

Private Market Talks:

Canvassing the Global Debt Capital Markets with J.P. Morgan's Kevin Foley

**September 8, 2023**

Welcome to Season Two of Private Market Talks. We start this season with a conversation with [Kevin Foley, Global Head of Debt Capital Markets for J.P. Morgan](#), the world's largest bank. J.P. Morgan is a major player across the financial markets and Kevin is uniquely positioned to discuss a wide range of topics related to debt and global economic activity.

Over the course of the episode, Kevin and host [Peter Antoszyk](#) compare today's economic landscape to its activity when they last spoke, in the Fall of 2022. They also dive into interest rate trends, corporate credit fundamentals and the future of private credit before rounding the conversation with views on the M&A market and a few quick-fire questions. We hope you enjoy this episode of Private Market Talks.

**Peter Antoszyk:** Welcome to season two of Private Market Talks, a Proskauer podcast. I'm your host, Peter Antoszyk.

We have a great lineup of guests this season. To kick it off, I spoke with Kevin Foley, Global Head of Debt Capital Markets for J.P. Morgan, in late August. J.P. Morgan is a major player in all aspects of the U.S. and global financial industries. The deals it does – or in some cases, doesn't do – can move capital markets, and Kevin sits at the top of those decisions.

I had the pleasure of discussing the economic landscape with Kevin about a year ago, so I was really excited to get the opportunity to circle back with him.

We start the conversation with his views on the direction of U.S. interest rates. We take a quick survey of various global economies. We take a deep dive into his views of U.S. corporate credit fundamentals and projected M&A activity before wrapping up with a few rapid-fire questions.

You'll find a full transcript of this episode and links to other useful information at [PrivateMarketTalks.com](https://www.proskauer.com/PrivateMarketTalks.com).

And, as always, please, don't forget to subscribe and hit "like" after listening. And now, my conversation with Kevin Foley.

Kevin, welcome to Private Market Talks. Good to see you again.

**Kevin Foley:** Thank you, Peter. It's good to catch up again, and I look forward to the discussion.

**Peter Antoszyk:** We witnessed the most aggressive interest rate-hiking cycle for years. But the U.S. economy appears to be growing at an above average pace, and recently, it was reported that the unemployment rate has ticked down to, I think, 3.5%. The stock market's up, and we appear headed to the elusive soft landing. Has that been surprising to you?

**Kevin Foley:** Yes and no. I mean, at this point, I think we've all been conditioned not to be surprised at anything that we've seen over the past 10 to 15 years. But you probably have some benefit from the fact that this isn't going to - if we even want to still call it a recession or a slowdown, it's been incredibly well telegraphed. The combination of the Fed sending signals about where rates are going, a lot of businesses and a lot of management teams that we've talked to were taking actions of how they're thinking about an impending slowdown and being disciplined about cost-making decisions upfront - there is definitely merit to the argument that this has been well telegraphed and it's easing the slowdown. We are slowing down though. Right? I mean, and it gets into a technical definition of what is a recession. Yes, if you get into a recession definition of being negative growth, then we don't meet the definition of recession, but we are seeing a significant slowdown. So, the economy is slowing down, the Fed hikes have had some impact on that. The inflationary pressure probably has had some impact as well as the companies and the individuals think about their spending habits. Are we going to be a soft landing? I think that it still hangs in the balance.

Right now, we're making the assumption that inflation is under control, the Fed can stop hiking and we're going to stabilize from here. That is the assumption the market is making right now, but you still have energy pressure. You're seeing the cost of oil climb. We've got a transition that's happening from carbon to green – that is inflationary by definition. That's going to put a bit of a floor on the price of oil. You're still seeing upward pricing pressure on food costs. There are lingering effects from the Ukraine, and what that does to the overall global food supply – that has still not gone away. As you noted on the unemployment levels, we still have pressure on labor. So, right now, everyone is making the assumption that those things are going to ease. And I know we will look at core inflation, non-core, and energy and food may not be in core, but I think they're pretty core to everyone's life and how we run businesses, so they are meaningful. So, that has yet to play out. We are closer to the end; we know that. I'm not calling for a doomsday scenario, but I don't think you can declare we're out of the woods right now because we're not entirely sure if inflation is under check and we can slow down on the hikes, seize the hikes. That's the assumption everyone's making right now. And while there is reason to be optimistic, it's hard to say conclusively that it's done.

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**Peter Antoszyk:** And I think also contributing to the strength of the economy is the Inflation Reduction Act, where a lot of money is flowing into a lot of different projects, I assume. I mean, how do you factor that in?

**Kevin Foley:** Yeah. I think that's to your point of — although I'm not so sure it's aptly named an Inflation Reduction Act — that fiscal policy is inflationary. There is spending that is going on, and it's driving it. So, that is not slowing down, and the lingering effect of that fiscal policy is still playing itself through.

Even the fiscal policy from COVID is continuing to linger through the economy. The consumer has had a buffer of savings that they have been working off of for several years now that was stimulated by some of the COVID Acts. We think that's going to get down by year end; we're coming to the tail end of that. That probably, as you compare that to where we were a year ago, we thought that would probably work itself off a little bit faster and a little bit earlier in 2023. It's definitely stretched longer, and that's helping the consumer, but you still have that rolling off. You have fiscal policy and the Inflation Reduction Act that is driving economic activity, which, one aspect, you can look at it from a spending and growth. That's a positive, but it's got an inflationary aspect to it. And so, does that keep the pressure on and force the Fed's hand on having to take more hikes?

What I think the Fed has made clear: they are scared of inflation, and they made a lot of progress on it, at least from the recent economic data, but we're all going to continue to hang on to economic reports, particularly employment and CPIs and PPIs and looking what the inflationary pressure is there to try to figure out where we're going next.

**Peter Antoszyk:** And so, as you look out in the next quarter, two, three, what's your base case for recession or risk at this point?

**Kevin Foley:** I think our base case is probably the soft landing with, still though, more risk to the downside than the upside. I go back to the — yes, we may not be in the 'textbook' definition of a recession, but we're in a significant economic slowdown where spending's coming down, earnings will be more pressured to the downside and you're going to have to, as we think about and we get broader into the topic of just from a leverage standpoint, that companies are going to have to position their balance sheets for an economic slowdown.

Activity will be slower. And probably the other related point to that is, and what people start to debate is, how quickly the Fed will be cutting rates when we get to the other side. That probably — our base case, or my base case, is probably more conservative on when that happens in terms of being later in '24 than some saying as early as the first quarter next year.

**Peter Antoszyk:** Yeah. So, there'll be this sense of higher for longer rates.

**Kevin Foley:** Yes. I'm definitely in the camp: higher for longer.

**Peter Antoszyk:** While the U.S. economy has outperformed expectations, many other countries, UK and other EU countries, China, etc., have struggled. From your perspective — and I understand that, by the way, all these regions are unique, different and have their own particularities — but from a macroeconomic level, how do you view the global heat map, if you will, in terms of risk and opportunities?

**Kevin Foley:** Well, keep UK within Europe for now and we can talk a little bit about here, the unique aspects of the UK. But on a relative basis or relative to what expectations were, Europe's in better shape than where we would have thought. Right? We were all hoping for a mild winter because of the energy pressure, and we got it. So, the biggest worry you had coming to the year of that, a cold winter – what was that going to do on energy? What was that going to do to the consumer who was already feeling pain from the inflationary pressure? – has been better than expected. Europe benefits from tourism as well. If you've been through Europe anytime recently over the past two years, it's been flooded with Americans. So, from a tourism perspective, Europe has been benefitting from that. So, while it is probably in a weaker spot relative to the U.S., I think we had prepared for a much worse picture, and it's holding in better. So, in a way, there's some optimism there.

What — we've also seen that turn into the markets. Where the market has been better, we're seeing activity level pick up there. The one thing I've noted in it is that the M&A activity – probably a little bit slower (is reflective of that economic activity) than it is in the U.S. and where some of the dollars are getting deployed there. But we're more encouraged coming into the year.

Asia – it's definitely a mixed picture. Right? I mean, you kind of get into the different regions there, and it's very different across each area of Asia, but that's probably played as we expected. Kind of bumping along in certain places, but we're also coming off —in some of the areas — coming off incredible growth rates. So, again, it gets back to what's relative, but from an overall lending and as a proxy of the economy, it has been a lot slower than it had been in the past, and you can see the slower economic activity in that translating into less lending activity.

**Peter Antoszyk:** And what about the UK, just to circle back to that?

**Kevin Foley:** So, the UK, having lived there and been there while Brexit happened, right? They've made a decision to go down that path, and we won't debate whether that was the right one or not, but it's definitely having lingering effects of the UK has isolated itself and its economy.

And when you look at from the push in the financial services to other aspect of the regulatory, the EU is holding very strict to what can be done in the EU and not in the EU, and I think the lingering effects of that are going to continue to have an impact on the UK economy.

At the same time, where they're getting the pressure on energy, there's definitely some pressure on the housing market. Right? When you look at that, compare that to the U.S., there are no long-term mortgages. There are no 30-year fix. So, generally, most of those are repricing within five years or less. So, that is going to have an impact on that consumer; they're going to feel that crunch much earlier than say, any U.S. consumer who benefited from locking in a lot of long-term, low-interest rate, fixed-rate loans.

**Peter Antoszyk:** Right.

**Kevin Foley:** So, that, that part of the UK is yet to play out, and again, I'm not calling for a big housing crash or anything like that, but that's a cost to the consumer that's got to be borne that has an impact on discretionary spending.

**Peter Antoszyk:** So, other than the war, which could still have a very unpredictable impact, from a macroeconomic level, what other geopolitical risks are most concerning?

**Kevin Foley:** Obviously, China. That is, you want to identify another inflationary pressure — it is the dynamics with China, right? We have built a global economy on a low-cost supply chain out of China, and you talk to almost every business and every manufacturer, we're now going through China and one. And depending on where that is going, is that going to be higher cost? Is it going to be the same savings that they have? Is there strategic rationale to wanting to have it more nearshore? And bringing that to North America, you look at from them thinking about the semiconductor industry, for example.

Right? Those are all inflationary pressures they're going to have, which, strategically, it may make perfect sense. But expense-wise, it's going to be more expensive. And you're going to have to do that from a business standpoint. You can get into of what happens if things escalate with China, and that would be dramatic, particularly getting to Taiwan and what that means for the SEMI industry. And we're not ready if something like that were to happen. And you look at what semiconductors represent to everything we do and aspects of everyday life to what we're manufacturing; we're definitely dependent on that. So, that is a concern and what the ramifications could be of that. But I think even if you don't have the worst-case scenario of things escalating, we're set off on this path of the China and one strategy, which is going to be a lingering inflationary pressure that I think people aren't fully dialed into yet.

**Peter Antoszyk:** So, a soft landing, turning now to sort of how everything we just talked about impacts the dynamics of corporate activity and, from your perspective, a soft landing may stave off rate cuts until late next year. As we talked about, we're in for a higher longer rate period. What do you think that means for corporate credit fundamentals?

**Kevin Foley:** I think a soft landing means we just kind of bump along the bottom, right? It gets back to what we talked about at the beginning in the economy and how it's held in better than we expected. Much like they thought about from an expense perspective, in terms of slowdown in revenue, a lot of companies have been thinking about expense perspective from their balance sheet. But we have gone through the greatest refinancing wave in history, depending on what time period you want to put it, whether you put it during COVID or even if you put it over a five to seven-year period. A lot of issuers do not need to come to the debt markets. They're well-funded. Maturities are pushed out. So, you don't have a big maturity wall there. So, if you're able to go through and continue to service your debt — and let's face it; documentation has loosened up over the past couple years — you're in an okay spot.

Now, you're going to have businesses that will face liquidity crisis. You know, you look at a Yellow as an example, right? I mean, there was more fundamental issues there that are happening. So, I still think it's going to come down to, fundamentally, whether businesses are sound or not, whether there's industry fundamentals that are going against them or not. But balance sheets should be manageable because there's no lingering maturities and they have the runway to weather whatever slowdown we're going to go through unless they run into a liquidity issue.

**Peter Antoszyk:** That's very different than what we experienced in 2008 when everyone was talking about a debt maturity wall coming up, which, by the way, never happens. All those maturities were kicked out, and there were amend & extend, but you're saying that pressure doesn't even exist in this circumstance.

**Kevin Foley:** Yeah. When you look the leveraged finance space as a whole and it's just looking at broadly syndicated stuff, somewhere around 80% of issuers don't have a maturity earlier than 2025. So, when you look at where the maturity walls, it really starts to ramp 2025 and '26. That's where we start to see the pickup in it. But you really — '23 and '24, it's very manageable, and the reality is, this rally in the market that we've had over the past couple months has motivated a lot of people to go deal with their '24s and pull forward that. So, I think we're in a very manageable spot.

You are going to have industries and businesses that will face some challenges of the environment going through, right? There's a lot of different macro themes out there that are impacting different industries. And so, I think that's going to be case by case, but as you think about prospective issuers, we're committing capital. We continue to land. We continue to take deals to the market. It's just a matter of, have you set yourself up for a slower environment? Have you got a cost structure that allows you to weather a slower environment? Have you put the appropriate leverage on there that reflects a slower environment?



I think what sometimes people mix up is that you can have a cyclical downturn. That does not mean you can't issue debt. It just means you have to be mindful of — what do you put on there for leverage? What are your liquidity needs? Obviously, with a hiking cycle that's been underway, cost of capital has gone up. There's a combination of things that have put downward pressure on leverage, because of the higher cost of capital and what you can actually service from a cash flow standpoint. And then, it's just a pending slowdown in your business and what kind of downward pressure you could see in your cash flow that says, "Here, this is what I can support from just a debt load." Even at a lower level of interest rate, you still would want a lower level of leverage.

**Peter Antoszyk:** You touched upon, but it'd be worth expanding that even for those companies that are experiencing the rate pressure as they are and interest coverage ratio erosions, the default rates are low, in part, because of the nature of the documentation, and maybe you could just touch upon, what do you mean?

**Kevin Foley:** When you look at the ability to — we long crossed the threshold of covenant-lite and all that, the other stuff, the evolution we've gone through. So, the maintenance covenant has disappeared. And so, you can — that is a barrier, or was a barrier, at one point in time. That's not going to be an issue. You look at the flexibility to be able to tap into other sources of liquidity. There's a lot of baskets to that, a lot of room in these agreements and the ability to do what you need to do to keep yourself afloat. So, assuming there's access to capital out there, your documentation's mostly going to enable you to avail yourself for that liquidity that's out there.

So, to me, it looks like the way a lot of these are going to hit is that the fundamentals of these businesses deteriorate so much, or the liquidity of the markets out there, and I'm using markets very broadly, where people could tap into capital, dry up so severely that you don't have access.

Now, in getting into that ladder of drying up in the markets, there's plenty of liquidity out there. Not concerned about that, and I think it more comes down to fundamentals of the business, and you go back to the Yellow example just because it's in the headlines, that here was an industry that has some fundamental challenges that was facing liquidity, and obviously, that's a business that people are rethinking and how they would want to deploy capital there.

**Peter Antoszyk:** Right. And so, when you look out at the corporate landscape, and you have a good view of middle-market companies and how they're performing, how are you constructing your critical watch list?

**Kevin Foley:** We do try to be bottoms up, mostly, because it can be dangerous to write off a region, write off an industry. Because as long as you understand, if you've got a feel for what you think the economy is going to do and the impact within that region and industry, it doesn't mean you can't blend into it. It's just got to be done at appropriate levels, right? Is this a business, back to what I just said earlier of — is this the right leverage given where this business is expected to go in the near term?

We usually are not a "Hey, we will not finance in that industry." Put aside what may be some other criteria of where we're comfortable playing in, but just from an economic standpoint, we're much more focused on, "Is this company sound, and does it have a capital structure that's set up for whatever economic environment we think we're going into?" That's obviously going to vary by industry and region, and we try to adjust based on that, but we were committing capital all through '22. We've been committing capital all through '23. And we are committing capital to cyclical industries and to regions that are facing broader slowdowns. But we get back to — does the capital structure reflect that? Does it reflect the ability to handle higher interest rates? Does it reflect that you're going to get a pullback in this business and EBITDA is coming down? And just looking at a loan to value, knowing enterprise value to EBITDA is going to come down and just try to point to an equity cushion that's going to shrink in that solar environment, is that a fair look at that business?

So, there's a lot of different factors going into it, you know. Obviously, there's concerns around stuff that's consumer-related and whether it's discretionary or not. So, you're thinking about those businesses. Is this a product or service that the consumer needs to have? You've got — different aspects of real estate are facing challenges. So, you're looking at those kinds of things. Tech spending has been facing just economic slowdown. But again, none of them have a prohibition on them. That's just pointing to some of the challenges that may be out there and how you think about these businesses.

**Peter Antoszyk:** When you think about the difference between institutional loans and leveraged loans, which do you think is under greater pressure in this higher-for-longer, potentially recessionary environment?

**Kevin Foley:** I'm assuming institutional versus leveraged loan, meaning bank loans and probably more a double-B borrower than a single-B borrower. I think it comes down to the leverage. In the leverage market, you're just going to have businesses that have put on much more leverage and you look at all the LBO activity that we've gone through over the past few years. Is that structure set up to handle that? There are going to be businesses that you learn which just had too much leverage. Right? Restructuring 101 is just the first question of: is this a good business or a bad business? And is it just a matter of a bad balance sheet?

So, there will be a lot of good businesses that may have bad balance sheets and bad capital structures. You're going to have more of that impact in the leverage space than the institutional space, just because, by the nature of the two markets, it does not go out and maximize what people thought the leverage could be. So, I think the institutional market is definitely better set up but that's not saying here the leverage space becomes a real toxic wasteland of defaults and all that.

There will be plenty of businesses that have managed themselves. They will have higher leverage. They've proven that they can do that. The benefit that we've had over the past 15 years is we've seen a lot of periods of stress and you've been able to see how businesses hold up. So, many times, these companies will have higher leverage but they're based on an educated view of what it can handle. It wasn't just blind faith that they could handle this kind of leverage. Many of them have been through different periods of stress and you've been able to look at how they service their debt and how they held in. So, you're always going to have some level of defaults, obviously in periods of stress, where you have higher rates and higher-for-longer, a slowing economy.

Whether that goes into a full-blown recession or not, it's still slowing. I'd expect an uptick in defaults. I expect more of that in the leverage space and then it's going to come down to just figuring out, is this a good business and it just hit a cyclical issue with too much leverage, or is this a business that's facing a secular challenge? Or is it just purely just not a good business, it's going to have to be restructured and maybe we may not see it again?

**Peter Antoszyk:** I'm curious, from your perspective, where you see default rates going in the next 12 to 18 months.

**Kevin Foley:** Well, up for sure. But I guess go back to, though your point on private credit and where the default rates are. When you look at the emergence of private credit, we still have yet to go through a significant period of downturn as this part of the market is evolving and emerging. So, that's not making a blanket statement of, "Here, it's going to..."

I think it will attract more of the leverage market than the institutional space because that's where it's tending to be utilized. So, I think the default rates will mirror more leverage over than institutional over time, just because of where we've seen leverage levels go. And that's not a bad thing. When the default rates are, long-term average, somewhere around 3 ½ percent in the leverage space, you're going to get different periods of uptick but I think it will track that more over time.

But I'm not going to put a number on where I think the default rate is going to be. It's clearly going to be up into the right. Is it some insurmountable level? Are we sitting here talking about 2008 where we're all saying, "How we going to handle all these defaults?"

I think it's more manageable right now and to get back to that maturity wall we were talking about, or at least lack thereof, or runway to it. And the fact that we've had a well telegraphed slowdown at least, that businesses have been taking action. Now, you're going to have some businesses that will go with the hope strategy, that the business is going to turn. They're not going to do anything about those maturities that are lingering out there and got enough time. They'll probably pay a price for that. But I'd argue a lot of those are probably businesses that are facing other fundamental challenges that weren't just a capital structure.

**Peter Antoszyk:** Right. And of course, one of the big differences between 2008 and now is, there was a liquidity crisis in 2008. Today, you don't have that, in large part because of the growth of private credit, as you mentioned, and it has exploded over the last 15 - 20 years, and there's a narrative out there that says this is a golden age for private credit right now and they're increasingly taking market share from what might have been institutional leveraged loans previously and expanding products even beyond that. Is that a fair reflection of what you're seeing going on and, and what's your view of that?

**Kevin Foley:** Oh, let others opine on whether it's a golden era or not. But private credit's here to stay. It's become institutionalized. It works for a lot of borrowers. There's always going to be pros and cons about any financing source out there and it becomes circumstantial as sitting there, the CEO, CFO or Treasurer of a company of what works for your business.

So, we're in the business for the long run. We know that there are a lot of competitors, partners out there that are in it and it's here to stay and I expect it to continue to grow. But I wouldn't be surprised if we see more convergence of these markets over time. When you look at the private credit market, it's taking on more likeness to a syndicated market day-in and day-out, that it's getting bigger. I think that the direct loan is a misnomer now, and these tend to be bigger groups, and it's going to be a matter of how those groups are formed and how do they come together? But I think that the private credit market's going to probably look more like the syndicated market over time, than not.

**Peter Antoszyk:** It certainly has been moving in that direction for quite some time.

**Kevin Foley:** Yeah. And we see, when people talk about being direct lending, we're really seeing them play a little bit of everywhere.

Sometimes it's hard to tell the difference between who's a direct lender versus who's just a lender and what they're playing in and their appetite. There are some that are more definitional about it and more segmented about where they're going to play in the market. But there are plenty that are just looking for good opportunities to lend, and it's a matter about who they're lending to, how they're lending to, and really do they feel like they're getting a good risk/reward?

**Peter Antoszyk:** What are you seeing in terms of M&A activity and your pipeline build from the debt capital perspective?

**Kevin Foley:** I'll go back to my, you asked earlier, base case in the economy and one of the base cases I had coming into the year was, that we were going to spend the first six months of the year with the market sorting out where we were going in the economic downturn. Then we were going to start to get some visibility on where it is and we'd be able to start to see a pickup in M&A activity. If I go back to that base case and you buy the picture that the market is saying, right now, that we get a soft landing and we kind of got some visibility on it. That base case is only a month and a half or so behind where it is; we definitely have seen in the past month, a pickup in the M&A dialogue. We've been very active throughout the year and there was a lot of people who wanted to get deals done and we've seen some of those come to the market recently in Software AG and Arconic and Univar, Qualtrics, amongst some others. But the dialogue and the inbounds that we've been getting has definitely been picking up.

I don't feel the August slowdown happening right now. And not so sure it's 2020 and 2021, when there was no slowdown in those last couple of weeks, but it's definitely been more active. I always liken it to is that whether you're an equity investor or debt investor, the hardest thing to price is uncertainty. When you're running a business, it's the same thing. It's harder to run your business with uncertainty and you're less likely to make some of those strategic decisions. So, if you start to buy into where you think we've got better visibility, and I do think we have better visibility, I just think you can't sit there and take some scenarios off the table that there's not downside risk. It's not that all is clear but there is reason to be encouraged. That greater certainty allows you to think about strategic decisions of M&A more clearly. It allows you to think about deploying capital more readily because you feel like you got a better sense what you can price. That feels like it's starting to work its way into the dialogue and what we're looking at.

So, the other factor involved here is just the dynamics between buyers and sellers. With the correction that you had in valuations, you obviously had a lot of buyers who were happy and saying, "Hey, great lower prices. I want to deploy capital."

The buyers were going through the stages of accepting, and I always like to say, everyone's working through the stages of grief. And everyone had to work through denial; we had to work through acceptance and we're still working our way through acceptance. But buyers were going through "Hey, exciting, I've got a lower valuation," but with what's happening with cost of capital, they're having to adjust what they can actually put for leverage on things and adjust to what the cost of capital is for acquiring that business.

The sellers were going off of, "Here, I'm selling at a lower valuation or multiple than I would have got 52 weeks ago," and the emotional acceptance of that, that has to happen, and that that opportunity is not coming back or it's not on the near-term horizon. That process has been happening and while I will not say to you that everyone has worked their way through that process, a lot more have, and there's critical mass in that. You add that in with the certainty and more visibility and belief of where we think we are going in the economy. Those things all coming together are helping increase the dialogue and drive activity. Now, we've had a lot more dialogue. It's still hard to assess what's the probability of all that stuff getting there but things have picked up.

**Peter Antoszyk:** So, this has been great. I'd like to just hit you with a few quick questions to wrap up and get your thoughts. First is, it's all the rage. AI is coming for all of us. How do you envision AI impacting the debt capital markets business at JPM?

**Kevin Foley:** There's clear efficiencies, right? We are in a business that particular in the debt markets, right? It's documentation heavy, process heavy. There's probably a lot of efficiencies that we could all benefit from. I view them as tools. You still need the experience, the instincts, the creative idea of thinking. I'm not entirely convinced all that can come from AI, but they can create tools that can make us better at our jobs, more efficient and, you know, hopefully, do more deals.

**Peter Antoszyk:** ESG has been under a heat lamp for a little bit. How do you, how do you take into account ESG considerations in your investment decisions?

**Kevin Foley:** I hope you're using a solar heat lamp. It's a factor, right? We have, we have made from the top of the house on down a commitment to doing our part and we all agree that we have to get ourselves on a sustainable path for the environment. And that's going to require some tough decisions but we also know this has to be done orderly. It has to be thoughtful. And that takes time. So, we're going to continue to support clients on the energy paths, we have been. We're obviously looking to support those who are coming up with new technologies. So, we're trying to come up with a balanced approach with making progress, doing it in a thoughtful fashion.

**Peter Antoszyk:** Is the five-day office work week back?

**Kevin Foley:** Well, if you've heard our Chairman and CEO, Jamie Dimon, he's made it quite clear what he thinks about the in the office and - we are, but I think that it also depends on your role, what aspect of the business you're involved in. We generally view that we're better off in an environment where people are working together, collaboration, all the spontaneity that comes with that. From a personal standpoint, I prefer being in and seeing my colleagues and working with them and I get a lot out of that.

**Peter Antoszyk:** What advice do you give your younger employees?

**Kevin Foley:** Same advice I got from my father, which is patience, and in a world where everything has only got faster since I was a youth. And the belief that your career is decades, not months. Worrying about the next great thing that's going to happen for you. "What's my next move?" when you've barely started into a new role, instead of just putting your head down and saying, "This is a great opportunity, am I around good people? And am I in good institution? Am I learning? Am I feeling challenged?" If you're feeling all those things, then keep going. Sometimes I feel like there is "Hey, I have to make change for the sake of change." Versus saying, "I'm happy with what I'm doing. I'm learning, I feel challenged and with good people." Those are all reasons you used to stay put. I think the old-fashioned philosophy on that should stick around.

**Peter Antoszyk:** Last question, what's your guilty pleasure summer reading?



**Kevin Foley:** So, I'm going on my two-weeker here at the end of the week, and I do like to read. I like a lot of historical fiction. I like a lot of World War II historical fiction, probably helped by the fact of living in London for four years and being center of all that. So, I'll have a little bit of that. But I'll generally favor for fiction, we deal with a lot of reality all during the day.

**Peter Antoszyk:** We need an escape!

**Kevin Foley:** And I'll take an escape. But historical fiction is kind of my good halfway point of learn a little something but escape a little too.

**Peter Antoszyk:** Well, listen, this has been a pleasure. I really appreciate you taking the time to speak with us. We've covered a lot of interesting topics, and it's been a great way to kick off Season 2 for *Private Market Talks*, so, thank you very much for joining us.

**Kevin Foley:** No, thank you Peter for having me. It's my pleasure.

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