

# IN PERSON & VIRTUAL BOARD MEETING

\*The Committee meeting will be held prior to the Board of Investments meeting.



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Board orally and in writing. To provide Public Comment, please visit the above link and complete the request form.

**Attention:** If you have any questions, you may email [PublicComment@lacera.com](mailto:PublicComment@lacera.com).

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

## AGENDA

### A REGULAR MEETING OF THE EQUITY: PUBLIC/PRIVATE COMMITTEE AND THE BOARD OF INVESTMENTS\*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, MARCH 12, 2025

*This meeting will be conducted by the Equity: Public/Private Committee and Board of Investments both in person and by teleconference under California Government Code Section 54953 (f).*

*Any person may view the meeting in person at LACERA's offices or online at <https://LACERA.com/leadership/board-meetings>*

*The Committee may take action on any item on the agenda,  
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
  - A. Just Cause
  - B. Action on Emergency Circumstance Requests
  - C. Statement of Persons Present at AB 2449 Teleconference Locations
- III. APPROVAL OF MINUTES
  - A. Approval of the Minutes of the Equity: Public/Private Committee Meeting of November 13, 2024.

#### IV. PUBLIC COMMENT

(Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit <https://LACERA.com/leadership/board-meetings> and complete the request [form](#).

If you select oral comment, we will contact you via email with information and instructions as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Committee. Oral comment requests will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment within the form as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email [PublicComment@lacera.com](mailto:PublicComment@lacera.com).)

#### V. REPORT

##### A. Private Equity Education

Christopher Wagner, Principal Investment Officer

Jose Fernandez, Partner, StepStone

Natalie Walker, Partner, Stepstone

(Memo dated February 26, 2025)

#### VI. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

#### VII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

#### VIII. GOOD OF THE ORDER

(For information purposes only)

#### IX. ADJOURNMENT

***\*The Board of Investments has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Investments. Members of the Board of Investments who are not members of the Committee may attend and participate in a meeting of a Committee but may not vote, make a motion, or second on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.***

***Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.***

***Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.***

MINUTES OF THE REGULAR MEETING OF THE EQUITY:  
PUBLIC/PRIVATE COMMITTEE AND BOARD OF INVESTMENTS  
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, NOVEMBER 13, 2024

*This meeting was conducted by the Equity: Public/Private Committee and Board of Investments both in person and by teleconference under California Government Code Sections 54953 (b), (f).*

PRESENT:

Trevor Fay, Chair (Joined the meeting at 8:02 a.m.)

Mike Gatto, Vice Chair

David Ryu (Joined the meeting at 8:06 a.m.)

Nicole Mi

Patrick Jones, Alternate

MEMBERS AT LARGE:

Elizabeth Ginsberg

STAFF, ADVISORS, PARTICIPANTS:

Jonathan Grabel, Chief Investment Officer

Jude Perez, Deputy Chief Investment Officer

Christopher Wagner, Principal Investment Officer

Dale Johnson, Senior Investment Officer

STAFF, ADVISORS, PARTICIPANTS (Continued)

BlackRock

Elaine Moore, Senior Product Strategist, Active Equities Group

I. CALL TO ORDER

The meeting was called to order by Vice Chair Gatto at 8:00 a.m. in the Board Room of Gateway Plaza.

II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause

B. Action on Emergency Circumstance Requests

C. Statement of Persons Present at AB 2449 Teleconference Locations

There was nothing to report. No trustees participated under Section 54953(f).

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Equity: Public/Private Committee Meeting of February 14, 2024.

A motion was made by Trustee Jones, seconded by Trustee Mi, to approve the minutes of the Equity: Public/Private Committee regular meeting of February 14, 2024. The motion passed by the following roll call vote:

Yes: Gatto, Mi, Jones

Absent: Fay, Ru

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. REPORT

A. **Growth Educational Session**

Dale Johnson, Senior Investment Officer

Elaine Moore, Senior Product Strategist, Active Equities Group,  
BlackRock

(Memo dated November 1, 2024)

Mr. Johnson, and Ms. Moore of BlackRock provided a presentation and answered questions from the Committee.

V. ITEMS FOR STAFF REVIEW

There was nothing to report.

VI. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

VII. GOOD OF THE ORDER

(For information purposes only)

There was nothing to report.

VIII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 9:00 a.m.

February 26, 2025

TO: Trustees – Equity: Public/Private Committee

FROM: Christopher J. Wagner <sup>*cjw*</sup>  
Principal Investment Officer


FOR: March 12, 2025 Equity: Public/Private Committee Meeting

SUBJECT: **Private Equity Education**

At the March 12, 2025 Board of Investments Equity Committee Meeting, LACERA's private equity advisor StepStone Group LP ("StepStone") will make an educational presentation titled "Introduction to Private Equity". StepStone will cover several topics including asset class characteristics, investment sub-sectors and strategies, J-curve effect, risk considerations, and performance assessment.

The presentation (**Attachment**) will be led by StepStone partners Natalie Walker and Jose Fernandez.

Noted and Reviewed:



Jonathan Grabel  
Chief Investment Officer





# Introduction to private equity

Los Angeles County Employees Retirement Association

March 2025

## NOTES

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

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

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

All information provided herein is subject to change.

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

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

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

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

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

All data is as of December 2024, unless otherwise noted.





# Introduction to private equity

# Private equity investments (asset class)



Broadly defined as investments in public or non-public companies that are privately negotiated transactions, and typically result in private ownership of businesses



Private equity managers are typically independent organizations that often take an active role in the direction of a company seeking to create value, enhance returns and exit successfully



Spans a spectrum of investment stages and strategies – principally comprising buyouts, including leveraged buyouts or LBOs (acquisition of established businesses with stable cash flows by utilizing debt financing) or venture capital (investing private capital in start-up to growth stage companies)



Alternative means of gaining equity exposure in portfolios

## Characteristics

**Illiquidity:** private markets investments includes investments in assets not regularly traded in liquid markets

**Long term horizon:** generally ranging from 3 to 15+ years for certain asset classes

**Cash flow dynamic:** negative cash flows in early years as capital is called, followed by positive cash flows in later years as investments are exited

**Carried Interest:** to align long term incentives for the general partners

**J-curve:** typically value of portfolios will be initially impacted by negative commission costs

**Costs:** high management fees due to specialized activities and involvement

**Returns:** returns have generally been higher than the liquid markets

**Structure:** close ended funds

# Private equity spectrum (sub-sectors)

Stage	Seed and early stage venture capital	Late stage venture capital	Growth equity	Buyout
<i>Description</i>	Concept stage	Unproven business model	Established company with proven business model	Mature company with proven business model
<i>Revenues</i>	Pre-revenues	>50% Revenue growth	>20% annual revenue growth	<15% annual revenue growth
<i>EBITDA</i>	Cash burn to fund rapid growth		Breakeven / cash flow positive	Cash flow positive
<i>Leverage</i>	None		Modest or no use of leverage	Yes
<i>Return target</i>	10x+	5x	3–5x	2–3x
<i>Expected loss ratio</i>	>50%	35%	25%	<20%
<i>Control</i>	Minority			Majority

For illustrative purposes only.

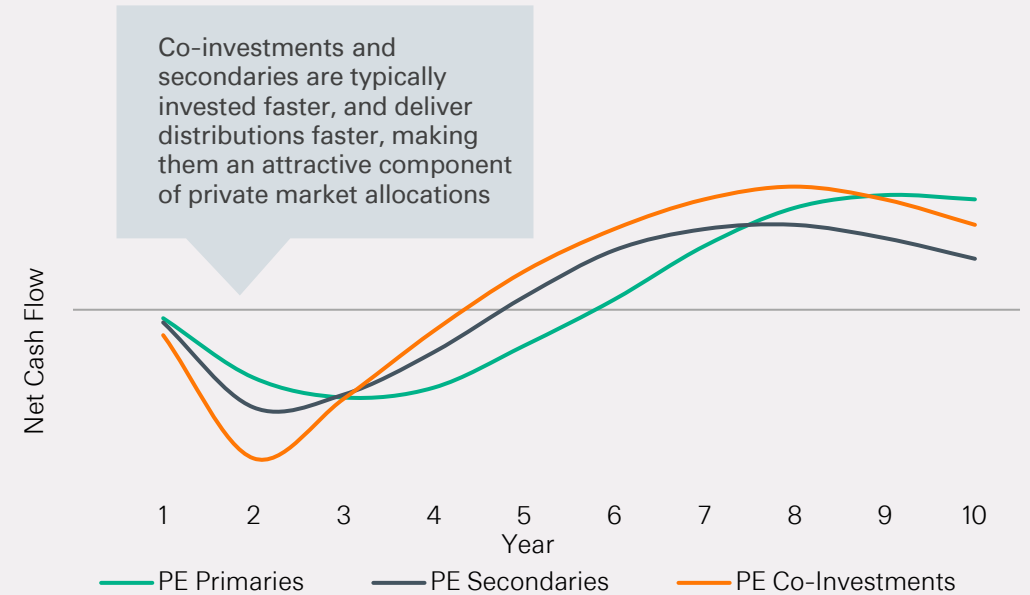
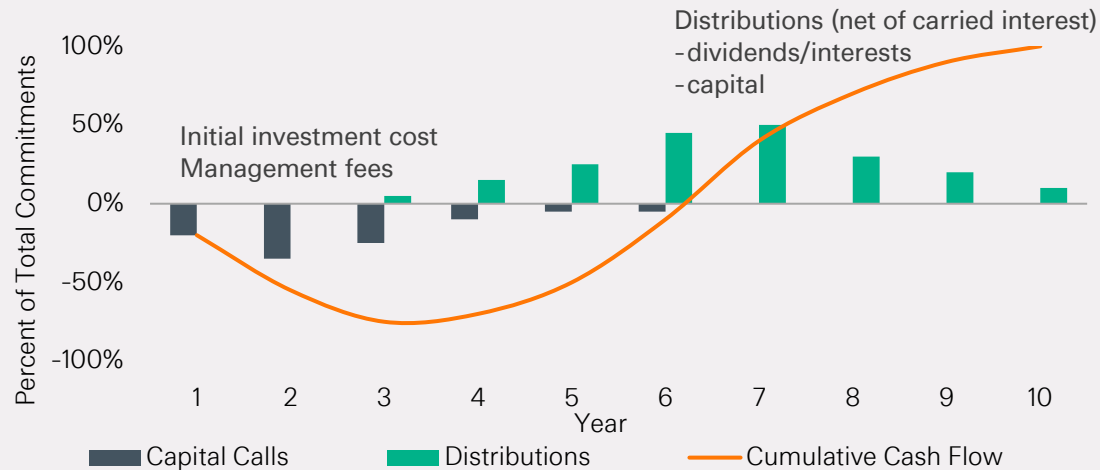
Note: Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target returns will be achieved.

# Primary, secondaries, co-investments (strategies)

INVESTMENT TYPE	USES OF CAPITAL	MARKET OPPORTUNITY
<b>Fund investments</b>	New investments	<p>To construct a well-diversified portfolio of top-tier funds and joint ventures.</p> <p>These relationships can also drive co-investment, secondary and recapitalization opportunities.</p>
<b>Secondary investments</b>	<p>Rebalancing portfolio allocations</p> <p>Partner buyouts</p> <p>Partial liquidity</p> <p>Succession/generational transfers</p> <p>Outside uses</p>	<p>Financial institutions seeking to comply with regulations, institutional investors rationalizing or reallocating exposures in their portfolios, and investors general needs for liquidity drive sales of ownership interests in all phases of the market cycle.</p>
<b>Co-investments</b>	New investments	<p>To select the best investments with best-in-class managers at lower fee levels and limited J-curve.</p> <p>Larger GPs' desire to build close relationships with LPs.</p>

# Investment cycle

## Example of cash flow profiles



A private equity investment cycle typically starts with an LP committing capital to a closed-end fund sponsored by a GP. This closed-end fund typically has a term of 8-12 years.

- A majority of commitments are typically “drawn down” from LPs at different intervals during the initial 4-5 years of a fund’s life (“investment period”) in order to acquire assets / make new investments.
- These assets are typically held for 4-6 years, after which they are sold (hopefully at a material profit). Proceeds from these sales are distributed back to LPs (“harvest period”).
- Exit events/dispositions of investments typically come in the form of (i) a sale to a strategic buyer; (ii) a sale to another private equity firm/financial sponsor; or (iii) an IPO.



# Assessing performance

The two most prominent performance-measurement metrics within private equity are:

## Internal Rate of Return (“IRR”)

- Allows measurement of the performance of a series of periodic, uneven positive and negative cash flows
- Sensitive to the timing of cash flows

## Cash-on-cash multiple (“Multiple of Capital”, “MOC” or “TVM”)

- Ratio of the money returned to money invested
- Does not take into account “time value of money”

## Annual IRR vs. TVM – which investment is “better?”

Total Investment: \$100

Years	1	2	3	4	5	Annual IRR	Return multiple
<b>Cash flows</b>							
Investment A	(\$25)	(\$75)	\$145	\$0	\$5	36%	1.5x
Investment B	(\$50)	(\$50)	\$75	\$25	\$100	31%	2.0x

Need to balance IRR with TVM when evaluating private equity performance

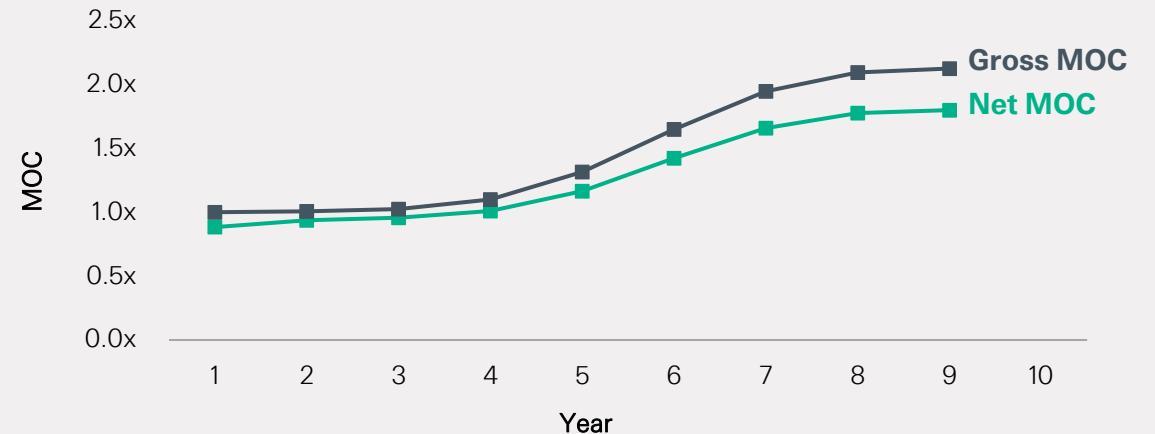
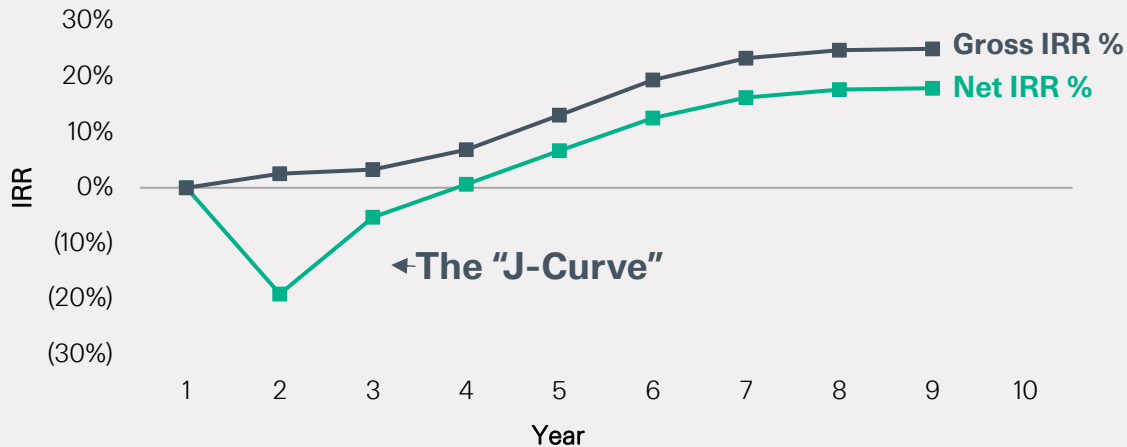
Source: StepStone analysis. The following model is entirely hypothetical and an illustration of returns that could be earned if the assumptions specified above occurred. Investors are advised that actual returns could vary significantly from those shown herein. Any return contained herein is hypothetical and is not a guarantee of future performance. The returns set forth herein do not constitute a forecast; rather they are indicative of the Stepstone internal transaction analysis regarding outcome potentials. Any returns set forth herein are based on the belief about the returns that may be achievable on investments that it intends to pursue. Such returns are based on the Stepstone current view in relation to future events and financial performance of potential investments and various models, estimations and assumptions made by the Stepstone, including estimations and assumptions about events that have not occurred. Actual events and conditions may differ materially from the assumptions used to establish returns and there is no guarantee that the assumptions will be applicable to the investments.



# The J-Curve

Many fund investments (“primaries”) generate low or negative returns during the early years of their lives as a result of management fees charged by underlying funds while assets continue to be valued at cost (“J-Curve”)

## Typical private markets investment cycle (IRR and MOC)



- Fees have a disproportionate impact on performance early on as investment activity ramps up
- After the first few years of the life of a fund, gross and net IRR will tend to converge as more capital is invested and the portfolio begins to mature (diluting the early impact of management fees)
- While TVM is also typically negative in the early years of a fund, the spread between gross and net TVM is not as pronounced as the spread between gross and net IRR, as TVM is not sensitive to the timing of cash flows

Source: StepStone analysis. The following model is entirely hypothetical and an illustration of returns that could be earned if the assumptions specified above occurred. Investors are advised that actual returns could vary significantly from those shown herein. Any return contained herein is hypothetical and is not a guarantee of future performance. The returns set forth herein do not constitute a forecast; rather they are indicative of the Stepstone internal transaction analysis regarding outcome potentials. Any returns set forth herein are based on the belief about the returns that may be achievable on investments that it intends to pursue. Such returns are based on the Stepstone current view in relation to future events and financial performance of potential investments and various models, estimations and assumptions made by the Stepstone, including estimations and assumptions about events that have not occurred. Actual events and conditions may differ materially from the assumptions used to establish returns and there is no guarantee that the assumptions will be applicable to the investments.

# Private vs. public equity investing

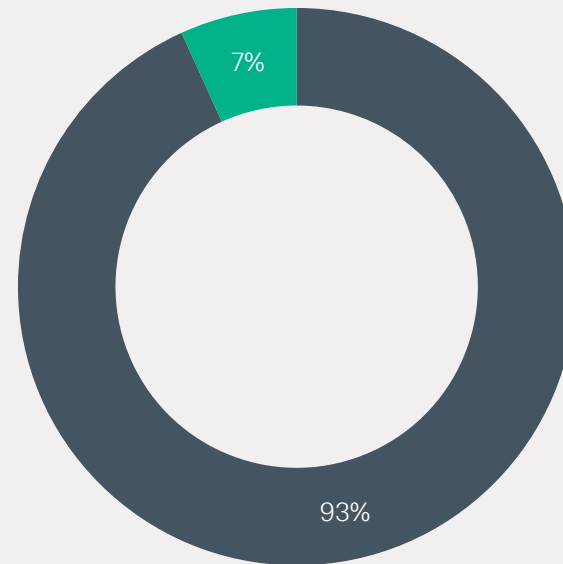
Structural advantages of private equity versus public equity

Considerations	Private equity	Public equity
<i>Due diligence</i>	Access to proprietary information / company management	Access to public filings
<i>Portfolio company capital structure</i>	Optimized for particular company and situation	Subject to public market norms, which can change based on prevailing sentiment
<i>Control of investment</i>	Typically, full control or significant influence; hands-on, activist investing, board involvement	Proxy voting / disparate shareholder bases
<i>Investor value-added capabilities</i>	Access to resources such as capital markets expertise, industry contacts, senior management recruiting and growth capital	Typically, passive investing, although larger institutional shareholders can exert influence
<i>Time horizon</i>	Commitment to long-term value creation, no public market pressure	Short-term pressure to meet quarterly earnings can compromise long-term goals
<i>Exit options</i>	IPO, M&A, dividend recapitalization, secondary (fund-to-fund) transactions	Sell at market

# Critical diversifier to public equity exposure

During the last 40 years, public equity markets have provided less and less exposure to small cap businesses. Moreover, private market exposure is increasingly skewing towards mid/large cap companies.

## Current blend of US private vs. public companies<sup>1</sup>



13x more private than public companies

■ Private Companies

■ Public Companies

1. Capital IQ (December 2023). Note: 93% represents private US companies with >\$50M in revenue

# Importance of vintage year diversification

Many investors seek to build portfolios diversified by vintage year (i.e., portfolios that include funds that commenced investment operations during different years).



Timing the private markets is difficult and not recommended.



Future market conditions are difficult to forecast.

The long-term nature of investment implies that prevailing economic and capital market conditions over the subsequent 5-10 years from date of initial commitment will strongly influence returns.



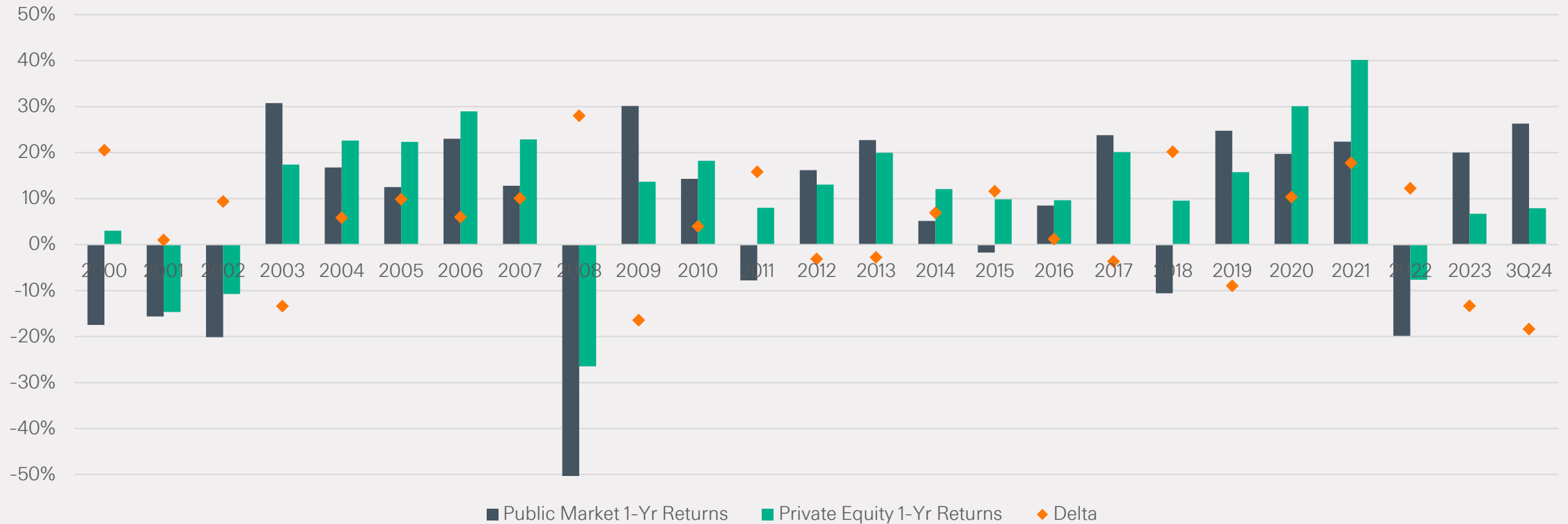
Return patterns can be cyclical.



Vintage year diversification within a private equity portfolio serves to smooth out returns and avoids undue concentration risk in any one vintage period.

# Public vs. private annual performance

## Private equity vs. public market equivalent<sup>1</sup>

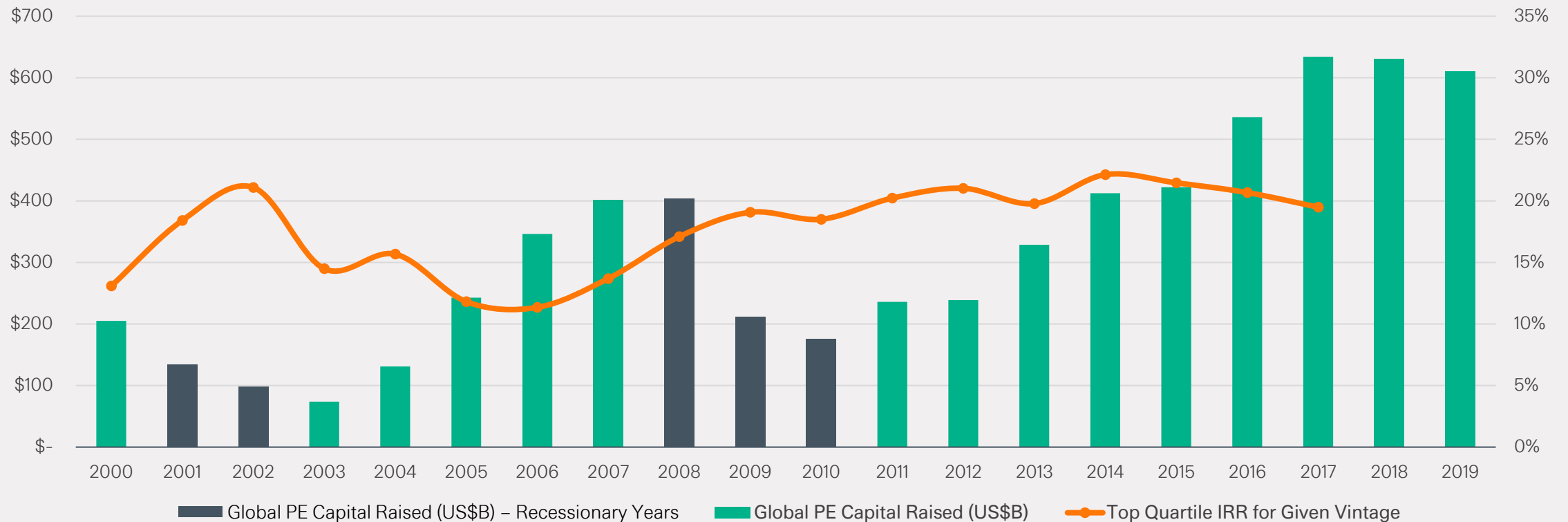


Source: StepStone Fund Benchmark. Note: **Past performance is no guarantee of future results, real results may vary, there can be no assurance that any investments to be made will produce comparable, or any, investment returns.** Private Market 1-Yr Returns represents one-year IRR for All Private Equity. Public Market 1-Yr Returns represents MSCI ACWI PME performance for each year.

# Resist the temptation to time private markets

Every asset class will tout its returns coming out of recession; Private markets perform best when fundraising is low — but so do other assets.

## Negative correlation between LP commitments and vintage year returns



Source: IRRs are based on the StepStone Portfolio Analytics & Reporting (SPAR) Universe Global All Private Equity benchmark as of September 30, 2019. Post-2017 vintages are deemed to be too immature for the benchmark to provide meaningful Results; Fundraising from Preqin as of April 2020. Data are continuously updated; historical values subject to change.

# Private equity risk considerations

## **Illiquid Asset**

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Limited Partnership (“LP”) interests are not readily marketable or redeemable

## **“Blind Pool” Investing**

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Underlying fund investments are not identified at the time of commitment

## **Manager Performance**

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Performance varies among managers and funds

Difficult to exit long-term commitments / influence strategies

## **Timing of Returns is Uncertain**

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Exit events / distributions are difficult to project

## **Valuation**

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Not marked-to-market

No universal industry standards / subjective interim valuations

Valuations are typically reported with a quarterly lag

## **Default Remedies**

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Legally binding contracts that, in the case of a default, can result in forfeiture of interest

## RISKS AND OTHER CONSIDERATIONS

**Risks Associated with Investments.** Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

**Restrictions on Transfer and Withdrawal; Illiquidity of Interests; Interests Not Registered.** The investment is highly illiquid and subject to transfer restrictions and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment, with no certainty of return. Interests in the investment have not been and will not be registered under the laws of any jurisdiction. Investment has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document.

**Limited Diversification of Investments.** The investment opportunity does not have fixed guidelines for diversification and may make a limited number of investments.

**Reliance on Third Parties.** StepStone will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents and failure by any of these third parties to perform their duties could have a material adverse effect on the investment.

**Reliance on Managers.** The investment will be highly dependent on the capabilities of the managers.

**Risk Associated with Portfolio Companies.** The environment in which the investors directly or indirectly invests will sometimes involve a high degree of business and financial risk. StepStone generally will not seek control over the management of the portfolio companies in which investments are made, and the success of each investment generally will depend on the ability and success of the management of the portfolio company.

**Uncertainty Due to Public Health Crisis.** A public health crisis, such as the recent outbreak of the COVID-19 global pandemic, can have unpredictable and adverse impacts on global, national and local economies, which can, in turn, negatively impact StepStone and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, have the ability to adversely impact the businesses of StepStone's investments. In addition, such disruptions can negatively impact the ability of StepStone's personnel to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of COVID-19 has contributed to, and could continue to contribute to, extreme volatility in financial markets. Such volatility could adversely affect StepStone's ability to raise funds, find financing or identify potential purchasers of its investments, all of which could have material and adverse impact on StepStone's performance. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to StepStone's performance.

**Taxation.** An investment involves numerous tax risks. Please consult with your independent tax advisor.

**Conflicts of Interest.** Conflicts of interest may arise between StepStone and investors. Certain potential conflicts of interest are described below; however, they are by no means exhaustive. There can be no assurance that any particular conflict of interest will be resolved in favor of an investor.

**Allocation of Investment Opportunities.** StepStone currently makes investments, and in the future will make investments, for separate accounts having overlapping investment objectives. In making investments for separate accounts, these accounts may be in competition for investment opportunities.

**Existing Relationships.** StepStone and its principals have long-term relationships with many private equity managers. StepStone clients may seek to invest in the pooled investment vehicles and/or the portfolio companies managed by those managers.

**Carried Interest.** In those instances where StepStone and/or the underlying portfolio fund managers receive carried interest over and above their basic management fees, receipt of carried interest could create an incentive for StepStone and the portfolio fund managers to make investments that are riskier or more speculative than would otherwise be the case. StepStone does not receive any carried interest with respect to advice provided to, or investments made on behalf, of its advisory clients.

**Other Activities.** Employees of StepStone are not required to devote all of their time to the investment and may spend a substantial portion of their time on matters other than the investment.

**Material, Non-Public Information.** From time to time, StepStone may come into possession of material, non-public information that would limit their ability to buy and sell investments.

**ESG Integration.** While StepStone seeks to integrate certain ESG factors into its investment process and firm operations, there is no guarantee that StepStone's ESG strategy will be successfully implemented or that any investments or operations will have a positive ESG impact. Applying ESG factors to investment decisions involves qualitative and subjective decisions and there is no guarantee the criteria used by StepStone to formulate decisions regarding ESG, or StepStone's judgment regarding the same, will be reflected in the beliefs or values of any particular client or investor. There are significant differences in interpretation of what constitutes positive ESG impact and those interpretations are rapidly changing. The description of ESG integration herein is provided to illustrate StepStone's intended approach to investing and firm operations; however, there is no guarantee that the processes will be followed in every circumstance or at all.

**Performance Information.** No investment decisions may be made in reliance on this document. In considering performance information herein, readers should bear in mind that past performance is not necessarily indicative of future results and that actual results may vary. There can be no assurance that any StepStone fund will be able to successfully implement its investment strategy or avoid losses. Performance shown herein may include investments across different StepStone funds. The aggregate returns are not indicative of the returns an individual investor would receive from these investments. No individual investor received such aggregate returns as the investments were made across multiple funds and accounts over multiple years.





[stepstonegroup.com](https://stepstonegroup.com)