

CIO OUTLOOK  
Four Investment  
Themes for 2022

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Jean-Baptiste Feat  
Peter Cirenza

March 2022

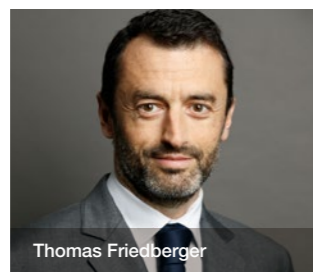


# CIO OUTLOOK: FOUR INVESTMENT THEMES FOR 2022

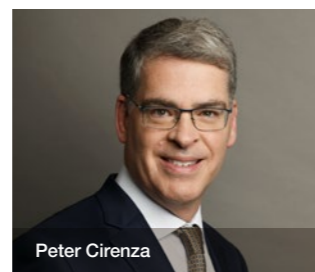
The following is an edited version of the discussion between Thomas Friedberger, Peter Cirenza and Jean-Baptiste Feat that took place in early February 2022. The panel session was moderated by Anette Burgdorf, focusing on four topical investment themes: inflation, Asia, European real estate and private debt secondaries.



Anette Burgdorf



Thomas Friedberger



Peter Cirenza



Jean-Baptiste Feat

**Anette: The comeback of structural inflation in particular will be a hot topic for debate for our three co-CIOs today so let's start with that.**

**Thomas, what has triggered the recent increase in inflation that we're seeing across the world?**

**Thomas:** The debate about a possible resurgence of inflation in a less globalised world, stimulated by monetary and fiscal policies of unprecedented magnitude is certainly legitimate.

Western central banks and governments have implemented massive monetary and fiscal policies to mitigate the effects of the COVID-related economic slump. Despite this, in 2020, for the first time in US history, household revenues remained stable. This indicates that the liquidity measures put in place have worked well to quicken global recovery- especially in the US. The pace of recovery has accelerated consumer demand at a rate that global production has struggled to fulfil. This is partly due to the Capex cycle over the last 20 years, which has been particularly weak. This has created bottlenecks and shortages resulting in inflationary pressures. That being said,

central banks have equally indicated that these pressures are only a temporary response to the unusual market conditions created by the pandemic.

**Anette: Are there structural drivers behind the comeback of inflation?**

**Peter:** Yes, there are structural reasons for the comeback of inflation, particularly as we have become accustomed to living in a world where it has been fairly benign. If you think about Japan since the late eighties, and the rest of the world since the Global Financial Crisis, it's been a period of low and declining interest rates, with inflation below target for many years. This is notwithstanding some particularly accommodating monetary stimulus from governments and central banks.

A prolonged period of monetary accommodation is one of the more immediate contributing factors to the inflationary pressure we are experiencing today. This, coupled with the global pandemic which has reinforced geographical borders and boundaries in a way that hasn't been seen in our

lifetimes. The effect of this has been an overall less globalised economy. Given that COVID has been a health-related crisis and the provision of healthcare is, by its very nature a national issue, from the provision of ventilators, hospital equipment, and personal protective equipment, testing equipment and vaccines - all these things have been thought about in a very domestic manner, which has placed the emphasis on economic nationalism. However, it is apparent that the post-COVID economy will be less globalised.

Globalisation had already reached an inflection point before the crisis against a backdrop of trade and strategic tensions between China and the United States as well as the UK and the European Union post-Brexit. All these factors have fundamentally hindered the free movement of goods, people and services across borders. Alongside that there's now a greater concern over the same international supply chains that previously minimised costs and maximised profit, yet are now considered a domestic, strategic weakness.

Those are the more immediate factors but then there are the long-term, underlying issues to consider. Firstly, China's entry into the global economy triggered significant disinflationary effects. However, the aging of the Chinese population contradicts this trend. The global working population has been contracting for about ten years, with fewer workers and more consumers. In fact, Chinese consumption spending will overcome US consumer spending in 2024. The inflationary effects of this phenomenon will be felt in the medium term.

The fact that China is also changing its growth model, from being a competitive producer and exporter of goods thanks to a cheap workforce and an undervalued currency, to an economy led by domestic consumption has been a strong contributor to

The energy transition is linked to inflation as the likelihood of it happening in a linear, uncomplicated way is unlikely.

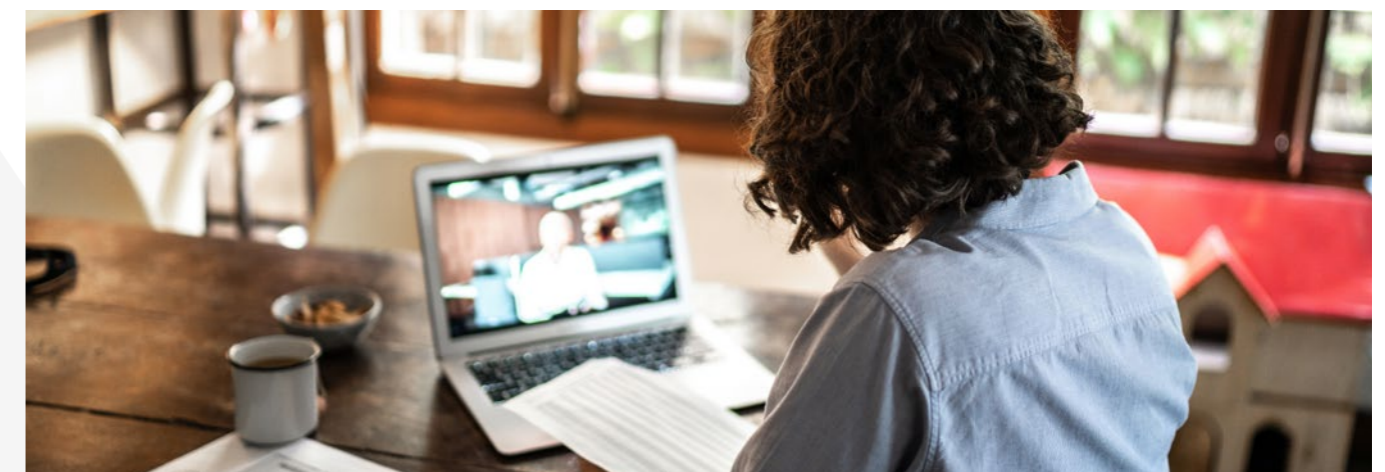
PETER CIRENZA

inflation. A strong RMB is inflationary for the world and China wants a strong currency to attract capital and encourage its trade partners to borrow and trade in its own currency.

The energy transition is linked to inflation as the likelihood of it happening in a linear, uncomplicated way is unlikely. As the world moves towards the use of more sustainable fuels and materials, there are bound to be some challenges. The next decade is likely to be characterised by a significant reconversion of our agricultural and industrial ecosystem, changing energy sources and using new materials (metals, semiconductors...).

At the same time, I would say there are also some underlying trends that are deflationary, such as the shift towards work from home, which has led to pay cuts in certain sectors such as tech, for remote workers. Then alongside that there's the acceleration of disruptive technology including A.I and robotics, which will certainly have deflationary effects.

In summary we are now in a more noticeable inflationary environment which will likely persist for some time.



**Anette: What does it imply for Tikehau Capital's investment strategy?**

**Thomas:** It's been a very long time since we have seen inflation so this is a highly pertinent question. Crucially, mild inflation tends to favour real assets which is good news for investors with exposure to this asset class as well as infrastructure. With regards to our private debt business, it is mainly a floating rate business, so in this context we are talking about credit risk, which makes in our view an interesting addition to a portfolio, even a pure fixed income portfolio, in terms of asset allocation.

Of course, inflation can hit business margins quite hard, however to date most of the companies we are financing are in asset light sectors that should be less vulnerable to inflationary risk (healthcare, software, services, financials).

Looking at our liquid credit business, this is currently mainly focused on high yield with shorter duration than investment grade or government bonds. With regards to investment grade bonds, our business is focused on the shorter duration end of the curve making it less vulnerable to duration risk.

However, our capital markets equity and private equity are more problematic with regards to inflation but let me highlight two things.

1. Companies having a high return on invested capital tend to have greater inflationary resistance. This is because return on invested capital generates organic growth which mitigates multiple compression when rates increase. Return on invested capital is the first priority among all criteria we consider for our listed equities business.
2. Asset light businesses appear more resilient. Capital intensive businesses need to renew their asset base on a regular basis so when there is inflation they suffer. In private equity and listed equities, we tend to invest in asset light businesses (advisory, financials, tech, services). Furthermore, the consumer goods sector is usually very good at passing on inflation to the consumer (consumers buy very often goods at rather low prices like food, beverage, cosmetics). In energy transition we also invest mostly in services or companies offering an "assets as a service" models. The capital-intensive sector we invest massively in is aerospace but there is a strong recovery story here that should generate growth and mitigate inflationary effects.

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THOMAS FRIEDBERGER

**Anette: Are there some positives to this inflationary environment?**

**Jean-Baptiste:** Certainly and Tikehau seems pretty well suited for a moderate inflationary environment.

And more than this, we think inflation is somehow welcome as inflationary periods usually go with periods of reducing inequalities (workers paid more, savers making less money). This is definitely a headwind for short-term corporate earnings and margins, but in the end it should rebalance the huge disconnection between the reward of capital on the one hand and the reward of work on the other. This has happened for decades since China entered the World Trade Organization in 2001 and it seems now to be threatening our democracies (social unrest, populism). Additionally, let's not forget that lower risk premia exist in democratic countries because democracy allows transparent capital markets and stable legal environments, which foster a positive business environment. If democracies are destabilised because of extreme inequalities, risk premia will rise.

**Anette: Jean-Baptiste, let's stay with you and move onto the topic of Asia. Can you comment on the recent developments in China and how they are aiming to achieve common prosperity for all?**

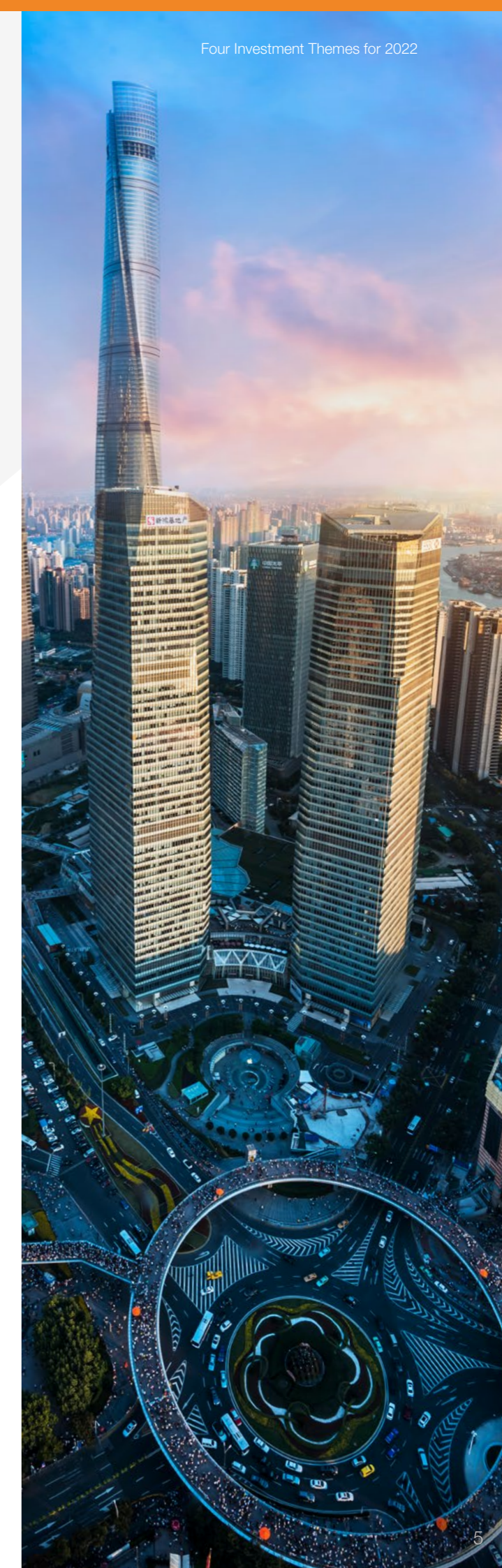
**Jean-Baptiste:** Firstly, I think we shouldn't be surprised by the current development in China's economy. This change was triggered 9 years ago, transitioning from "let's get rich first" in China's early reform days, to the theme of "common prosperity" since President Xi took office. The strategy of "let's get rich first" has also created a huge wealth gap that has been widely reported – China's Gini coefficient is higher than some of the developed countries.

We should all keep in mind that the 18th party congress, in 2012, had aimed to comprehensively build a modest, prosperous society by 2020. By the end of 2020, the model had resulted in the elimination of deep poverty for a large number of people, which is a highly significant achievement.

The new goal, as of 2021, is to focus on increasing the proportion of the middle class (as mentioned during the 19th party congress in 2017). As the Chinese middle class is the growth engine of its economy, the goal is to achieve common prosperity for all by 2050. Under the overarching objective of common prosperity, the current measures aim to eliminate some of the hurdles for middle-class expansion which include housing, education, and healthcare.

The first thing to consider is housing. The housing market only came about in 1998. In our view, China's initial mistake was adopting Hong Kong's housing market model, which allowed markets to determine land prices while the government's role is to auction off the land. This caused a surge in property prices that remained high due to speculative market behaviours. Since 2005, the Chinese government has tried to contain rising real estate prices. However, President Xi realised that the macro policies on real estate had failed and quickly gave off the signal to real estate players that amid the geo-political tensions (with the US) and the current pandemic, they are willing to sacrifice economic growth to allow the middle class to access this housing market. We expect the overall real estate situation to remain complicated in the near future as China shifts towards a more stable market by allowing more state-run companies to run developments targeting only utility-like returns rather than supernormal profits.

The second thing to consider is education. We have all heard about the crackdown on private tutoring services, similar to South Korea. In recent years, the afterschool education industry has spread high anxiety among the middle class. Most of the online education companies have been spending huge amounts of money on advertising, which goes against the fundamental values of education. The Chinese government sees it as a serious issue that has been gaining momentum, adding to the living cost of the middle class. Afterschool education accounts for the largest percentage of all middle classes' expenses at 32% of total living budget. These services only help to make students better at taking examinations but not necessarily contribute to growth in the nation's productivity that can help sustain its economy. However, the process of using examination for admission to college will not change due to its long history and has already



been widely accepted. The other issue that runs parallel to this is trying to increase the birth rate which is vital to boosting the Chinese working population.

Underlying all of this is the fundamental issue of resource allocation. The saving grace is that most of the schools in China are publicly funded by the government with the aim to equalise the nation's resources. First in Shenzhen, the Ministry of Education will pick the best teachers to teach online classes to all students which essentially meant that all students in the same grade will be taught by the same teacher. This will reduce the motivation to attend afterschool education services. This initiative will slowly be rolled out to other cities in China.

The third issue to consider relates to healthcare. Over 5 years ago, the Food and Drug regulators in China have started a major effort for centralised drug procurement. This is designed to tackle corruption in the drug industry and encourage drug innovation (increase expenditure on R&D in pharmaceutical companies). That has had a major impact on the economy, but the overall result was much applauded by the public in China.

And finally, the crackdown on the tech sector. We believe that this is almost coming to an end, with the exception of gaming platforms. The view is that these regulatory actions will continue ahead of the 20th Party Congress this year as various levels of political representatives will be replaced. We have seen some provincial governments (notably Anhui and Shandong) being replaced by new leaders and this is expected to continue until October 2022. We expect a certain degree of regulatory volatility in the coming few months as government officials are rallying for positions and demonstrating that they are closely following orders from the central government.

#### **Anette: And what are the regulatory impacts?**

On the positive side, we expect that rules will become clearer and there will be fewer grey areas. This should foster a more dynamic market, especially for smaller companies. The anti-monopoly measures will force the Chinese market to become more competitive. In the internet sector, the bigger players cartel themselves, resulting in monopolistic behaviours. These regulations will thus benefit some of the smaller competitors.

Historically, there were many regulations in China, but most were being ignored by the Chinese. With China's opening and reform process, most of the older rules were constantly flouted or changed over time. As a result, we observe that most of the Chinese do not comply with rules when (i) they do not understand them or (ii) it brings much inconvenience. The clarity of rules will help to resolve these issues.

On the other hand, we do expect some negative implications resulting in less economic buoyancy in the short term. Given the regulatory uncertainty, the market may be more hesitant to do new things for fear of being reprimanded. At the same time, mega-companies are self-regulating in the sense that they are unsure of their market positioning. As such, these companies would be less incentivised to continue to grow.

Despite the short-term uncertainty, the Chinese government is paving the way for more sustainable development in the economy. The current clampdown and regulations are shifting the economy away from the dependence on real estate and credit growth, which have been driving the economy but lack sustainability.

#### **Anette: We know supply chains are being impacted in China by Omicron, how do you see that playing out?**

We must not lose sight of the fact that China is one of the very few countries in the world that still has a Zero COVID strategy, although this could be threatened by the highly transmissible Omicron. In order to contain risks from the Lunar New Year period, local quasi lockdowns have been put in place to limit risk especially for people returning from mid- and high- risk regions. We have seen a significant increase (+32.0% yoy according to Baidu Migration Index) in mobility and transport for Jan 2022.

Services consumption would continue to be impacted by Omicron; and in particular stay-at-home consumption demand shows sign of fatigue as people have loaded sufficiently on bigger ticket items to help them work more effectively from home. But, the impact on supply chain and manufacturing could be more limited given quicker restrictive measures for coastal manufacturing cities and economically important coastal cities.

Interestingly, December's data did not indicate supply chain disruptions due to the Omicron outbreak and China's

trade balance in December remains at a record high due to high export growth. Furthermore, a survey among Asian exporters as previously reported on Bloomberg suggests that supply chains have turned more robust to withstand some disruptions posed by COVID.

Nonetheless, there are still disruptions related to the lockdowns including the one imposed by Xi'an which caused Micron and Samsung memory chip plant production to be disrupted due to labour shortages and logistical problems. Additionally, Ningbo, Zhejiang has slowed the processing of port containers due to lower manpower etc.

So growth risks remain skewed to the downside, not only due to Omicron but also the Commercial Real Estate/reformative sectors, but likely to be offset by infrastructure spending in our view.

We need to remain mindful that we are in the year of the 20th Party Congress, this is a very important year for the government that will try to minimise disruption to a maximum. Keeping in mind that the conference will only take place in November 2022 which is late in the year.

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JEAN-BAPTISTE FEAT





**Anette: Moving onto real estate, what are the prospects in China?**

**Jean-Baptiste:** Chinese authorities have recently loosened some regulations on pre-sales proceeds, facilitation of asset sales to SOEs and possibly to asset management companies, and simultaneously relaxed M&A loans and accelerated mortgage approvals, all of which are positive for the sector. However, the industry would need much more to fully stabilise and to restore investor confidence. Yet the downside is very much cushioned by these initiatives.

Distressed exchanges, defaults and asset disposals remain prevalent events into 2022. In fact, we estimate that approximately 20 developers are in that situation (totalling RMB 3tn of distressed assets)

Notably, small scale asset disposals have failed to sustain or invoke any major optimism given the limited positive impact on the liquidity profile of distressed/defaulted issuers.

So, we remain very cautious ahead of FY21 results given, firstly potential audit issues akin to Yuzhou's situation in FY20 (accounting treatment and valuation discrepancies) where PwC has been under scrutiny; secondly, owing to a severe weakening of fundamentals over 2H21 beyond investors' expectations and finally due to the potential for more distressed and idiosyncratic risks.

We are also mindful of the fact that the CRE sector is no longer slated as a key driver for China's economic growth, although it will take time to reduce the country's reliance on this sector.

 We are also mindful of the fact that the Commercial Real Estate sector is no longer slated as a key driver for China's economic growth

JEAN-BAPTISTE FEAT

**Anette: staying on the subject of real estate, Peter, what impact has the pandemic had on real estate generally?**

**Peter:** I think it's actually been really interesting because you've had an acceleration of existing trends, particularly within logistics and retail, albeit in very different directions. But it's also created new dynamics particularly in the office market and in residential.

So, starting with office, the impact of work from home is not fully felt but it's absolutely going to lead to a fundamental change in how companies organise their workforce as well as their space. Overall, you'd expect it would lead to reduced demand than previously in the sense you don't really have people in the office five days a week anymore as companies shift to one or two or different variations and that's going to have an impact. And I think what you're going to see is a bifurcation in the office market and I think we are already seeing it due to demand for newer, more energy efficient buildings as older and secondary locations struggle. As a result, over time I would expect more change of use in these locations to residential.

That seems to be where it's going but it's still pretty early days particularly in London which was quite dramatically impacted by lockdown restrictions. Also, on residential I think what we have seen more recently is an increase in demand, rising rents, shortages of stock for sale and 2021 was a good example of that. Continued pressures anticipated here.

Moving to logistics, this is a sector that was already doing quite well and the pandemic has only further accelerated that trend. The pandemic has increased demand for online shopping and delivery, which has propelled investment levels in Europe to all-time highs.

Retail, on the other hand is more opportunistic. The success of a project is almost exclusively determined by its location. The sector has been declining for over a decade and the pandemic has not helped to reverse this downward trend.

**Anette: And what has this meant for market activity across Europe?**

**Peter:** The UK and Spain experienced the biggest hikes in investment activity in 2021, mostly from US investors, as appetite from Asia and the Middle East has yet to return to pre-pandemic levels. The influx of investment into the UK office sector is particularly interesting given that the nation had one of lowest return to office ratios of any European economy last year.

Investment in UK office space is mostly directed at newer stock while demand for secondary stock (location and/or building specifications) falls into decline (figures from HMRC indicate that total office space in England contracted by 2% over the last 12 months.)

**Anette: Thomas – how can real estate investors take advantage and is impact becoming more of a theme for real estate funds?**

**Thomas:** In our view, there should be an opportunity for value creation primarily through change of use including construction, conversion, development, permit change etc. For example, in our key geographic markets of the UK, France, Italy and Spain, we see significant opportunities in residential redevelopment and office repositioning into multi-purpose or residential units.

ESG criteria are integrated into our investment process in our real assets business. We maintain a thematic focus on CO2 reduction, biodiversity protection and building inclusive neighbourhoods.

When redeveloping our assets, we aim to focus on creating energy efficient and sustainable structures, as well as attractive and inclusive mixed-use developments in which people can live, work and relax.

**Anette: now we're going to move back to Peter. What's in store for private debt secondaries in 2022?**

**Peter:** The private debt secondaries market is evolving much faster than expected, both in terms of deal flow and aggregate market size. This has been an exciting market that has developed quite significantly in recent years and I find it interesting from a risk - reward perspective. The nature of the investment is inherently quite diversified and granular and your entry point is virtually in all cases at a discount to the NAV of the underlying funds.

We expect supply to grow because the private debt market continues to mature, become more sophisticated and global. There are opportunities coming from the liquidity and portfolio management needs of both LPs and GPs; LPs often look to rebalance their investment portfolios and benefit from the liquidity now offered by private debt secondaries funds; GPs generally access the market to reallocate their exposures by sector or fund vintage. Current estimates of market opportunity are as high as \$35bn.

Market participants estimate the overall private debt market at approximately \$1 trillion, with the secondary component estimated at 2% or approximately \$ 20 bn in annual deal flow. The secondary opportunity will grow as the overall market continues to increase in size and the secondary market provides increasing liquidity options in the future. In 2021, our own private debt secondaries team has seen over \$12 bn in deal flow, often on a negotiated basis.

Although it cannot be guaranteed, there should be liquidity for LPs in these funds at various points in time and the other aspect of this is the ability to work directly with the GPs in helping them to either facilitate new capital for particular investments within funds or ultimately provide liquidity to LPs in the fund without disrupting the investment programme they have in place.

**Anette: Jean-Baptiste, can you comment on the types of transactions the private debt secondaries team at Tikehau are seeing?**

**Jean-Baptiste:** Our private debt secondaries team executed a range of interesting and well-priced transactions in 2021 with both LPs and GPs; we worked with international family offices, insurance companies and endowments, among other LPs, as well as on several GP-led secondary transactions.

The team has acquired funds from a range of credit strategies including direct lending, mezzanine, special situations and distressed credit; transactions have included both single fund investments as well as portfolios of funds.

We are excited about this market opportunity and our early leadership position in this new market; we believe it offers robust relative value to secondary fund investors, while also providing in principle liquidity and portfolio management solutions to both LPs and GPs.



The private debt secondaries market is evolving much faster than expected

PETER CIRENZA



It is very good news for the rest of the world that the two global leaders are now fully engaging in the shift towards carbon neutral

THOMAS FRIEDBERGER



**Anette: now we're going to move onto Q&A. Thomas, can you comment on the rivalry between China and the US through the prism of climate change and what does it mean for the energy transition opportunity?**

**Thomas:** I'd say on this topic Europe has been a leader with regards to climate change so far and they are well placed to tackle the market opportunity. However, the emergence of the US and China is particularly significant for a couple of reasons. Firstly, the US as a global superpower means risk premia is lower thanks to stable business conditions and a supportive legal environment— however, any destabilisation of democracy that massive migrations due to climate change could bring would unsettle its capital markets and so it is of course, in the country's interest to engage.

It is also a question of credibility for the global superpower, particularly at a time when China is challenging its position as the world's economic leader to enter the energy transition marketplace.

However, less superficially, there is the serious issue of the mounting cost of claims from natural disasters such as hurricanes and extreme weather events. Climate change is also widening societal issues and inequality as poorer communities struggle to cope with higher energy bills as well as the effects of natural disasters and weather events, presenting a huge cost to the state.

The associated link between climate change and infrastructure renewal is also a massive opportunity for the US, and a strong source of job creation so for all the reasons outlined above, it makes a lot of sense for the US to become fully engaged in tackling the climate emergency.

With regards to China, I'd say to catch up on economic growth, China has had to sacrifice 3 things as previously described by Jean-Baptiste; 1. independence with the US dollar, 2. the environment and 3. equalities.

Therefore, its priority for the coming years is all about balancing these three aspects as it seeks to take the lead on climate change and energy issues for several reasons.

Firstly, the economy is mainly developed on its coasts so any impact from climate change would be catastrophic here. Secondly, as China is also the world's largest contributor to CO2 emissions they must lead by example. Food security, soil, air and water pollution are also massive issues as the Chinese middle class develops. It clearly needs a more sustainable growth model.

Furthermore, there is a desire to be less reliant on Middle Eastern oil supply, which is paid in USD, as well as the fact that the energy transition presents a serious business opportunity and possibility for job creation.

Overall, it is very good news for the rest of the world that the two global leaders are now fully engaging in the shift towards carbon neutral, making energy transition, probably one of the best investment opportunities of the century.

**Anette: Peter, why do you think private equity is well placed to combat climate change?**

**Peter:** As Thomas was saying, this opportunity is both immense and necessary. It's a nice combination of an attractive investment opportunity and also something that is good for the world. And when it comes to marrying that need with private equity, we are talking about mobilising capital into businesses that can fulfil that goal.

There's a significant scale of investment that is required and the private equity industry has been quite good at mobilising capital from a broad range of sources and then channelling that effectively into businesses and solutions that can make a dramatic impact. In the context of climate change, it's important to stress that it's not just venture capital that will play an important role - even though VC is crucial to making new forms of clean energy and financing new technology, we believe there is also a significant role for private equity to play. This is mostly when it comes to mobilising capital on a local scale towards fast growing SMEs who will require growth capital in significant amounts to be able to invest and effect the changes we will need to see.

**Anette: Jean-Baptiste – can you comment on the growth in Asia private equity secondaries?**

**Jean-Baptiste:** we have recently seen a large deal flow in Asian Private Equity secondaries mostly because a lot of capital has been allocated over the last few years to Asian private equity deals and that has created the need for liquidity solutions.

Some LPs need to reallocate portfolios in terms of geographies and exposure, so we have seen very healthy transaction levels. There are very few players in Asia so we consider it is a good market to be in at the moment with appealing discounts that carry shorter durations than their primary counterparts.

This, coupled with the fact that Asia in general has benefited from many tailwinds for growth could make it an attractive opportunity for investors.

**Anette: Can you comment on global valuations across private and public markets, Thomas would you like to answer?**

**Thomas:** Well, they are high certainly. This makes us a highly prudent investor in these markets.

The good news is that dispersion is probably the new form of correction in the sense that central banks will remain accommodative even though they will increase interest rates to fight inflation. Central banks will remain under pressure from governments to keep interest rates at a level that allow

governments to issue massive amounts of debt. This kind of dispersion is exciting for us as we believe it will present plentiful opportunities.

That being said, overall valuations both in private and public assets are very high. In the credit space, spreads are compressed both in liquid markets and in private debt. Valuations are also high in real assets and infrastructure.

The tailwinds supporting corporate profits over the last 30 years are now starting to disintegrate and take a new direction based on increasing interest rates, higher taxes and the fact that globalisation has now come to an inflexion point. In order to remain competitive, companies will need to invest to reinforce their resilience, re-onshore production and strengthen supply chains.

This should trigger a new capex cycle, with investments focussing on energy transition, cyber and digitalisation, three areas where we are dedicating significant resources. We are thinking of these three areas as important opportunities for the next few years. In summary, we are convinced that value creation in asset management has switched from asset allocation to asset picking, favouring asset managers capable of investing in a disciplined and concentrated way, which is our focus. So there are exciting times ahead, despite high valuations.

**Anette: Fantastic thank you for that. That concludes our discussion today. A big thank you to our three speakers: Thomas, Peter and Jean-Baptiste.**

**Peter Cirenza**

**Chairman of Private Equity, Tactical Strategies and the London Office**

Peter Cirenza joined Tikehau Capital in 2017 and serves as Chairman of the London office, Chairman of Private Equity and Chairman of Tactical Strategies. Peter was previously a Partner at Goldman Sachs, where he worked for 20 years in New York, London and Tokyo. He helped to develop and lead the firm's proprietary special-situation investment activities in North America, Europe and Asia, and also has significant experience in mergers and acquisitions and structured finance. He has been a lecturer in Economic History at the London School of Economics and Political Science since 2009.

**Jean-Baptiste Feat**

**Co-Chief Investment Officer and Co-Head of Asia**

Jean-Baptiste Feat joined Tikehau Capital in 2008. He currently serves as Co-Chief Investment Officer of Tikehau Investment Management and as Co-Head of Asia. Prior to holding this position, he developed the mezzanine debt business and then the broader Private Debt division, which he has co-managed since 2013. He began his career in mergers and acquisitions at Citigroup in 2001 and then at Goldman Sachs from 2005 onwards.

**Thomas Friedberger**

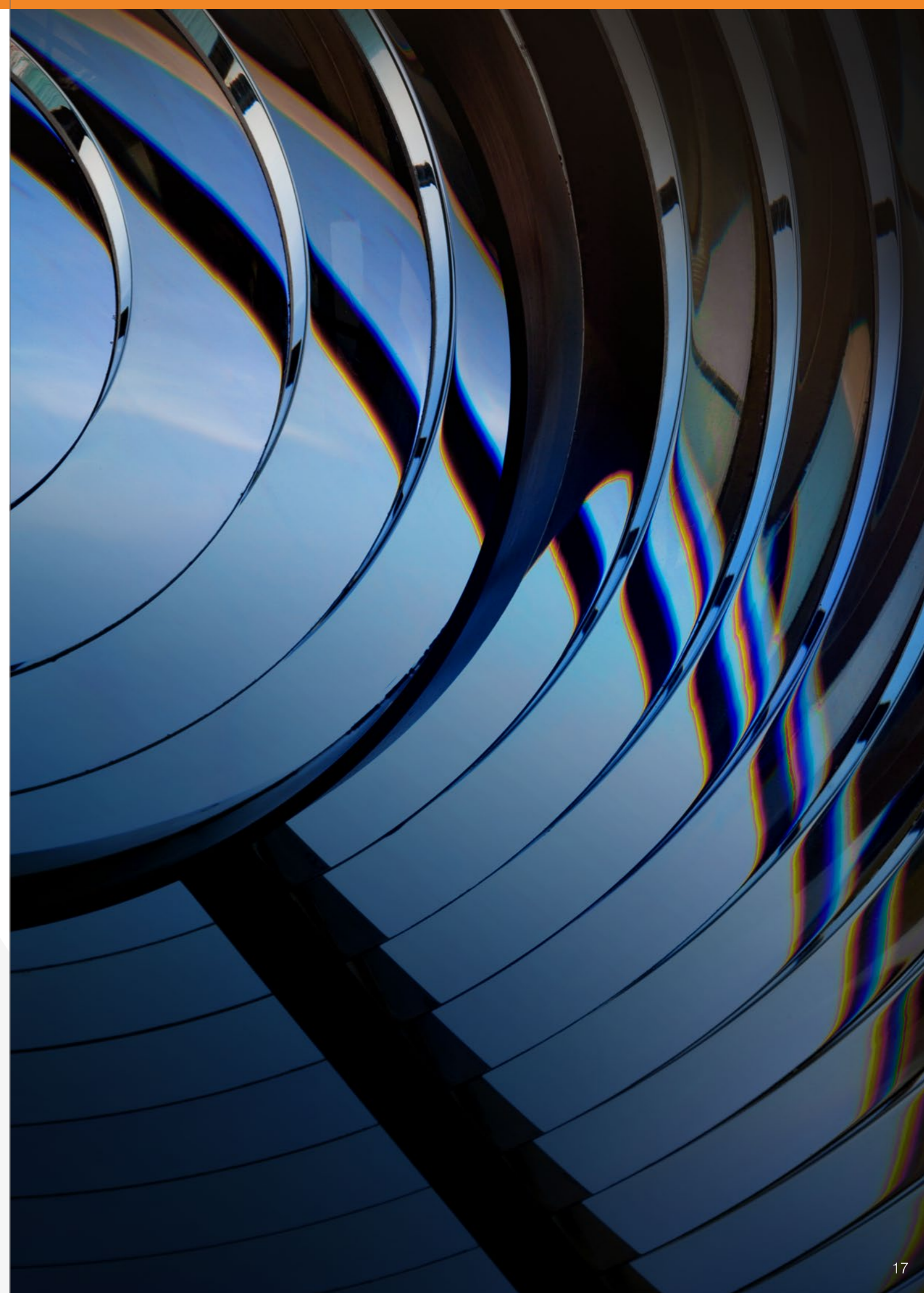
**Co-Chief Investment Officer and Chief Executive Officer**

Thomas Friedberger joined Tikehau Capital in 2014 and serves as Co-Chief Investment Officer and Chief Executive Officer of Tikehau Investment Management. Previously, he spent 14 years at Goldman Sachs where he had been Managing Director with responsibilities in France, Belgium and Luxembourg since 2008. Thomas started his career in 1996 and has worked in Paris, Milan and London, mostly in capital markets activities, convertible bonds, derivatives, credit and rates markets. Thomas Friedberger is also a member of the investment committee of The Louvre Endowment Fund.



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