration, modification, indulgence or release.

12.4 Waiver of Rights. Each Guarantor expressly waives to the fullest extent permitted by applicable law: (a) notice of acceptance of this guaranty by the Agent, the Lenders and the Issuing Lenders, and of all Loans made to the Borrower by the Lenders and Letters of Credit issued by the Issuing Lenders; (b) presentment and demand for payment or performance of any of the Obligations; (c) protest and notice of dishonor or of default (except as specifically required in this Agreement) with respect to the Obligations or with respect to any security therefor; (d) notice of the Lenders obtaining, amending, substituting for, releasing, waiving or modifying any Lien, if any, hereafter securing the Obligations, or the Agent's, Lenders' or Issuing Lenders' subordinating, compromising, discharging or releasing such Liens, if any; (e) all other notices to which the Borrower might otherwise be entitled in connection with the guaranty evidenced by this Section 12.4; and (f) demand for payment under this guaranty.

12.5 Reinstatement. The obligations of each Guarantor under this Section 12.5 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Lenders on demand for all reasonable costs and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by the Agent, Lenders and Issuing Lenders in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

12.6 Remedies. Each Guarantor agrees to the fullest extent permitted by applicable law that, as between such Guarantor, on the one hand, and the Agent, Lenders and Issuing Lenders, on the other hand, the Obligations may be declared to be forthwith due and payable as provided in Article VII (and shall be deemed to have become automatically due and payable in the circumstances provided in Article VII) notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing such

Obligations from becoming automatically due and payable) as against any other person and that, in the event of such declaration (or such Obligations being deemed to have become automatically due and payable), such Obligations (whether or not due and payable by any other person) shall forthwith become due and payable by such Guarantor.

12.7 Limitation of Guaranty. Notwithstanding any provision to the contrary contained herein, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

12.8 SSG Drop-Down. Notwithstanding any provision to the contrary contained herein or in any other Loan Document, (i) nothing herein shall be construed to limit or prohibit the consummation of the SSG Drop-Down, (ii) prior to the SSG Drop-Down, the Subsequent Borrower shall not be an obligor, whether by guaranty, surety or otherwise for any Obligation, and none of the assets of the Subsequent Borrower shall constitute credit support or collateral security for any Obligation; provided, for the avoidance of doubt, the foregoing shall not prohibit prior to the occurrence of the SSG Drop-Down the pledge of the Equity Interests of the Subsequent Borrower owned by the Initial Borrower pursuant to the relevant Collateral Documents and (iii) immediately upon the occurrence of the SSG Drop-Down and at all times thereafter, the Initial Borrower shall be released of all its obligations hereunder and shall not be an obligor, whether as a primary obligor or by guaranty, surety or otherwise, for any Obligation and none of the assets of the Initial Borrower shall constitute credit support or collateral security for any Obligation.

12.9 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Credit Party to honor all of its obligations under this Agreement in respect of Swap Obligations; provided that each Qualified ECP Guarantor shall only be liable under this Section 12.9 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 12.9, or otherwise under this Agreement, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount. The obligations of each Qualified ECP Guarantor under this Section 7.13 shall remain in full force and effect until the satisfaction and discharge of all Guaranteed Obligations. Borrower and each Qualified ECP Guarantor intends that this Section 12.9 constitute, and this Section 12.9 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of Borrower and each Qualified ECP Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first set forth above.

STEPSTONE GROUP LP, as Borrower

By: StepStone Group Holdings LLC, its general partner

By:/s/ Johnny Randel
Name: Johnny Randel
Title: Partner and Chief Financial Officer

[Signature Page to Amendment No. 1]

JPMORGAN CHASE BANK, N.A., as Agent

By: /s/ Alfred Chi
Name: Alfred Chi
Title: Executive Director

JPMORGAN CHASE BANK, N.A., as a
Multicurrency Lender

By: /s/ Alfred Chi
Name: Alfred Chi
Title: Executive Director

GOLDMAN SACHS BANK USA, as a Multicurrency Lender

By: /s/ Keshia Leday
Name: Keshia Leday
Title: Authorized Signatory

MORGAN STANLEY BANK, N.A.,
as a Multicurrency Lender

By: /s/ Jake Dowden
Name: Jake Dowden
Title: Authorized Signatory

ZIONS BANCORPORATION, NA, dba California Bank and Trust,
as a Multicurrency Lender

By: /s/ Roger Sutton
Name: Roger Sutton
Title: First Vice President

Cadence Bank,
as a Dollar Lender

By: /s/ Donald G. Preston
Name: Donald G. Preston
Title: Senior Vice President

COMERICA BANK,
as a Multicurrency Lender

By: /s/ Cailyn Coburn
Name: Cailyn Coburn
Title: Portfolio Manager

[Signature Page to Amendment No. 1]

TriState Capital Bank,
as a Dollar Lender

By: /s/ Ellen Frank
Name: Ellen Frank
Title: Senior Vice President

EXHIBIT 21.1

SUBSIDIARIES OF STEPSTONE GROUP INC. (as of March 31, 2023)

Name of Subsidiary	Jurisdiction/State of Incorporation
SRA Capital (Canada) LTD.	British Columbia, Canada
StepStone Group Private Wealth LLC	Delaware
StepStone Europe Limited	England and Wales
StepStone GC Manager, L.P.	Delaware
StepStone Gestão de Recursos Ltda.	Brazil
StepStone Group (CHINA) Limited	China
StepStone Group (HK) Limited	Hong Kong
StepStone Group Chile SpA	Chile
StepStone Group Europe LLP	United Kingdom
StepStone Group Holdings LLC	Delaware
StepStone Group LP	Delaware
StepStone Group Luxembourg S.À R.L	Luxembourg
StepStone Group Mexico Holdings LLC	Delaware
StepStone Group Mexico Holdings, SdeRL	Mexico
StepStone Group Private Debt LLC	Delaware
StepStone Group Real Assets Holdings LLC	Delaware
StepStone Group Real Assets LP	Delaware
StepStone Group Real Estate Holdings LLC	Delaware
StepStone Group Real Estate LP	Delaware
StepStone Group Singapore Pte. Ltd.	Singapore
StepStone Mexico, S.C.	Mexico
StepStone Mexico I SLP, L.P.	Delaware
StepStone Partners, L.P.	Delaware
Swiss Capital Alternative Investments AG	Switzerland
Swiss Capital Alternative Investments G.P. LTD.	Switzerland
StepStone Group Europe Alternative Investments Limited	Ireland
StepStone Verwaltungs Gmbh	Germany
StepStone Diversified Funds GP, LLC	Delaware
StepStone E (GP) LLC	Delaware
StepStone E Offshore (GP) LLC	Cayman Islands
StepStone East Town (GP), LLC	Cayman Islands
StepStone European Fund GP, S.À.R.L.	Luxembourg
StepStone FERRO (GP), LLC	Delaware
StepStone FSS (GP), LLC	Delaware
StepStone G (GP), LLC	Delaware
StepStone G (GP) II, LLC	Delaware
StepStone GC GP, LLC	Delaware
StepStone H (GP), LLC	Delaware
StepStone HF (GP), LLC	Delaware
StepStone HF Real Estate (GP), LLC	Delaware
StepStone JP (GP) II, LLC	Delaware
StepStone JP (GP), LLC	Delaware
StepStone K Infrastructure (GP), LLC	Cayman Islands

StepStone K Infrastructure (GP) II, LLC	Cayman Islands
StepStone K Opportunities (GP), LLC	Delaware
StepStone K Real Estate (GP), LLC	Cayman Islands
StepStone KF (GP), LLC	Delaware
StepStone LMM (GP), LLC	Delaware
StepStone Maple (GP), LLC	Delaware
StepStone Mexico I (GP), LLC	Delaware
StepStone NL (GP), LLC	Delaware
StepStone NLGI (GP), LLC	Delaware
StepStone NPS PE (GP), LLC	Delaware
StepStone NPS PE II (GP), LLC	Cayman Islands
StepStone NPS Real Estate (GP), LLC	Cayman Islands
StepStone NPS SIERA (GP), LLC	Delaware
StepStone NPS SIRA II (GP), LLC	Cayman Islands
StepStone OH Secondaries (GP), LLC	Delaware
StepStone Opportunities Fund G.P. Ltd	Cayman Islands
StepStone P (GP), LLC	Cayman Islands
StepStone P Real Assets (GP), LLC	Cayman Islands
StepStone P Real Assets II (GP), LLC	Cayman Islands
StepStone PC GP, LLC	Delaware
StepStone PH (GP), LLC	Delaware
StepStone PIFSS Real Estate (GP), LLC	Cayman Islands
StepStone PPA (GP), LLC	Delaware
StepStone PPL Secondaries (GP), LLC	Delaware
StepStone PRIVATE ACCESS (GP), LLC	Delaware
StepStone R (GP), LLC	Delaware
StepStone Real Estate Partners IV (GP) S.À.R.L.	Luxembourg
StepStone REP III (GP) (Cayman), LLC	Cayman Islands
StepStone REP III (GP), LLC	Delaware
StepStone REP IV (GP Cayman), LLC	Cayman Islands
StepStone REP IV (GP), LLC	Delaware
StepStone RIVAS (GP), LLC	Delaware
StepStone Scorpio (GP), LLC	Cayman Islands
StepStone Secondaries (GP), LLC	Delaware
StepStone Secondaries II (GP), LLC	Delaware
StepStone Secondaries III (GP) S.À R.L.	Luxembourg
StepStone Secondaries III (GP), LLC	Delaware
StepStone Secondaries IV (GP) S.À R.L.	Luxembourg
StepStone Secondaries IV (GP), LLC	Delaware
StepStone SEDCO (GP), LLC	Delaware
StepStone SL (GP), LLC	Cayman Islands
StepStone Sunstone (GP), LLC	Delaware
StepStone Tactical Growth (GP), LLC	Delaware
StepStone Tactical Growth II (GP), LLC	Delaware
StepStone Tactical Growth III (GP), LLC	Delaware

StepStone TRI GP LLC	Delaware
StepStone TS (GP), LLC	Delaware
StepStone UWF Secondaries (GP), L.P.	Delaware
StepStone UWF Secondaries Holdings (GP), LLC	Delaware
StepStone XL (GP), LLC	Delaware
StepStone Y (GP) LLC	Cayman Islands
Swiss Capital Private Debt G.P. (Luxembourg) S.À.R.L.	Luxembourg
Swiss Capital Private Debt G.P. II (Luxembourg) S.À.R.L.	Luxembourg
Swiss Capital Private Debt G.P. II LTD.	Cayman Islands
SSG Private Debt G.P. III (Luxembourg) S.À R.L.	Luxembourg
Swiss Capital Private Debt G.P. LTD	Cayman Islands
Swiss Capital Private Debt Manager G.P. LTD	Cayman Islands
Swiss Capital SCL Fund G.P. Ltd.	Cayman Islands
Private Equity Portfolio G.P. CO.	Cayman Islands
Real Estate Fund I Domestic GP, LLC	Delaware
Real Estate Fund I International GP, LLC	Delaware
Real Estate Fund II GP, LLC	Delaware
SSG Private Debt Manager G.P. II (Cayman) Ltd.	Cayman Islands
SSG ME Infrastructure (GP), LLC	Cayman Islands
SSG ME Real Estate (GP), LLC	Cayman Islands
SSG Peninsula (GP), LLC	Cayman Islands
StepStone A (GP), LLC	Delaware
StepStone AEGON (GP), LLC	Delaware
StepStone AMP (GP), LLC	Delaware
StepStone AP (GP), LLC	Delaware
StepStone Atlantic (GP), L.P.	Delaware
StepStone Atlantic Holdings (GP), LLC	Delaware
StepStone ATLAS (GP), LLC	Delaware
StepStone ATS (GP), LLC	Delaware
StepStone Atlas III (Offshore) (GP), LLC	Cayman Islands
StepStone AZ China and Asia (GP), LLC	Delaware
StepStone AZ Secondaries (GP), LLC	Delaware
StepStone B (GP), LLC	Cayman Islands
StepStone B II-G (GP), LLC	Cayman Islands
StepStone B II-R (GP), LLC	Cayman Islands
StepStone BVK (GP), S.À R.L.	Luxembourg
StepStone BVK RE (GP), S.À R.L	Luxembourg
StepStone C (GP), LLC	Delaware
StepStone Capital III (GP) S.À.R.L.	Luxembourg
StepStone Capital III (GP), LLC	Cayman Islands
StepStone Capital IV (GP) S.À.R.L.	Luxembourg
StepStone Capital IV (GP), LLC	Cayman Islands
StepStone Capital V (GP), S.À.R.L.	Luxembourg
StepStone Capital V (GP), LLC	Cayman Islands

StepStone CGC Opportunities (GP), Limited	Cayman Islands
StepStone Co-Investment Funds GP, LLC	Delaware
StepStone PH Infra Equity (GP), LLC	Cayman Islands
StepStone PTS Infrastructure Secondary Opportunities (GP), LLC	Cayman Islands
StepStone HCSCMPTEPP (GP), LLC	Delaware
StepStone PH Infra (GP), LLC	Delaware
StepStone HB Real Estate (GP), LLC SSG PIF Insurance GP Ltd SSG Private Credit (US) GP LLC	Cayman Islands Cayman Islands Delaware
Edamame Administrative Member LLC	Delaware
StepStone (Luxembourg) GP S.À R.L.	Luxembourg
StepStone Atlas III (GP), LLC	Delaware
StepStone Badger Secondary Opportunities Holdings (GP), LLC	Cayman Islands
StepStone PI (GP), LLC	Delaware
StepStone Sanabil (GP), LLC	Delaware
StepStone Secondaries (GP) V S.À R.L.	Luxembourg
StepStone Secondaries V Overage (GP) S.À R.L.	Luxembourg
StepStone TC (GP), LLC	Delaware
StepStone TI1 Sub (GP), LLC StepStone Thunderbird (GP), LLC	Cayman Islands Delaware
Greenspring Associates, L.P.	Delaware
Greenspring Associates, LLC	Delaware
Greenspring Associates Newco, LLC	Delaware
Greenspring Back Office Solutions, LLC	Delaware
Greenspring Back Office Solutions Newco, LLC	Delaware
Blackbird GA 2020 GP, LLC	Delaware
Blackbird GSC, L.P.	Delaware
StepStone VC Asia GP I, LLC	Cayman Islands
StepStone VC Crossover I GP, LLC	Delaware
StepStone VC Diversity GP I, LLC	Delaware
StepStone VC Early Stage GP I, LLC	Delaware
StepStone VC Early Stage GP II, LLC	Delaware
StepStone VC Early Stage I-H GP LLC	Delaware
StepStone VC Early Stage I-LH GP LLC	Delaware
StepStone VC FF-GP II, Ltd.	Cayman Islands
StepStone VC FF-GP III, LLC	Delaware
StepStone VC FF-GP IV, LLC	Delaware
StepStone VC FF-GP, LLC	Delaware
StepStone VC GE V GP, LLC	Delaware
StepStone VC General Partner GW, LLC	Delaware
StepStone VC Global Partners IX-M GP, LLC	Delaware
StepStone VC Global Partners IX-V GP, LLC	Delaware
StepStone VC GP (Healthcare), LLC	Delaware
StepStone VC GP IV, LLC	Delaware
StepStone VC GP IX, LLC	Delaware

StepStone VC GP V, LLC	Delaware
StepStone VC GP VI, LLC	Delaware
StepStone VC GP VII, Ltd.	Cayman Islands
StepStone VC GP VIII SARL	Luxembourg
StepStone VC GP VIII, Ltd.	Cayman Islands
StepStone VC GP X, LLC	Delaware
StepStone VC Growth GP IV, LLC	Delaware
StepStone VC IL GP II LLC	Delaware
StepStone VC Impact GP I, LLC	Delaware
StepStone VC Impact GP II, LLC	Delaware
StepStone VC Micro GP I, LLC	Delaware
StepStone VC Micro GP II, LLC	Delaware
StepStone VC Micro GP III LLC	Delaware
StepStone VC Micro GP IV LLC	Delaware
StepStone VC MI-G GP, LLC	Delaware
StepStone VC Opportunities GP II, LLC	Delaware
StepStone VC Opportunities GP III, LLC	Delaware
StepStone VC Opportunities GP IV, LLC	Delaware
StepStone VC Opportunities GP V, LLC	Delaware
StepStone VC Opportunities GP VI, LLC	Delaware
StepStone VC Opportunities GP VII, LLC	Delaware
StepStone VC Secondaries GP I, LLC	Delaware
StepStone VC Secondaries GP II, LLC	Delaware
StepStone VC Secondaries GP III, LLC	Delaware
StepStone VC Secondaries GP IV, LLC	Delaware
StepStone VC Secondaries GP V, LLC	Delaware
StepStone VC SK GP, LLC	Cayman Islands
StepStone VC SPV (AV IV) GP, LLC	Delaware
StepStone VC SPV IV, LLC	Delaware
StepStone VC SPV IX GP, LLC	Delaware
StepStone VC SPV, LLC	Delaware
StepStone VC GP X-I, LLC	Delaware
StepStone VC F-II GP, LLC	Delaware
StepStone GE VII-L GP, LLC	Delaware
StepStone VC X-V GP, LLC	Delaware
G1 SRE SMA GP, LLC	Delaware
SICP 2022 (GP), LLC	Delaware
SilverStone Ironwood (GP), LLC	Cayman Islands
SilverStone Nolan (GP), LLC	Delaware, Cayman Islands
SilverStone Pebbles V (GP), LLC	Delaware
SRE N-22, LLC	Delaware
SSG Private Debt GP IV (Luxembourg) S.à r.l.	Luxembourg
StepStone Accelerate Diversity (GP), LLC	Delaware
StepStone B III (GP), LLC	Cayman Islands
StepStone Climate (GP) S.à r.l.	Luxembourg

StepStone Climate (GP), LLC	Delaware
StepStone Ferwa GP, LLC	Cayman Islands
StepStone HF Private Debt (GP), LLC	Delaware
StepStone HF Venture (GP), LLC	Delaware
StepStone Horizons (GP), LLC	Delaware
StepStone iCapital GP VC, LLC	Delaware
StepStone Infrastructure Co-Investment Partners 2022 Europe (GP) S.A.R.L.	Luxembourg
StepStone K Real Estate II (GP), LLC	Cayman Islands
StepStone Libra (GP), LLC	Cayman Islands
StepStone NZ (GP), LLC	Cayman Islands
StepStone Ontario Natural Resources Opportunities (GP), LLC	Cayman Islands
StepStone Oxford I (GP), LLC	Delaware
StepStone PF Opportunities (L) (GP), LLC	Delaware
StepStone PIFSS Real Estate II (GP), LLC	Cayman Islands
StepStone Real Estate Partners V (GP) S.À.R.L.	Cayman Islands
StepStone REP V (GP Cayman), LLC	Cayman Islands
StepStone REP V (GP), LLC	Delaware
StepStone Rosa GP LLC	Delaware
StepStone T Real Estate (GP), LLC	Cayman Islands
StepStone Tactical Growth Fund IV (GP), LLC	Cayman Islands
StepStone Tactical Growth IV (GP) S.à r.l.	Luxembourg
StepStone TI1 (GP), Ltd	Cayman Islands
StepStone TM IO, LLC	Cayman Islands
StepStone VC 2022-CCT GP LLC	Delaware
StepStone VC Asia GP II LLC	Delaware
StepStone VC Asia GP II, LLC	Delaware
StepStone VC Asia I-GB GP, LLC	Delaware
StepStone VC BC GP, LLC	Delaware
StepStone VC Blockchain GP I, LLC	Delaware
StepStone VC D-1 (GP), LLC	Delaware
StepStone VC Diversity GP II, LLC	Delaware
StepStone VC Early Stage GP III, LLC	Delaware
StepStone VC IX-R GP, LLC	Delaware
StepStone VC Master SPV GP LLC	Delaware
StepStone VC Mesa GP LLC	Delaware
StepStone VC NZ GP LLC	Delaware
StepStone VC Wabash GP LLC	Delaware
StepStone VC XI GP, LLC	Delaware
VVF II Continuation Fund GP LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-261076) of StepStone Group Inc.; and

(2) Registration Statement (Form S-8 No. 333-248893) pertaining to the 2020 Long-Term Incentive Plan of StepStone Group Inc.

of our reports dated May 26, 2023, with respect to the consolidated financial statements of StepStone Group Inc. and the effectiveness of internal control over financial reporting of StepStone Group Inc. included in this Annual Report (Form 10-K) for the year ended March 31, 2023.

/s/ Ernst & Young LLP

Los Angeles, California

May 26, 2023

EXHIBIT 31.1

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott W. Hart, certify that:

1. I have reviewed this Annual Report on Form 10-K of StepStone Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 26, 2023

By: /s/ Scott W. Hart
Scott W. Hart
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Johnny D. Randel, certify that:

1. I have reviewed this Annual Report on Form 10-K of StepStone Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 26, 2023

By: /s/ Johnny D. Randel
Johnny D. Randel
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of StepStone Group Inc. (the “Company”) on Form 10-K for the year ended March 31, 2023, as filed with the Securities and Exchange Commission (the “SEC”) on or about the date hereof (the “Report”), I, Scott W. Hart, Chief Executive Officer of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 26, 2023

By: /s/ Scott W. Hart
Scott W. Hart
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff on request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of StepStone Group Inc. (the “Company”) on Form 10-K for the year ended March 31, 2023, as filed with the Securities and Exchange Commission (the “SEC”) on or about the date hereof (the “Report”), I, Johnny D. Randel, Chief Financial Officer of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 26, 2023

By: /s/ Johnny D. Randel
Johnny D. Randel
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff on request.