

Private Equity

Co-Investment

Co-investing provides LPs the opportunity to reduce the burden of management fees and carried interest paid to private equity managers, concentrate private equity portfolio exposure in high conviction assets, and mitigate the impact of the J-curve relative to traditional fund commitments.

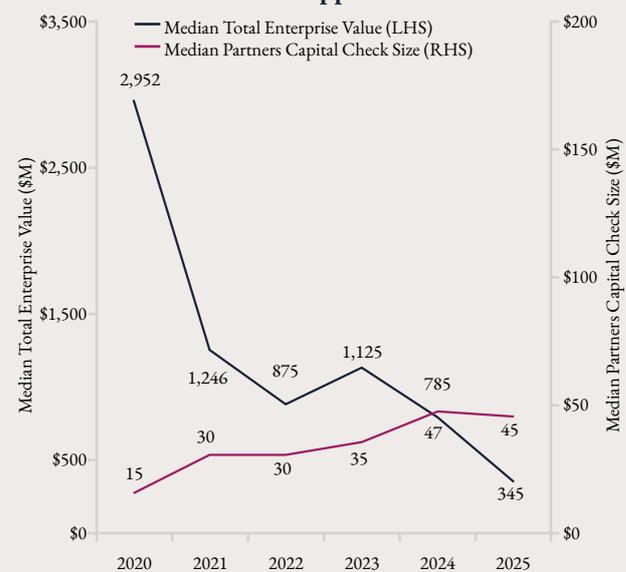
Partners Capital’s co-investment programme invests alongside those we deem to be top private equity managers as an aligned equity partner on single-asset investments, typically with near-zero management fees and carried interest paid to the manager. We focus primarily on co-investing in lower middle market and middle market buyouts in which General Partners⁴¹ (GPs) need more equity capital than their fund or existing resources can practically provide. In these situations, GPs require highly certain capital under very short time constraints to meet acquisition timelines while minimising the burden on the GP’s staff and optimising for potential future fundraising relationships with the co-investing partners. We believe that we are one of a small number of co-investors who have middle market focused primaries programmes and the ability to commit up to \$75M of discretionary co-investment capital before a manager has won exclusivity with a seller. We use our scale dedicated co-investment team, and the speed of our due diligence and approval process, combined with our strong private equity primary funds programme, to win what we believe to be differentiated opportunities with few direct competitors and improved investor protections.

Co-investor landscape institutionalising and consolidating. The universe of co-investors is steadily institutionalising as large programmes from sovereign wealth, pension and top endowment funds build dedicated co-investment teams with trained direct investors who are empowered to invest discretionary capital. While these large programmes are growing, smaller endowments and other capital constrained private equity programmes are reducing their direct co-investment programmes. Many lower middle market and middle market managers are therefore finding that their LP bases have retreated from co-investing, leaving these managers more dependent on fewer parties to help them close transactions.^{42, 43}

Partners Capital has increased its co-underwriting activity to improve due diligence access, improve transparency, and secure capacity and investor protections by helping managers solve their capital inadequacy problem early. As a result, Partners Capital’s year-to-30 September 2025 buyout co-investment opportunity set is 37% greater than the equivalent period in 2024, as more managers seek Partners Capital out to support transactions despite a decline in US

buyout deal volumes of 9% over the same periods.⁴⁴ Our median co-investment per transaction has increased from \$15M in 2020 to \$45M in 2025, while the median total enterprise value of the transactions in which we participate has declined from \$3B in 2020 to \$345M in 2025.

Exhibit 6
Partners Capital buyout co-investments have increased check size in smaller TEV opportunities



Source: Partners Capital

Co-investing with emerging, lower middle market and middle market buyout managers. Co-investments are particularly important to emerging, lower middle market and middle market sponsors. Managers focused on the lower middle market and middle market represent the fund size range that has seen the greatest drop in funds raised over the last year and whose smaller investors are pulling back due to liquidity constraints more than the investors investing behind large-cap and mega-cap managers, as noted in our section on Private Equity fundraising dynamics.⁴⁵ As a result of these fundraising dynamics, many managers with strong track records and established expertise lack sufficient capital to execute transactions that align with their core strategy and target deal size. Co-investors enable these managers to complete these transactions that they would otherwise be unable to execute due to fund size limitations rather than lack of conviction or capability. Small funds also typically have small fundraising teams and limited investment team bandwidth, which makes raising co-investment capital on a short timeline particularly challenging compared to large, heavily staffed managers.

41 The Private Equity manager responsible for making investment decisions and managing the fund’s portfolio

42 Chronograph. Trends Shaping the Private Equity Co-Investment Landscape (Apr-2025)

43 Ropes & Gray. Negotiating Economics: What are the Different Advantages of Co-Investment for GPs and LPs?

44 PitchBook. US Private Equity Market Report (Q3 2025)

45 PitchBook. Q2 2025 Global Private Markets Fundraising Report

Partners Capital's role as an anchor or large primary fund investor amongst emerging, lower middle market, and middle market private equity managers, combined with our ability to be the largest co-investor or co-underwriter, creates opportunities to participate in transactions that are not available to smaller co-investors.

Growing opportunity to secure investor protections for the largest co-investors. Managers that depend on large co-investors providing certain capital commitments to win transactions are often required to provide enhanced investor protections to those partners which are not extended to other participants in co-investment syndications. In exchange for scale, speed and certainty to help win a transaction, the largest one or two co-investors in a transaction may win certain exclusive terms, including board observation and information rights, liquidity rights, and sharing of certain transaction expenses amongst all capital providers. Partners Capital actively negotiates for and secures these types of investor protections. These are most frequently achieved in our target lower middle market and middle market buyout co-investments when we are the largest or second largest co-investor or are providing more capital to the transaction than the manager.

Exhibit 7

Partners Capital has leveraged strategic partnerships to secure investor protections in buyout co-investments year-to-date through September 2025

Co-Investment	Manager	Strategic Value				Investor Protections		
		Leverage Primaries Programme	Engage Pre-Close	Scale	Speed and Certainty	Exclusive Minority Rights	No/Low Fee	Board Observer Seat
 		✓	✓	✓	✓	✓	✓	✓
 		✓	✓	✓	✓	✓	✓	✓
residence 		✓	✓	✓	✓		✓	
 		✓	✓		✓		✓	
  		✓	✓		✓		✓	
 		✓	✓	✓	✓	✓	✓	✓

Note: Reflects all closed buyout co-investments in YTD September 2025.

Source: Partners Capital

Strategic Priorities

1. Increase maximum discretionary co-investment size.

Partners Capital frequently sources middle market buyout opportunities for which the manager is raising \$100M-\$175M of co-investment capital. By increasing our maximum discretionary co-investment ticket size to a level at which we can speak for all or nearly all of a manager's co-investment capital requirement, Partners Capital has expanded its opportunities to be the lead co-investor alongside its highest conviction managers, enabling early and deep due diligence and attractive investor protections. Partners Capital completed a second close of its co-investment pooled vehicle at \$892M, increasing our discretionary capital scale and making us a significant partner in middle market co-investments. Increased scale is a key driver of our growing discretionary ticket size and enhances our ability to engage early, and often exclusively, with middle market sponsors.

2. Expand list of high conviction co-investment partners especially among middle market sponsors.

Partners Capital leverages its primaries platform and reputation as a co-investor to build 'first-call' sourcing relationships and repeat co-investment partnerships with an expanding set of high-quality sponsors. Private equity managers typically prioritise co-investment partners who offer strategic value to the manager's business. Important criteria include co-investment speed, certainty and scale, and a primaries programme that either is an investor or could potentially become an investor in the future. Softer attributes include the market reputation of the co-investor and the ease of doing business with the team. We focus our co-investment partnership efforts on middle market sponsors where we see higher-returning deal opportunities and have a strong franchise as a firm.

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