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INTERVIEW

**WE ARE LOOKING TO  
BE A CATALYST FOR  
GROWTH OR STRATEGIC  
DEVELOPMENT IN THE  
BUSINESSES WE INVEST**



**Marc Ciancimino**  
Partner / Co-Founder  
All Seas Capital



**Cristobal Cuart**  
Partner / Co-Founder  
All Seas Capital

**All Seas is a  
first-time fund  
not a first-time  
team**

**All Seas is a first-time fund, but not a first-time team. Tell us about that.**

Prior to founding All Seas, we spent a decade working together at KKR where we were partners and members of the Global Private Credit Investment Committee. We were fortunate to meet each other early on and in those ten years, we founded and built KKR's European private credit platform from scratch. At the beginning, we were in a very small office in London separated from the main hub of the firm and with no team and no capital but we thoroughly enjoyed the entrepreneurial experience of starting a new initiative inside KKR and knew that it was a matter of when, not if, we would take this experience and start our own firm. All Seas is really a continuation of the relationship we started back in 2009 - including the addition of two deeply experienced KKR colleagues, Alan Burke and Fred Goltz, who have joined our investment committee. We are doing what we did at KKR, deploying a combination of debt and equity to support high quality management teams deliver growth, without needing to hugely dilute management team ownership. We have built a new team here and currently have 12 employees who bring experience across the capital structure in different business segments and in many of the countries we are focusing on in Europe. And with the Constellation relationship we have capital to invest and a partner to provide useful support. All Seas is a first-time fund not a first-time team.

**Why "All Seas" in name and in mandate?**

We wanted to reflect our dynamic approach to investing and the fact that our strategy remains relevant in all different types of economic environments. That thesis has certainly been tested over the last six months and whilst we hadn't set this up as a dislocation play as we are building a business for the long term, we've seen how our type of capital can be extremely relevant for business owners who are looking for capital that enables them to pursue growth in times of significant uncertainty and volatility.

The All Seas mandate is to provide preferred capital to European entrepreneurs and family owned businesses. We are looking to be a catalyst for growth or strategic development in the businesses that we invest and the crucial part of our value proposition is that we have a flexible mandate to invest up and down the capital structure. This means we can catalyze situations where our capital can attach to investments that also have a degree of credit-like downside protection, but with equity upside, so really doing hybrid investments - trying to get the best of both worlds for investors by providing bespoke solutions to business owners. Between the two of us, we've originated and invested around \$3.5 billion in transactions with this kind of investment approach, producing consistent returns.

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## INTERVIEW

### What about the middle-market, structured capital space is compelling?

We've found that there's a huge cohort of mid-market businesses across Europe that need growth capital but who don't see the traditional sources as appropriate partners. Traditional bank debt or other types of private credit may be too onerous or intimidating to an entrepreneur, and traditional private equity isn't a fit either as many business owners don't want to lose control of their businesses. That creates a large, unaddressed market that, at the moment, is structurally undercapitalized.

Today, the markets are awash with traditional private equity - it comes in all flavors, sector focuses, sizes, etc. And it is the same in the traditional credit segment where direct lending has gone from a small segment of the market, to being saturated with different types of funds out there. We looked at where our business at KKR was evolving - which was along these lines - and decided that we would be able to better serve portfolio companies and investors by pursuing a differentiated strategy. We believe the middle market segment is compelling, in large part because it remains an inefficient market where relationships and hard work pay off.

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## ALL SEAS CAPITAL

SPOTLIGHT

Founded in 2019 by Marc Ciancimino and Cristobal Cuart who previously spent 10+ years at KKR where they built and managed the European private credit platform.

Headquarters: **London, UK**  
AUM: **Target €500 million**  
Core Strategies: **Middle-market structured capital**  
Deal Size: **€20 million to €80+ million**  
Opportunities: **All Seas Capital I SCSp, Luxembourg**

Source: All Seas Capital as of September 30, 2020.

### How has the current environment changed your investment thesis?

We believe the middle market segment is compelling against any backdrop, in large part because it remains an inefficient market where relationships and hard work pay off. In the COVID environment we are seeing what you would expect: a lot of business owners looking for capital to navigate through an intensely challenging but ultimately short-term dislocation. They want to keep operating to their original plan or, like us, they want to take advantage of the dislocation to invest in growth and accelerate a successful business. Pre-COVID, we were inclined towards more junior, equity-like positions in the capital structure, but now we are focused on senior positions with more downside protection. Part of our mandate to investors is bringing expertise to navigate changing investment environments, using the discretion granted to us to make the best investments we can regardless of the backdrop. This environment is generating a lot of deal flow and we expect it to lead to a lot of great opportunities to deploy capital over the next few years and beyond that we're confident about varied deal flow in an underserved part of the market.

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## INTERVIEW

**In our last edition of Constellation Insights, two of our asset owner partners discussed the challenges of doing business in the current environment - it's now four months later, what challenges have you seen from your side of the table?**

The experience with our first deal, Hakim Group, is a good example of just how much can be accomplished remotely but also how different the experience is. We did an incredible amount of video conferencing in the process of closing that deal, and overall, I'd say it took more work to get to the same level of comfort on the deal. In this particular case, we had spent a lot of time in person with the Hakim Group and the founder beforehand but a pandemic is a time to tighten underwriting standards, not loosen them.

I remember the slightly surreal moment when we finally closed the transaction, and I was sitting in a cottage in the countryside; the lawyers exchanged signatures, we had a few video conference speeches... and then we all hung up and that was it, I went to make myself a cup of tea. There wasn't the normal celebration of a first transaction that there would have been otherwise.

From a fundraising perspective, it's a bit harder when you cannot travel and meet in person. But our 10 years together, our track record, a differentiated strategy, as well as experience at a large institution like KKR gives us a degree of credibility that certainly helps. Another thing that prospective investors have been able to leverage is the amount of diligence that Constellation has done on us, that has really accelerated some of the conversations we've been having. There have been a lot of Zoom calls and video conferences and we look forward to meeting potential investors again in person so they can get to know us better. We've been participating in a lot of virtual conferences including some speaking engagements to build brand awareness. It seems there are lots of investors seeing the benefits of our kind of strategy and this has meant we have been able to spend relatively more time focused on what we have been most excited about delivering: the pipeline and deals.