

Lead Left Interview – Mark MacTavish (Part 2)

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This week we continue our conversation with Mark MacTavish, a Managing Director at ONCAP, which is the dedicated middle market private equity platform of Onex Corporation. Onex was founded in 1984 and manages approximately \$24 billion in assets, principally through two private equity platforms, in which each Onex is the largest investor. In November 2016, ONCAP raised ONCAP IV, a \$1.1 billion fund and seeks to invest \$50 to \$200 million for control or substantial minority ownership positions in North American headquartered businesses which generate EBITDA in excess of \$15 mm across a broad range of industries.

Mark joined ONCAP at its inception in January 2000 in Toronto and relocated to New York in 2017. Mark oversees ONCAP's U.S. office and leads ONCAP's origination and due diligence and portfolio company efforts in the Consumer sector including Consumer Products, Food & Beverage, and Specialty Retail. *Second of two parts* – [View part one](#).

The Lead Left: *What kind of opportunities do you look for?*

Mark MacTavish: Ideally we'd invest \$50 million to \$150 million of equity in each \$15 mm+ EBITDA platform investment, however, we can invest up to \$200 million per transaction. Once a transaction requires in excess of \$200 million of equity it is a better fit for Onex Partners which focuses on larger opportunities.

In terms of industries, each of the Partners at ONCAP lead our efforts in certain sectors. I generally focus on most areas of consumer and have colleagues focused on various sectors including agriculture, automotive aftermarket, building products, business services, industrials, and healthcare amongst others.

We consider ourselves to be value investors and are focused on helping good companies become great by leveraging our collective experience and network to grow and improve these businesses.

TLL: *How do you approach your financing needs? What kind of lending partners do you use?*

MM: As mentioned, we are concentrated investors with a fewer number of platforms per fund and we tend to be more conservative with leverage. We also focus strongly on credit agreement terms that provide us with maximum flexibility and liquidity. We use the word "partner" when thinking about our lenders and want to make sure we work with folks who look at the world the same way that we do and who will give us time to work with our businesses to help them should they have problems. Not every investment goes straight up and to the right the day after closing.

Historically, we've financed most of our investments using club structures with our longstanding lending partners. However, we have been and will likely need to increasingly focus on underwritten syndicated financing structures going forward given the speed required to close transactions in this market along with the size of some of the newer investments we are looking at.

TLL: *Mark, what keeps you up at night?*

MM: With our more concentrated investment and partnership style; making a mistake has a real impact on the overall fund. At this point, there are generally two major concerns. First, we are seven years into an economic expansion – could we enter a cycle and if so what will be the impact on our businesses? Second, the pace of technological change is extraordinary – how will these changes impact our companies? The world just feels less predictable.

While the next decade or longer will be an interesting time to be an investor, our approach has worked through several industry cycles and advancements in technology. We are proud that we have had no impairments in our entire investing history and strive to continue to be thoughtful investors going forward.

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