

# TIKEHAU CAPITAL NORTH AMERICA LLC

Form ADV, Part 2A

December 31, 2019

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This brochure provides information about the qualifications and business practices of Tikehau Capital North America LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (917) 434-9234 or at [tgrell@tikehaucapital.com](mailto:tgrell@tikehaucapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Adviser is registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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## IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- ☐ an offer or agreement to provide advisory services to any person
- ☐ an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment vehicle or other persons
- ☐ a complete discussion of the features, risks or conflicts associated with any advisory relationship

As required by the Advisers Act, the Adviser provides this Brochure to current and prospective clients. The Adviser may also, in its discretion, provide this Brochure to current or prospective investors in a fund. A Brochure provided to current or prospective fund investors should be read together with a fund's offering documents, regulatory filings (as applicable), organizational documents, management contracts or other related documents (the "Governing Documents"), prior to, or in connection with, such persons' investment in the fund. Additionally, this Brochure is available through the SEC's Investment Adviser Public Disclosure website.

Persons who receive this Brochure should be aware that the Brochure is intended to provide information about the Adviser necessary to comply with the Adviser's disclosure obligations under the Advisers Act. Information in this Brochure may be presented differently from information presented in the Governing Documents or in other public or private disclosures. To the extent there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control. More complete information about each fund is included in relevant Governing Documents, certain of which may only be provided to current and eligible prospective investors by the relevant fund or by another authorized party.

## ITEM 2: MATERIAL CHANGES

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### **Item 4: Advisory Business**

- Added new Section C. Client Assets Managed by Tikehau.

### **Item 7: Type of Clients**

- Added disclosure to describe Tikehau Capital North America LLC's qualification as a Qualified Professional Asset Manager ("QPAM") within the meaning of the provisions of Prohibited Transaction Exemption 84-14.

### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

- Added disclosure to describe the methods of analysis, investment strategies and risk of loss applicable to Tikehau Capital North America LLC's management of MAZE UCITS – Tikehau Strategic Focus High Yield Fund.

### **Item 16: Investment Discretion**

- Added disclosure to describe Tikehau Capital North America LLC's management of MAZE UCITS – Tikehau Strategic Focus High Yield Fund.

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## ITEM 4: ADVISORY BUSINESS

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### A. Description of Tikehau

Tikehau Capital North America LLC (“Tikehau,” “we” or “the Adviser”) is an investment adviser with its principal place of business in New York, NY. The Adviser was formed in April 2017 and provides investment advice to other affiliated entities and certain private investment vehicles. The Adviser is wholly owned by Tikehau Capital S.C.A. (“Tikehau Capital”), an asset management and investment company formed in 2004 in Paris. Tikehau Capital is a key player in the alternative investment industry in France and invests in private debt, capital market strategies, real estate and private equity. Tikehau Capital is listed on Euronext Paris.

### B. Advisory Services Offered by Tikehau

Tikehau provides and/or will provide advisory services to certain entities of the Tikehau Group (as defined below), as well as private investment funds managed by Tikehau and/or other management companies in the Tikehau Group. As of December 31, 2019, these private funds include, but are not limited to Tikehau Direct Lending IV and Tikehau Direct Lending IV L (together, “TDL IV”), each a sub-fund of Tikehau Investment II S.C.S., and MAZE UCITS – Tikehau Strategic Focus High Yield Field (“TSF High Yield”), a sub-fund of MAZE UCITS. Each of Tikehau Investment II S.C.S. and MAZE UCITS is an investment company with variable capital that is organized under the laws of Luxembourg.

The Adviser also provides advisory services related to investments in North America to Tikehau Capital and its subsidiaries and serves and/or will serve as sub-adviser to Tikehau Investment Management S.A.S. (“Tikehau IM”), a French simplified joint stock company that is an alternative investment fund manager.

For purposes of this brochure and unless otherwise noted, references to the Adviser refer to its current or future advisory services with respect to North American assets. The Adviser, Tikehau Capital, Tikehau IM, along with their respective affiliates, are referenced together as the “Tikehau Group” or the “Group.”

The Tikehau Group offers advisory services with respect to private equity and private debt investments. Through its private debt business, the Tikehau Group offers structuring and implementation of a variety of financing deals, particularly in senior debt, stretched senior, unitranche financing and mezzanine debt, through Tikehau IM..

The Group operates through four business lines:

- Private debt: The Group is one of the pioneers of private debt transactions in Europe and France. The Group’s private debt teams are involved in debt financing transactions

(including senior debt, unitranche, mezzanine, etc.) as arranger or financier. This business line also includes securitization activities dedicated to collateralized loan obligations, a specialized product consisting of obligations backed by a portfolio of leveraged loans. As of December 31, 2019, total assets under management (“AUM”) in the Group’s private debt funds amounted to €8.6 billion, representing approximately 33% of the Group’s total AUM.

- Real estate: The Group’s real estate investment activities mainly focus on commercial property, seeking particularly sale and lease-back transactions in which the Group’s vehicles act as purchaser and involving quality counterparties (sellers, and subsequent to the transaction, tenants) with a yield-generating potential as well as a potential capital gain on resale. The Group’s real estate investment activity is undertaken through the establishment of dedicated acquisition vehicles for each transaction. As of December 31, 2019, AUM in the Group’s real estate activity amounted to €9.2 billion, representing approximately 36% of Group’s total AUM.
- Private equity: As part of this activity, the Group invests in the equity capital (equity and hybrid instruments giving access to equity) of listed and unlisted companies. The Adviser is providing advisory services to the Group with respect to its private equity investments in the U.S. As of December 31, 2019, the Group’s private equity activity had AUM amounting to €4.1 billion, representing approximately 16% of the Group’s total AUM.
- Capital market strategies: This business line consists of two activities (i) fixed income management and (ii) balanced and equities management, and is carried out through so-called “open-ended funds,” that is, funds from which investors may decide to withdraw at any time by requesting redemption of their units. As part of its debt management activity, the Group invests in bonds, including bonds issued by private companies (corporate bonds) and others, as well as investment grade securities (i.e., securities issued by companies with a high rating) or high-yield bonds. As part of its balanced and equities management business, the Group manages open-ended funds offering access to a flexible balanced management in the equity and credit markets. As of December 31, 2019, AUM in the Group’s liquid strategies totaled €3.8 billion, approximately 15% of the Group’s total AUM.

The Adviser does not offer a wrap fee program.

### C. Client Assets Managed by Tikehau

As of December 31, 2019, Tikehau had total client AUM in the amount of \$183,193,567. Specifically, the Adviser had a client AUM of \$96,427,515 on a discretionary basis and of \$86,766,052 on a non-discretionary basis. The Tikehau Group had approximately €25.8 billion in client AUM as of December 31, 2019.

## ITEM 5: FEES AND COMPENSATION

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For advisory services provided to Tikehau Capital and its subsidiaries, the Adviser is compensated on a cost-plus basis.

Details on fees and compensation paid to the Adviser are set forth in each client's relevant Governing Documents, as applicable.

### Management Fees

Generally, the Adviser receives or expects to receive annual management fees pursuant to advisory contracts and other agreements with clients or their managers ("Management Fee(s)"). A Management Fee is usually based on a percentage of assets under management, capital commitments and drawn capital commitments, or another reference amount negotiated with each client. The amount of the Management Fee varies depending on the reference amount, and depending on other factors as agreed with each client and as set forth in the relevant Governing Documents.

Subject to the specifications outlined in the applicable investment management agreements, Management Fees may also be charged in the form of fixed fees.

### Other Fees and Expenses

Generally, and subject to the terms of the applicable agreements, the client will bear organizational expenses, all investment-related expenses, all operational expenses and, if applicable, fees to the depository and paying agent and to the central administration (including domiciliation and company secretary services).

Organizational expenses may include: incorporation and filing fees; legal, accounting, professional and consulting fees; research; printing costs and travel expenses, placement, marketing and other expenses.

Investment-related expenses may include: costs and expenses related to the acquisition, holding, development, management, and disposition of investments, whether or not any such transaction is successfully completed, including any related taxes; costs and expenses of financings and refinancing, whether or not any such transaction is successfully completed; and costs and expenses related to the investigation, research, or identification of, and due diligence evaluation with respect to, potential investments, whether or not any such transaction is approved or successfully completed.

Operational expenses may include: reasonable legal, accounting and other expenses; routine administrative expenses, including, but not limited to, the cost of the preparation and distribution of the annual audit, periodic financial reports, tax returns, cash management expenses and insurance and legal expenses; if applicable, and specifically in connection with the operation of a fund, reasonable cost of the fees payable to its general partner's directors or to consultants, lawyers and other professional advisers; applicable taxes; brokerage costs; fees, costs and expenses required to be paid in connection with any subscription facility or other type of borrowing arrangement, including the legal fees, costs and expenses of the lawyers for the lender(s), the fees, costs and expenses of the client's counsel, lender's assumption or transfer fees and required reserves; and other fees, costs and expenses incurred in relation to the operation and administration, including the reimbursement of reasonable travel and administration expenses related to governance.

The Management Fees and other fees and expenses do not include any transaction-related fees and custodian-related fees.



## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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The Adviser does not currently but may in the future receive performance based-fees, and its method of compensation could change.

Performance-based compensation may be deemed to create a conflict of interest for the Adviser, as there could be an incentive for the Adviser to: (i) value assets in a manner that increases its compensation and (ii) make investments that are riskier or more speculative than would be the case in the absence of performance-based compensation. In addition, if a client pays a performance-based fee or allocation while other clients do not, or if different clients pay different levels of asset-or performance-based fees or allocations, this may give rise to potential conflicts of interest.

The Adviser seeks to treat all clients in a fair and equitable manner over time and will act in a manner that it believes to be in the best interests of clients. To that end, the Adviser has established a variety of policies and other controls regarding, among other things, the allocation of investment opportunities, including those seeking to manage the conflicts of interest identified above.

## ITEM 7: TYPES OF CLIENTS

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As of December 31, 2019, the Tikehau Capital North America LLC qualifies as a Qualified Professional Asset Manager (“QPAM”) within the meaning of Prohibited Transaction Exemption 84-14.

The Adviser currently maintains advisory agreements with Tikehau Capital and Tikehau Capital UK in which the latter have appointed the Adviser to be an investment adviser relating to their proprietary investments in the United States and Canada on an ongoing basis.

The Adviser has in place a sub-advisory agreement with Tikehau IM with respect to certain investment funds but, as of the date of this Brochure, does not yet provide any advisory services pursuant to this agreement.

The Adviser has entered into an investment management agreement with Andbank Asset Management Luxembourg (“Andbank”), the management company of Tikehau Strategic Focus High Yield fund, to manage the assets of the fund on a discretionary basis as the delegatee of Andbank, subject to Andbank’s oversight and control as set forth in the investment management agreement.

The Adviser targets providing advisory services to:

- ☐ Pension and Profit Sharing Plans;
- ☐ Investment Companies;
- ☐ Trusts, Estates, and Charitable Organizations; and
- ☐ High-Net Worth Individuals.

### Private Equity Investments

In the U.S. and Canada, the Group focuses on all kinds of private equity investments, especially in the form of co-investments with reputable North American private equity firms and investments in private equity funds managed by reputable North American private equity firms. In that respect, the group may invest in equity or equity access instruments issued by all kinds of privately-held entities.

### Private Debt Investments

The Private Debt activity of the Group is operational across the capital structure. These instruments include, senior debt, stretched senior, unitranche debt, mezzanine debt or PIK debt as well as equity and shareholder's loans.

Instruments may also consist of any debt acquired through secondary opportunities and any similar debt provided in the context of an investment in risk capital.

The platform is focused on companies with €100 million to €2 billion enterprise value, diversified among industries and geographies within Europe.

Subject to the prior consent of the Management Company/General Partner, investments may be considered in other territories (Asia, North America), which will be considered on an opportunistic basis where they are deemed to be in the best interest of the Fund(s). References to the Adviser below may refer to Tikehau IM, as applicable.

The investment team will identify the borrowers which have an individual competitive edge and which provide for strong financial metrics that meet Tikehau's investment criteria. The investment team then conducts an in-depth due diligence analysis will be performed in consideration of the following: business description; market and competitive analysis; management team meetings and site visits; business model and projections; key risks and requirements; deal structure and returns analysis; exit analysis; detailed financial model; consideration of ESG matters; identification of any potential conflicts; and legal documentation. As far as investment selection, the Adviser will consider the credit quality of the proposed borrower using a fundamental analysis, including the debtor's strong and established business franchises, strong cash flow generation, significant capital protection, robust and incentivized management teams.

The Adviser will determine whether to invest based on the following terms: proposed transaction structure, nature of security package and covenant. The Adviser intends to structure transactions with significant equity protection and well-structured legal documentation.

Further, the Adviser will not invest or finance companies whose principal business or principal source of revenue is derived from: weapons or munitions (including cluster munitions) production or trade; pornography, prostitution or similar enterprises; casinos or any equivalent business; or an illegal economic activity (i.e., any production, distribution or other activity which is prohibited by law or by any regulations applicable to the General Partner, Tikehau IM, the Adviser or to the Fund), including, without limitation, human cloning for the purposes of reproduction.

Ongoing monitoring of the investment includes: day-to-day monitoring of news; routine meeting

with management; board observer positions if applicable; close monitoring of investments based on performance as compared to initial business plan to ascertain health of company and place on watch lists if necessary; and legal compliance with covenants, including, leverage, coverage ratio, cash flow cover; and limits of annual capex with authorizations to defer unspent amounts. If it is determined that divestment is in the best interests of the Fund, then the following principles will be considered: articulating a clear exit strategy as well as final returns on the investments; optimizing exit in accordance with the investment objective; and managing assets and liabilities.

## Risks

An investment in the Fund(s) involves certain risks relating to the Funds' structure and investment objective and policy which investors should evaluate before making a decision to invest.

**Fixed-Income Securities:** The Adviser on behalf of the Fund may invest in bonds or other fixed-income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. Such securities may be below "investment grade" and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated debt securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic

conditions than are higher rated securities. Companies that issue lower rated debt securities often are highly leveraged and may not have access to more traditional methods of financing. Trading in such securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and, therefore, increase the incidence of default for such securities.

**Fixed-Income Securities-Interest Rate Risk:** the value of the fixed-income securities in which the Fund may invest changes as the general levels of interest rates fluctuate. When interest rates decline, the values of the Fund's fixed-income securities will generally be expected to rise. Conversely, when interest rates rise, the values of such securities are generally expected to decline.

**Stressed and Distressed Fixed-Income Securities-Credit Spread Risk:** the value of the stressed and distressed fixed-income securities in which the Fund may invest changes as the general levels of credit spreads for high-yield instruments fluctuate. When credit spreads in the overall market decrease, the value of the Fund's stressed and distressed fixed-income securities will generally be expected to rise relative to higher credit quality instruments. Conversely, when credit spreads in the overall market increase, the value of such securities is generally expected to decline relative to higher credit quality instruments. Investments in lower rated or unrated fixed-income securities in which the Fund may invest, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of such securities). In addition, during periods of market stress and increased volatility, there may be a "flight to quality" which may result in substantially increasing the credit spread with potentially a corresponding decline in price of such instruments.

**High-Yield Securities:** The Adviser on behalf of the Fund may invest, either directly or indirectly through the Fund's investments in Synthetic Securities or CDOs, in high-yield securities. In addition, the Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

**Investment Grade Debt Securities:** the Adviser on behalf of the Fund may invest, either directly or indirectly through the Fund's investments in Investment Grade Debt Securities. Investment grade debt securities are investment grade rated obligations that have credit ratings that are intended to reflect (but will not necessarily reflect) relatively less credit risk than high yield debt securities or mezzanine debt securities. Risks of investment grade debt securities may include (among others): (i) marketplace volatility resulting from changes in prevailing interest rates, (ii)

the absence, in many instances, of collateral security, and (iii) the declining creditworthiness and the greater potential for insolvency of the issuer of such investment grade debt securities during periods of rising credit spreads and/or interest rates and/or economic downturn.

**Mezzanine Debt Securities:** The Adviser on behalf of the Fund may invest, either directly or indirectly through the Fund's investments in Synthetic Securities or CDOs, in mezzanine debt securities. Mezzanine debt securities are generally unrated or below investment grade rated investments that have greater credit and liquidity risk than more highly rated debt obligations. Mezzanine debt securities are typically issued in traditional private placements or about acquisitions and other business combinations and have no trading market. Moreover, mezzanine debt securities are generally unsecured and subordinate to other obligations of the obligor and are subject to many of the same risks as those associated with high-yield debt securities. Adverse changes in the financial condition of the obligor of mezzanine debt securities or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Issuers of mezzanine debt securities may be highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations.

**Repackaged Securities:** The Adviser on behalf of the Fund may invest in trust certificates or similar securities of the type generally considered to be "repackaged securities" ("Repackaged Securities"). Repackaged Securities may present risks similar to those of the other types of securitization interests and, in fact, such risks may be of greater significance in the case of Repackaged Securities. In a repackaging transaction, the terms of an existing Securitization are structured, with changes in seniority, notional amount, coupon, maturity and waterfall priority. The cash flows of the existing debt are used to support restructured debt securities to achieve the desired ratings. Moreover, investing in Repackaged Securities may entail a variety of unique risks. Among other risks, Repackaged Securities may be subject to prepayment risks, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may depend upon any associated interest rate hedging agreement providing for the exchange of interest accruing on the security being repackaged into interest stated to be payable on the trust certificate or similar securities). In addition, the performance of a Repackaged Security will be affected by a variety of factors, including the level and timing of payments and recoveries on and the characteristics of the underlying collateral, the remoteness of those assets from the originator or transferor and the adequacy of, and the ability to realize upon, any related collateral.

**Bank Loans and Participations:** The Adviser on behalf of the Fund may invest in bank loans, including leveraged loans. Bank loans are not traded on regulated exchanges, are not registered with governmental authorities and are not subject to the rules of any self-regulatory organization. Investment in bank loans may be in the form of either a participation or an assignment, although the Adviser generally expects most bank loan investments to be assignments.

There are varying sources of statistical default rate data for term bank loans and numerous methods for measuring default rates. The historical performance of the term loan market is not necessarily indicative of its future performance. Should increases in default rates occur with respect to the bank loans in which the Fund invests, the Fund will suffer greater losses or reduced profits.

The special risks associated with these obligations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under creditors' rights laws of the U.S. and other jurisdictions, (ii) environmental liabilities that may arise with respect to collateral securing the obligations, (iii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality, and (iv) limitations on the ability of the Fund to directly enforce its rights with respect to participations (as discussed further below). The Adviser will balance the magnitude of these risks against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the Fund.

The Adviser on behalf of the Fund may also invest in bank loan participations, which involve certain risks in addition to those associated with direct loans. A bank loan participant has no contractual relationship with the borrower of the underlying bank loan. As a result, the participant is generally dependent upon the lender to enforce its rights and obligations under the agreement in the event of a default and may not have the right to object to amendments or modifications of the terms of such agreement. A participant in a syndicated bank loan generally does not have voting rights, which are retained by the lender. In addition, a bank loan participant is subject to the credit risk of the lender as well as the borrower, since a bank loan participant is dependent upon the lender to pay its percentage of payments of principal and interest received on the underlying loan.

The historical performance of the term loan market is not necessarily indicative of its future performance. Should increases in default rates occur with respect to the bank loans in which the Fund invests, the Fund will suffer greater losses or reduced profits.

The Adviser on behalf of the Fund may purchase loans that may be in default or are from borrowers in financial distress or bankruptcy proceedings. In addition, some loans that may be purchased by the Fund may not have any maturity in the case of a defaulted or bankrupt borrower. As with other types of debt instruments, loans involve the risk of loss in the case of default or insolvency of the borrower. Such loans may also be less liquid than are the debt instruments of publicly traded companies.

**Trading Restrictions Due to Active Participation in Bankruptcy:** Distressed investment strategies, including, but not limited to, bankruptcy proceedings, distressed securities, distressed loans, troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by the Fund. To the extent that the Fund becomes involved in such proceedings, the Fund may have a more active participation in the affairs of the issuer's reorganization proceedings, which could result in the imposition of restrictions limiting the Fund's ability to liquidate its position in the issuer. In addition, due to the participation of an affiliate or a fund managed by an affiliate in bankruptcies, the Fund may be limited in its trading due to restrictions imposed on the Adviser or an affiliate whether due to confidentiality or other legal restrictions.

**Equity Risk:** The Fund's investment portfolio may include listed securities and/or securities issued by privately-held companies and operating results in a specified period will be difficult to predict. The foregoing investments involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or

international economic and market conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks. Regulation generally, including tax laws and regulations, whether in Europe, the United States or elsewhere, could increase the cost of acquiring, holding or divesting portfolio investments, the profitability of enterprises and the cost of operating the Fund.

**Short Sales:** The Adviser may engage in short selling. Short selling, which involves selling securities not owned by the Fund, necessarily involves certain risks. These transactions expose the Fund to the risk of loss in an amount greater than the initial investment, and the losses can increase rapidly and without an effective limit. There is the risk that the securities borrowed by the Fund in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and the Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

**Hedging Transactions:** The Adviser on behalf of the Fund may use a variety of financial instruments, such as short sales, options, swaps, caps and floors, and futures and forward contracts and similar derivatives for risk management purposes. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may not be fully effective in mitigating the risks in all market conditions or against all types of risk (including unanticipated risks), thereby incurring losses to the Fund. In addition, such hedging transactions may result in poorer overall performance for the Fund than if it had not engaged in such hedging transactions. Finally, the Adviser may decide not to hedge against, or may not anticipate, certain risks and the Fund will remain exposed to certain risks that cannot be hedged in some instances, such as credit risk (relating both to particular securities and counterparties).

### Options and Other Derivative Instruments

The Adviser on behalf of the Fund may invest in options and other derivative instruments. Option and other derivative trading is speculative and involves a high degree of risk. The Fund may make use of various derivative instruments, such as options, credit default swaps, convertible securities, futures, forwards and interest-rate, currency and equity swaps. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments. The primary risk associated with credit default swaps is that if a certain event were to occur with respect to the underlying entity which is the object of the swap (i.e., bankruptcy, debt restructuring or acceleration, or the failure to pay principal or interest when due), the Fund (if the seller) would have to pay the buyer of the swap a premium which approximates the difference between the reference security and par. The risks posed in investing in total return swaps are that the Adviser will inaccurately predict the future value of the referenced asset.

The prices of many derivative instruments, including many options and swaps, are highly volatile. Price movements of option contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and



international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or currencies underlying them. The Fund is also subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly, options on highly volatile securities may be more expensive than options on other securities.

Certain derivatives markets may be characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses. Certain of the derivatives that may be traded by the Fund may be principal-to-principal or “over-the-counter” contracts between the Fund and third parties entered into privately, rather than on an established exchange. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Fund’s assets, include: (1) credit risk (the exposure to the possibility of loss resulting from a counterparty’s failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risks (the characterization of a transaction or a party’s legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to terminate or trade out of the derivative, including the possibility of unusually wide “bid-ask” spreads); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Use of derivatives and other techniques such as short sales for hedging purposes involves certain additional risks.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by the Adviser on behalf of the Fund were permitted to expire without being sold or exercised, the Fund would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold to the Fund at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase

in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold by the Fund at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. This risk is enhanced if the security being sold short is highly volatile and there is a significant outstanding short interest. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Fund of all or a substantial portion of its assets. The Adviser does not expect that the Fund will write uncovered call options.

### Futures and Related Options

The Adviser on behalf of the Fund may buy and sell futures contracts and related options. A futures contract is an agreement between two parties to buy or sell an asset at a certain time in the future for a certain price. The Adviser on behalf of the Fund may also buy and sell call and put options on futures or on securities indexes in addition to or as an alternative to purchasing or selling futures contracts, or, to the extent permitted by applicable law, to earn additional income. The use of futures and options involves certain special risks. Certain risks arise because of the possibility of imperfect correlations between movements in the prices of futures and options and movements in the prices of the underlying securities, securities indexes, currencies or other commodities or of the securities or currencies in the Fund’s portfolio that are the subject of the hedge (to the extent the Adviser on behalf of the Fund uses futures and options for hedging purposes). Other risks arise from the Fund’s potential inability to close out its futures or options positions, and there can be no assurance that a liquid secondary market will exist for any futures contract or option at a particular time. The use of futures and options for purposes other than hedging is regarded as speculative. Certain regulatory requirements may also limit the Fund’s ability to engage in futures and options transactions.

### Swaps and Counterparty Risk

Some of the markets in which the Fund may affect transactions are “over-the-counter” or “interdealer” markets. To the extent the Fund invests in repos, swaps, forwards, futures, options and other “synthetic” or derivative instruments, counterparty exposures can develop. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two

counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Adviser is not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of the Adviser on behalf of the Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

### Trade Claims

The Adviser on behalf of the Fund may purchase trade or other claims against credit impaired companies. These claims may be secured or unsecured and typically represent an amount of money owed to a creditor or vendor, such as a note instalment or account receivable. Buyers of claims generally purchase them at a discount to their true or realizable value. Like other buyers of these types of claims, the Adviser on behalf of the Fund seeks to increase their return on investment by exchanging such claims for cash or other more valuable assets owned by the debtor, by actively participating in the debtor’s reorganization plan so as to maximize the value of the claim, by purchasing unsecured claims with the expectation that such claims will be converted into equity, or by other means. Such loans are also less liquid than are the debt instruments of publicly traded companies.

### Other Instruments and Future Developments

The Adviser on behalf of the Fund may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized “synthetic” or derivative investments. In addition, the Adviser on behalf of the Fund may take advantage of opportunities with respect to certain other “synthetic” or derivative instruments which are not presently contemplated for use by the Fund or which are currently not available, but which may be developed to the extent such opportunities are both consistent with the Fund’s investment objective and legally permissible for the Fund. Special risks may apply to the Fund’s investments in the future.

### Risks Associated with Unspecified Transactions

Inasmuch as the Adviser has not yet identified assets or companies in which it may invest, there are risks and uncertainties to shareholders with respect to the selection of investments. The availability of investment opportunities generally will be subject to market conditions. In particular, in light of changes in such conditions, including changes in long term interest rates, certain types of investments may not be available to the Adviser on terms as attractive as those previously available. The Adviser may be competing for investment opportunities with entities that have substantially greater financial and other resources than the Fund. Those entities may be able to accept more risk than the Adviser can prudently manage. Competition generally may reduce the number of suitable investment opportunities available to the Adviser and increase the

bargaining power of sellers. The Adviser may face increasing competition for attractive investments from existing and new investors. No assurance can be given that the Adviser will be successful in obtaining suitable investments at attractive prices or that it will be able fully to invest the Fund's committed capital.

#### Availability of Investment Strategies

The success of the Fund's investment activities will depend on the Adviser's ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Fund involves a high degree of uncertainty. No assurance can be given that the Adviser will be able to locate suitable investment opportunities in which to deploy all of the Fund's assets or to exploit discrepancies in the securities and derivatives markets. A reduction in money market liquidity or the pricing inefficiency of the markets in which the Fund will seek to invest, as well as other market factors, will reduce the scope for the Fund's investment strategies.

The Fund may be adversely affected by unforeseen events involving such matters as changes in interest rates, exchange rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

#### Real Estate Assets

The main risk of real estate is that the value of the underlying real estate may go down. Many factors may affect real estate values. These factors include both the general and local economies, vacancy rates, tenant bankruptcies, the ability to re-lease space under expiring leases on attractive terms, the amount of new construction in a particular area, the laws and regulations (including zoning, environmental and tax laws) affecting real estate and the costs of owning, maintaining and improving real estate.

The availability of mortgage financing and changes in interest rates also affect real estate values. If the Fund's real estate related investments are concentrated in one geographic area or in one property type, the Fund will be particularly subject to the risks associated with that area or property type. Many issuers of real estate related securities are highly leveraged, which increases the risk to holders of such securities. The value of the securities the Fund buys will not necessarily track the value of the underlying investments of the issuers of such securities.

#### Competition for Investments

The Fund may be competing for investments with other parties. It is possible that competition for appropriate investment opportunities may increase, which may reduce the number of opportunities available and/or adversely affect the terms upon which such investments can be made and, accordingly, the returns to the Fund.

#### Counterparty Risk

While the Fund will seek to structure its investments in a manner that minimizes counterparty risk, it will remain exposed to the risk of default of its counterparties and as such amounts invested by the Fund may be lost or trapped for a long time in case a counterparty defaults.

#### Portfolio Valuation Risk

Prospective investors should acknowledge that the portfolio of the Fund will be composed of assets of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. As a result, the valuation of the relevant portfolio and the production of the Net Asset Value calculation will be a complex process which might in certain circumstances require the Fund to make certain assumptions in order to produce the desired output. The lack of an active public market for securities and debt instruments will make it more difficult and subjective to value investments of the Fund for the purposes of determining the Net Asset Value.

#### Currency Risk

The Fund will accept commitments, invest and make all distributions in Euro and in Dollar. As such the Fund may be exposed to the conversion value of the Euro and of the Dollar, and may suffer significant losses if the Euro and / or the Dollar depreciate vs. the considered currency.

#### Settlement Risk

There is always the risk that another party will fail to deliver assets in accordance with the terms of a contract at the time of settlement. Settlement risk can be the risk associated with default at settlement and any timing differences in settlement between the two parties.

#### Credit Risk

By handing out loans to or acquiring bonds issued by debtors, the Fund will incur the credit risk of the counterparty not being able to fulfil its ongoing contractual obligations (interest and any scheduled amortization) as well as the final payback of the loan or bonds.

#### Market Risk

As the Fund may invest in fixed or variable rate interest bearing instruments, interest rate movements might have an impact on the valuation of these instruments and the net asset value of the Fund. There will be a risk of interest rate movements at maturity of the individual loans or bonds. Increasing interest rates may result in a possible refinancing issue at maturity.

#### More Senior Claims

Depending on the laws and regulations of the relevant countries in which the Fund may invest, the Fund may hold a claim on collateral which is junior in comparison to other creditors' claims such as tax and social security authorities. Therefore, in case of default of the debtor the Fund may not be able to recover part or all of its claim from the given collateral in consideration for the loan.

#### Assets Secured on Intangible Assets

Some of the Fund's assets may also be secured on intangible assets of the borrower (for instance, first demand guarantee or third-party guarantees). In such case, the claims of the Fund against a borrower may be subordinated to those of other secured creditors benefiting from security over tangible assets of the relevant borrower. In such a case, any such tangible assets secured creditors will generally be entitled to have their claims against the borrower satisfied out of the proceeds of enforcement of such securities granted over the tangible assets of the borrower before payments of the claims of the secured creditors benefiting from securities on intangible assets out of such proceeds.

#### Terms of Assets

The term of the Fund's assets may be longer than the term of other debt obligations of equal priority of the related borrower. Typically, assets with a longer maturity will accrue interest at a higher rate, in part to compensate the Fund for the greater risk associated with an investment having a longer maturity. A borrower may be able to repay debt of a shorter maturity but will be unable to repay an asset at its later maturity date.

#### Nature of Business

An investment in the Fund involves a significant degree of risk. Investment in the Fund is only suitable for those persons who are able to bear the economic risk of the investment, understand the high degree of risk involved, believe that the investment is suitable based upon their investment objectives and financial needs, and have no need for liquidity of investment. There can be no assurance that the Fund's objectives will be achieved or that there will be any return of capital.

#### ***Tikehau Strategic Focus High Yield***

The Fund intends to offer its shareholders investments in a selection of negotiable securities and other eligible financial assets with high growth potential. The choice of assets will not be limited either geographically or as regards either the types of negotiable securities and other eligible financial assets or the currencies in which they are expressed, except for any applicable investment restrictions. The investment policy and more particularly the duration of investments will be adjusted in line with the current political, economic, financial and monetary outlook at any given time.

The Fund intends to achieve the above objectives mainly by the active management of portfolios of eligible financial assets, which may consist of transferable securities, money market instruments, units of undertakings for collective investment in transferable securities ("UCITS") and/or undertakings for collective investment ("UCIs"), bank deposits and/or financial derivative instruments.

The Fund may use financial derivative instruments for investment and hedging purposes, under the conditions and within the limits laid down by law, regulation and administrative practice.

The Fund shall ensure that its global exposure relating to financial derivative instruments does not exceed the total net value of its portfolio. Global exposure is a measure designed to limit the leverage generated by the Fund through the use of financial derivative instruments.

## **Risk Factors**

Investors should note the following risk considerations before making any decision to invest in the Fund. It should be noted that the risk factors set out below do not purport to be a complete explanation of the risks involved in investing in the Fund. Prospective investors should read the entire document and consult with their legal, tax and financial advisers before making any investment decision.

### **General investment activity risks**

An investment in the Fund is suitable only for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. Potential investors should consult their stockbroker, bank manager, lawyer, accountant or their independent financial adviser before investing.

Investment in the Fund should be regarded as long term in nature. There can be no guarantee that any appreciation in the value of the Fund's investments will occur and investors may not get back the full value of their investment. Although it will be the policy of the Fund to diversify its investment portfolio, the Fund may at certain times hold relatively few investments. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

There can be no guarantee that the investment objectives of the Fund will be met.

The past performance of assets managed by the Fund is not necessarily guides to the future performance.

All investments involve risks and there can be no guarantee against loss resulting from an investment in any Shares, nor can there be any guarantee that the Fund's investment objectives will be attained in respect of its overall performance. Investors should therefore ensure (prior to any investment being made) that they are satisfied with the risk profile of the overall objectives disclosed in the Prospectus.

In addition to the opportunities for price gains and earnings, investment in securities also involves risks because the prices could fall below the purchase price paid. Factors affecting the value of securities in some markets and under certain situations cannot easily be determined and the value of such investments may decline or be reduced to zero.

The Fund employs a risk management process that enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Fund. The Fund will also employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments. Further information is set out in the Prospectus for the Fund.

## Specific risks

The following types of risk may be applicable and thus should be evaluated prior to investment. For a full explanation of these risk factors, consult the Prospectus of the Fund:

- Regulatory risk
- Taxation risk
- Conflicts of Interest
- Fees and expenses
- Non-segregation of assets and liabilities between classes
- Early termination of the fund
- Risks related to FATCA and AEOI
- Financial derivative instruments risks
- Risks related to investments in equities (including ordinary and preference shares)
- Risks related to investments in fixed-interest securities (including convertible debt securities)
- Risks related to investments in warrants
- Risks related to investments in fixed-interest securities without regular interest payments and zero bonds
- Risks related to investments in equity related securities
- Risks related to the use of financial derivative instruments for hedging / efficient portfolio management purposes
- Risks related to investments in bonds
- Credit and counterparty risks
- Liquidity risk
- Sector and/or geographical concentration
- Options
- Financial futures contracts
- Total return swaps, portfolio swaps and credit default swaps
- Participation notes
- Possible losses in securities option transactions, financial futures contracts, option transactions on financial futures contracts and securities index options
- Currency exposure and passive currency hedging
- Exchange rate hedging transactions
- Future exchange transactions
- Risks related to investments in emerging and less developed markets
- Political and economic risk factors of emerging markets
- Foreign investment restrictions
- Settlement and custodial risk
- Small and midsize companies risk
- Risks related to investments in underlying funds
- Risks related to investments in convertible securities
- Risks related to investments in commodities (including commodities indices)
- Single Country risk
- Investment in high-yield securities
- Investment in distressed securities



## ITEM 9: DISCIPLINARY INFORMATION

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Tikehau and its management personnel have no reportable disciplinary events to disclose.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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The Adviser is a subsidiary of Tikehau Capital. Tikehau Capital is an asset management and investment company which was set up in Paris in 2004. Tikehau Capital directly and indirectly managed approximately €25.8 billion in AUM as of December 31, 2019 and had shareholders' equity of approximately €3.1 billion on a pro forma basis as at June 30, 2019. The Group has expanded dynamically through its four business lines: private debt, real estate, private equity investment and liquid strategies (fixed income management/balanced and equities management). The Group provides its investors with alternative investment opportunities targeting long-term value creation.

By deploying its shareholders' equity to support the Group's four investment strategies particularly through investments in the funds managed as part of its strategies, Tikehau Capital creates the conditions for a clear alignment of interests between the Group balance sheet and investments made by its client-investors. This approach is central to building a relationship of trust with its shareholders and investors. The Group is majority-owned by its management, alongside leading institutional partners, which ensures that an alignment of interests is instilled in its culture. Across all of its strategies, Tikehau Capital's unique approach focuses primarily on fundamental analysis and highly selective investments.

Tikehau Capital is organized as a Société en commandite par actions governed by French law and listed in compartment A of Euronext Paris. Founded in Paris, Tikehau Capital and its group of entities have expanded over recent years, and now have offices in London, Brussels, Luxembourg, Milan, Amsterdam, Madrid, Singapore, Seoul, Japan, and New York.

Tikehau IM is authorized and supervised by the French supervisory authority, the Autorité des Marchés Financiers, acting as an alternative investment fund manager of several vehicles. Tikehau IM has not registered with the SEC, nor is it eligible to do so as the entity does not have a place of business or clients based in the United States. Various other affiliated entities of the Adviser may participate in providing direct or indirect advisory or research services to a fund. Various subsidiaries of Tikehau Group may also have similar interests in a particular issuer.

In some cases, Tikehau Group and its subsidiaries, including Tikehau Capital, Tikehau IM or the Adviser may have business arrangements with related persons or companies that are material to the advisory business or to a fund. In some cases, these business arrangements may create the appearance of, potential for, or actual conflicts of interest between the Adviser and a fund.

Tikehau Group, through its various affiliates, is able to offer various financing solutions to issuers, both in equity capital and debt. Tikehau Group may invest in the equity and debt of a single issuer, which may lead to diverging interests in the case of default. However, procedures have been implemented that: separate the investment teams of each entity both physically and electronically; if the same opportunity is pursued by two teams with different funding opportunities, then both financing solutions may be presented to the issuer, where the issuer chooses their financing solution, which is then assigned to the appropriate investment team and entity; only allow simultaneous investment in debt and in equity in the same funds; non-disclosure agreements with particular issuers are catalogued centrally in Tikehau Group, where a conflicts check is run prior to an opportunity being pursued by any entity in the group; bi-monthly committee meetings where investment opportunities are reviewed

to ensure there is no overlap in investment opportunities are attended by the general counsel and compliance. If an overlapping opportunity is discovered, then the committee may be convened as early as possible. The committee includes the managing directors and the compliance officers of each affected entity, the chief investment officers of Tikehau Group and the general counsel. This committee will then determine the appropriate approach. The decisions adopted by this committee will be documented and preserved.

Tikehau IM also shares managing directors with several other Tikehau Group entities, which have their own investment businesses. Their time is shared between the entities, which may privilege an entity and its investment business and clients. However, each set of managing directors is distinct, to limit the over-reliance on a single shared managing director. Further, the investment strategies of the various Tikehau Group entities are different, limiting the risk of overlap.

Tikehau IM may receive arrangement fees when structuring a financing of an issuer, where Tikehau IM may choose an investment or an underwriter to receive larger fees or other services. However, the arrangement fees are paid to the funds and their investors, in accordance with the governing documents, if rates exceed a particular threshold. Tikehau IM may also receive management fees when it invests in its own funds on behalf of clients, however, no managed fees are charged for assets invested in its own funds.

With respect to advisory services to a fund, the Adviser's personnel will devote time to the needs of the fund and, if successful, may contribute to the needs of multiple funds and affiliated entities of the Group, which may impact allocations of management resources. The Adviser also devotes time to the needs of multiple funds and entities, which may impact allocations of management resources with respect to the assets managed by the Adviser. In addition, other funds and entities may have investment objectives and strategies that are similar to the investment objectives and strategies of a fund, which may create conflicts in the allocation of investment opportunities between funds. Further, the investment opportunities that will be sourced by the Adviser's personnel will be allocated to one or more clients, or other accounts, in accordance with the allocation policy adopted by the Adviser and approved by the applicable funds.

## ITEM 11. CODE OF ETHICS

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### Code of Ethics

We have adopted a code of ethics that applies to all our supervised persons. Each of them must comply with our code of ethics as a condition to working with us. Our Chief Compliance Officer (our “CCO”) administers and enforces our code of ethics (“Code”).

Our Code requires our supervised persons to:

- ☐ Comply with applicable federal and state securities laws;
- ☐ Conduct themselves with integrity and act ethically in their dealings with the public, clients and professional associates;
- ☐ Fulfill their duty of loyalty by acting solely in our Clients' best interests;
- ☐ Strive to provide long-term client satisfaction;
- ☐ Disclose any conflict of interest;
- ☐ Adhere to our policies limiting the giving or receiving of gifts and business entertainment;
- ☐ Adhere to our policies limiting the giving of political contributions;
- ☐ Adhere to our policies regarding Outside Business Activities;
- ☐ Report any violation of our compliance manual to our CCO as soon as possible; and
- ☐ Submit reports of securities beneficially owned by them and their related persons, and submit reports of securities transactions by them and their related persons, subject to certain permitted exceptions.

Our Clients, or prospective Clients, may request a copy of our code of ethics by contacting our CCO, or the address on the cover page of this Brochure.

### General Standards of Business Conduct; Insider Trading

The Code was developed to provide general ethical guidelines and specific instructions regarding the duties owed to advisory clients. All access persons must act with competence, dignity, integrity, and in an ethical manner, when dealing with clients, the public, prospects, third party service providers and fellow access persons. Access persons must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting Tikehau's services, and engaging in other professional activities. All access persons are expected to adhere to the highest standards with respect to any potential conflicts of interest with clients. As a fiduciary, Tikehau must act in its Clients' best interests. In addition, and in compliance with Section 204A of the Advisers Act, and Rule 204-1 thereunder, Tikehau has adopted written policies and procedures that are embodied in the Code.

### Allocation Policy

Every investment vehicle managed by the management company has its own management strategy in terms of management objective, sectorial or geographical exposure, target yield, seniority, operation size, etc. When an investment opportunity meets the investment strategy of several vehicles, the portfolio managers pre-allocate their investment projects between funds depending on:

- ☐ their investment capacities, including third party financing;

- ☐ their specific constraints (regulatory or statutory ratios); and
- ☐ the maturity of the investment period (priority is given to funds having the nearest investment period closure).

In case of allocations or operations with final sizes lower than the demand, orders will be reduced proportionally across all vehicles for which those orders were pre-allocated. Rounding might be performed depending on the specificity of the financial instrument.

Given the constraints and costs associated with the monitoring of these investments, no co-investment below an amount of 2 million euros shall generally be made. This amount can be revised depending on the investment opportunity, after consent from the management and/or the Compliance Officer. Any application of this policy must be confirmed by Compliance approval.

#### Co-investments

A fund could co-invest side by side with another investment fund managed or advised by Tikehau IM, or a related company, only if each co-investment (or co-divestment) is performed simultaneously under the same financial conditions while taking into account specific situations of each co-investor.

The co-investors will share the costs related to the investment, in proportion to the amount invested by each of them.

#### Transactions between portfolios

If a portfolio manager plans to carry out transactions between the portfolios under his management or between a portfolio under his management and the holdings/portfolios of an affiliated company, the portfolio manager shall be responsible for determining the conditions for such transactions in compliance with the applicable regulations. Such transactions involve a high risk of conflict of interest and should therefore be carried out only if they can be duly justified for the relevant portfolios.

Investments transfers between managed portfolios are subject to a systematic documentation established by the selling and buying funds managers, in order to:

- ☐ Motivate the interest of the transaction for the relevant funds; and
- ☐ Offer a transaction price.

This documentation is communicated to the CCO for him/her to carry an analysis of potential conflicts of interests and to update the registry of conflicts of interest. The validation of transaction price is the responsibility of the Chief Risk Officer. If needed and deemed necessary by the Chief Risk Officer, an external valuation can be requested. The intervention of an independent investor can also enable the validation of this valuation.

Transactions between portfolios must get the approval from the CCO and the Chief Risk Officer before being conducted.

## ITEM 12: BROKERAGE PRACTICES

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### Transaction Execution and Broker-Dealer Selection

The Adviser seeks to achieve best execution on behalf of its clients and to base broker-dealer selection not only on the transaction costs but also considering other criteria, such as the prices offered, the likelihood of successful execution and settlement, and the speed of execution.

Tikehau Capital North America LLC does not currently engage in soft dollar arrangements through which it receives research or services other than execution in exchange for commissions, however may do so if in accordance with Section 28(e) of the Securities Exchange Act of 1934.

## ITEM 13: REVIEW OF ACCOUNTS

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As of today, the Adviser's clients generally invest in private, illiquid and long-term equity or debt instruments, and accordingly the Adviser's review is not directed toward a short-term decision to dispose of securities. As such, the Adviser and its affiliates monitor most closely at the portfolio company level that is, monitoring of the underlying issuers and generally maintains ongoing oversight of its position in such portfolio companies. This may include day-to-day monitoring of news; monthly or quarterly meetings with management; a seat for board observation; and other monitoring of actual versus expected performance.

Each client account is, or is expected to be, monitored by the Adviser that is responsible for performance monitoring and reporting, financial risk management and all aspects of the Client such as corporate, legal, tax, accounting, financing, hedging and cash distribution. This team also monitors, or is expected to monitor, the due diligence process applicable to potential investments for a client, transaction structuring, acquisition budgets and transaction documentation.

A review may be triggered by material changes in key variables that may affect the performance of the portfolio companies, including, without limitation, changes in the financial markets, activity and trends in the political or economic environment.

### **Reporting Provided by Tikehau IM Funds**

Investors in the Funds typically receive, among other things, a copy of audited financial statements annually within three months from the closing of the financial year and at least ten business days before the annual general meeting.

In addition, the Fund may electronically mail a quarterly unaudited financial report within forty-five days the semi-annual period, each year.

### **Reporting Provided by TSF High Yield**

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Fund) shall be mailed to each registered shareholder at least eight days prior to the meeting and shall be published to the extent required by Luxembourg law in the RESA and in any Luxembourg and other newspaper(s) that the Board of Directors may determine. Such notices will indicate the date and time of the meeting as well as the agenda, the quorum requirements and the conditions of admission.

If all the Shares are only issued in registered form, convening notices may be mailed by registered mail to each registered shareholder without any further publication.

The Fund publishes annually a detailed audited report on its activities and on the management of its assets; such report shall include, inter alia, the combined accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and a report from the Auditors.

The Fund shall further publish semi-annual unaudited reports, including, inter alia, a description of the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The aforementioned documents will be available within four months for the annual reports and two months for the semi-annual reports of the date thereof and copies may be obtained free of charge by any person at the registered office of the Fund.

The accounting year of the Fund commences on the first of January and terminates on the thirty first of December of the same year.

The annual general meeting of shareholders takes place in Luxembourg City at a place and time as decided by the board of directors but no later than within 6 months from the end of the Fund's previous accounting year.

The shareholders of any Sub-Fund, Class or Category may hold, at any time, general meetings to decide on any matters which relate exclusively to such Sub-Fund, Class or Category.

In accordance with the conditions laid down in the Luxembourg laws and regulations, the convening notice to any general meeting of shareholders of the Fund may provide that the quorum and the majority requirements applicable to the general meeting shall be determined according to the Shares issued and outstanding at a certain date and a certain time prior to the date set for the general meeting (the "Record Date"). The right of a shareholder to attend a meeting and to exercise the voting rights attaching to its Shares is determined in accordance with the Shares held by this shareholder at the Record Date.

The combined accounts of the Fund shall be maintained in USD being the currency of the Fund. The financial statements relating to the various separate Sub-Funds shall also be expressed in the relevant Currency for the relevant Classes/Categories or in the currency of the relevant Sub-Funds.



#### ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

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The Adviser does not currently engage any parties to solicit clients or fund investors, nor does it receive compensation from sources other than its clients for providing advice to clients, unless otherwise disclosed in this Brochure.

Personnel of the Adviser solicit investors in investment vehicles managed by the Group as representatives of a third party broker-dealer.

#### ITEM 15: CUSTODY

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At the current time, Tikehau does not have actual or constructive custody of client accounts.

## ITEM 16: INVESTMENT DISCRETION

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In accounts where the Adviser has investment discretion, it will make investment-related decisions without consultation of the client, which decisions involve determinations regarding which investments are bought and sold for the account and the total amount of investments to be bought or sold. The Adviser's discretionary authority in making investment-related decisions may be limited by account guidelines, objectives and trading restrictions, as agreed between the Adviser and the client and/or its manager. With respect to the Adviser's management of Tikehau Strategic High Yield Fund, Andbank, as management company, oversees and reserves the ability to intervene in the Adviser's discretionary management of the fund.

With respect to funds advised by Tikehau IM and sub-advised by the Adviser, Tikehau IM, as manager of the funds, generally has discretionary authority from each fund from the outset of the advisory relationship. To the extent that the Adviser is involved in making recommendations on behalf of the fund, the Adviser is guided by the Governing Documents of the fund, which mandate investment guidelines and restrictions imposed by the fund.

## ITEM 17: VOTING CLIENT SECURITIES

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The Adviser or affiliates of the Tikehau Group may receive information regarding the voting of client securities and proxy voting proposals with respect to client investments. The Adviser may also, from time to time, receive amendments, consents or resolutions applicable to investments held in Funds (collectively, “proxies”). The Adviser is generally, or will generally be, granted authority to vote and consent on such matters on behalf of clients, and to the extent such authority is granted by a client, the Adviser will exercise such authority. However, where the Adviser holds authority to vote, it would seek to vote each of the proxies in the best interest of the client and in a manner consistent with its duties to clients. The Adviser will accept authority to vote client securities and has adopted procedures in compliance with Rule 206(4)-6. Clients may obtain a copy of proxy voting policies and procedures upon request.

Generally, the strategy for the exercise of voting shall include but will not be limited to the following measures and procedures for: monitoring relevant corporate actions; ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the client; and preventing or managing any conflicts of interest arising from the exercise of voting rights.

Due to the difficulty of predicting and identifying material conflicts, the Adviser relies on its employees to notify it of material conflicts that may impair the Adviser’s ability to vote proxies appropriately. If a material conflict exists, the Adviser, with the assistance of management, legal counsel, and certain other persons such as an outside proxy voting service or consultant, outside counsel and/or others deemed appropriate, will determine the direction in which Adviser should vote on the proposal.

With respect to a fund, the fund’s best interests with respect to a proxy vote may diverge from the interests of investors in the fund (e.g., if the fund holds varying types of interest), co-investors, the Adviser and/or the Tikehau Group. This may result in the Adviser casting votes for the fund that differs from votes cast for other clients or entities, or the Adviser taking other steps to mitigate any conflicts that may arise. In no event, however, will the Adviser be obligated to vote, or refrain from voting its own securities, securities held by another client or securities held by an affiliate or co-investor in a manner that is inconsistent with the Adviser’s view as to the best interests of such holders, simply because a fund has a differing interest.

## ITEM 18: FINANCIAL INFORMATION

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Under no circumstances do we require or solicit payment of fees more than \$1,200 per Client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Further, as an advisory firm that does not maintain discretionary authority for client accounts, we are not required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. We have no additional financial circumstances to report.

Tikehau has not been the subject of a bankruptcy petition at any time during the past ten years.