**Season One: Episode Two**
**The Co-Investment Playbook: Navigating Opportunity and Complexity**
**Launch Date: February 9, 2026**

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**Willis Wilson: The most important investment insights don't always come from charts or reports, they come from a good conversation.**

**Welcome to Cambridge Conversations, a podcast from Cambridge Associates where we talk about what's really going on in institutional investing: the challenges, the opportunities, and the people making decisions that matter.**

**I'm Willis Wilson, an Investment Director here at CA. In my time working with private clients and institutions, one thing has become clear: investing isn't just about the numbers. It's about relationships, trust, and the conversations that shape big ideas.**

**And that's what we want to share with you. Each episode, you'll get a seat at the table where these conversations take place, the ones where investors and managers wrestle with new ideas, rethink risk, and push the boundaries of investing.**

**Let's get started.**

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**Willis: Today, we're diving into one of the most discussed topics in private investing: co-investments.**

**Clients often ask; “Should we do it?”, “Is it worth it?”, “And, if so, how do we get started?”**

**To help us answer these questions, we have with us Scott Farden, Managing Director and Chief Operating Officer at Nonantum Capital Partners. And from CA, we have Rob Long, Senior Investment Director of Co-Investments.**

**Together, we’ll do a deep dive into co-investing, exploring what makes it attractive, how to decide if it fits within your portfolio, and what it takes to succeed in this complex space.**

**Willis: Scott. Rob, welcome to Cambridge Conversations.**

**Scott:** Thank you, Willis. Very happy to be here.

**Rob Long:** Yeah. Thank you, Willis.

**Willis: It's a pleasure. To get things going, I wanted to talk a little bit about each of your backgrounds. Scott, I wanted to begin with you. I know you had a really storied career up until this point. We would love to hear about your journey so far as one of the founding members of Nonantum, Managing Director, COO…you wear a lot of hats.**

**Scott:** Sure Willis, I'd be happy to. First a quick primer on Nonantum. We started in 2018, lower middle market private equity firm. We spun out of Charles Bank, and our founder, Jon Biotti, had spent over 20 years at Charles Bank, and that's where our roots are. In terms of myself, I'm one of the co-founders, and I serve as the chief operating officer.

I oversee all the non-investment functions in the firm. I also sit on the investment committee as an observing member, and I also help lead, along with my fellow partners, our business development and our deal sourcing function. And I'm also actively involved in helping set up our co-invest processes, alongside the deal teams when they arise.

I've had a long career in financial services. I started out as an investment banker, and then, I spent some time as an equity research analyst. And then my career transitioned into a business building function, where I've been responsible for creating and leading go-to market plans for a variety of investment strategies in both equity and credit over a long career.

And I also am proud to say I grew up in the Midwest. I'd just like to note that I have two adult daughters now, and it is my personal goal to get them to listen to this podcast, so they know that dad does a little bit more than just shuffle papers around every day.

**Willis:** I love that. Where are you from in the Midwest? I was instantly curious about that.

**Scott:** Minnesota.

**Willis:** Minnesota! Twin cities.

**Scott:** One of those flyover states with really good co-investment potential.

**Willis:** There we go. I wouldn't call it a flyover. I'm a huge fan.

**Willis: Nice. Rob, you've been at CA for over a decade, a part of the co-investment team, a leader within the co-investment team. Can you talk to me a little bit about your journey so far and how you spend your time today?**

**Rob:** Yeah, so I've been with Cambridge for over a decade now and was really one of the first dedicated hires within the co-investment practice. And was very involved in working with clients and figuring out how can they best pursue co-investing, setting up some of the structures here at Cambridge, policies, procedures, whatnot. And then, have been actively investing, alongside my colleagues on the team.

And maybe just to take a step back and talk about the evolution of the co-investment market… We as Cambridge have very consistently seen over the past five years, at least 250 co-investment opportunities. Now, these are deals from private equity sponsors.

So, these are transactions that are moving forward. And so that 250 has been around 25 to 30 billion of available co-invest capacity. Now, there's not a fantastic data set across the market talking about how much actual co-investment volume there is. But I think even a reasonable estimate is that this is somewhere between 10 and 20% of private equity activity, and it's grown substantially.

And it's something that every investor, if you have a private equity allocation, you should be making a conscious decision on whether or not this is an opportunity set that you wanna pursue.

**Scott:** Yeah, I mean in 1990, when I was getting started in my career, there were fewer than a hundred private equity firms in existence, and now there are something like 5,500, just in the United States.

But when you look at the investment landscape of businesses with a hundred million or more in revenue, there are 4,000 public companies that fit that description, and there are 20,000 private companies that fit that description. And so, Cambridge, through their co-invest program and the relationships with all of their private equity firms, can really provide broader access to their underlying investors.

And that's why I think co-investing has gained so much momentum over the last decade.

**Willis: Scott, can you talk to me a bit about the start to finish process of doing a co-investment, specifically starting with how you identify within a particular transaction that there is capacity for co-invest.**

**Scott:** For us at Nonantum, we evaluate about 500 investment opportunities every year. And from those 500, we end up investing in anywhere from one to three. On average, out of the 500, we bid on about 5%.

The next step is we'll get a management meeting with the sellers. That's usually when we start to think about, okay, is this gonna need co-invest or not? And if it's a yes, then we look at the investment, and then we look at all of our LPs that have said, yes, we do co-investing. And then we try to match up, does this opportunity match with what this subset of LPs is thinking about? And then if we get awarded the deal, and we get exclusivity, that's when Rob gets a call from us.

Now, we've probably been doing work for a long time on diligence, but it puts a lot of pressure on co-invest teams to move quickly. And it really helps if you have a longstanding relationship. You understand each other, you've invested in our funds, so you've seen how we operate, et cetera.

And then what follows there is a series of diligence calls, where Rob and his team will get to really grill our guys on what they found, what they like, what they don't like, what the risks are. That process usually lasts for about a week, and then in the second week, we start looking for indications of interest. Are you in, are you out? We start to get an idea of whether or not we're gonna be able to raise the capital.

And so, it's really intense. And then if, we get the commitments that we've needed from our co-invest partners, we can show up, in some cases to say, okay, we've secured the capital. We're clear to move forward on this investment.

**Willis: Rob, what are some things that an LP should be keeping in mind as they consider whether to pursue co-investments or not, but then also how to express the idea whether committing to a fund or going direct?**

**Rob:** Yeah. So, it really comes down to, access, selection and execution. So access, do you have the right pipeline, enough opportunities that you can go out and pursue this? If you're pursuing it directly, what does your GP roster look like? What does their co-investment volume look like?

And so, you know, again, as Cambridge, we sitting in this nice seat where we're seeing 250 deals per year. Your primary source of deal flow is your GP relationships. And so, Cambridge, we have over 6,000 active fund relationships. We have a really large, opportunity set to choose from.

And, GPs care about speed and certainty. You are not committing to a blind pool. You are signing up to a direct transaction. Oftentimes, you have to sign an equity commitment letter to participate in the deal. There are pre-close indications, post-close indications. And so, a lot of this is gonna be very deal specific. You need to know what you're looking for, importantly, what you're not looking for, and you need to be able to move quickly.

**Scott:** When we think about co-investing, our number one job — if we want to have success — is to make the process as easy and streamlined as possible for the LP community. And we try to set the table for both sides by attempting to establish really clear communication channels. We wanna run a structured process. We wanna align interests, and then we want to try to be as efficient as possible.

**Willis: You know, that makes a lot of sense. A lot of key things there, especially around certainty. Now, Rob, something that we talk about internally is that a lot of people check the box, in that we're interested in learning more, and then very few actually get to the point where they're actually executing a transaction. Can you talk to us just a little bit about one, why are co-investment opportunities so enticing at the highest level for LPs, and then also, what prevents them from getting over the finish line when it's time to actually wire the funds?**

**Rob:** Yeah. It's a great question and, I'll address maybe the elephant in the room , and one of the main draws for LPs — which is not a blanket, "you should absolutely do this" — but co-invest is most often offered on a no management fee and no carried interest basis.

And so, I think that has driven a lot of people to think this is a firm that we've backed. This is a way to blend down my cost exposure. And so, hey, there are no fees on this. Let's double down. And while that is absolutely a key benefit to co-investing, it should not necessarily be the driver for doing co-investments. Adverse selection is real. There are opportunities where part of it comes down to is "why is the GP offering that co-investment?"

Are they viewing this as a fundraising tool to build goodwill with LPs? There's maybe a little bit extra to go around, you know, maybe the debt's more expensive, and so we're gonna backfill with more equity than we would have. Or is it, do we need to raise an extra a hundred million dollars to absolutely get this deal done?

You know, fee savings is a big part of it, but you need to set the guardrails to make sure that you don't have the cart leading the horse here.

**Scott:** Yeah. When we think about co-investing on our side, we don't plan for it. We don't promise it. It's very opportunistic.

I think about Rob and his team, you know, looking at all the opportunities they see, they see a lot of good, and they see probably a lot of bad stuff.

And so, in our process, we really like it when the people on the other side aren't just taking an order, but they're really probing because we learn a lot.

Because you see so much more, and you have a broader purview than we do, and you ask good questions, and it very frequently makes us think better and more deeply and more thoughtfully about the investment we're looking to make. So, that's probably the thing we like the best about our co-invest partners, even more than the capital: It's the insights and the learnings.

**Rob:** I very much agree with that. Cambridge's model is fund first, co-invest second. We obviously want to build exposure here and think there's a great opportunity set, but the primary driver is to get better insights into what your strategy looks like, build comfortability in the types of deals that you're pursuing. What does your underwriting process look like?

And so, it makes for a very informed conversation, not only about that specific deal, but about the fund strategy in the long run. There are different co-invest philosophies out there, and there's no one right answer.

But for us, how we frame the landscape is — is this a sponsor that we know and like, have we backed their fund with client capital? Is this a deal that is in their strike zone? Do they have a track record of investing in similar businesses?

And then investment case analysis. We're not looking to re-underwrite the deal from scratch. We're looking at stress tests that run scenario analysis to understand what are the potential range of outcomes here. What are the three most important drivers, what are the three big risk factors?

And so, it's important to think about, not only what are your objectives as a co-investor, but what is your value add? Because the co-investment market, you know, it is broadly up to the GPs discretion on if they're gonna offer co-investment and who they're gonna offer it to. And so, as a co-investor, you need to position yourselves as an attractive party to work with.

**Willis: Mm-hmm.**

**Scott:** Our first obligation is to our fund investors, and if we do a good job, and Rob does a good job — over time, it strengthens the whole partnership, and then, everybody wins. And that's what we like. And you know what's amazing? I wish everybody that invests could go through a co-invest process because Rob and his team will see us in our most raw form.

We're learning a lot of times, right alongside of each other. And so, they get to see how people think and how they react to challenges and tougher questions and new information that comes up during the diligence process.

**Willis: Something I wanted to talk a little bit about… Rob, how can a particular LP best equip themselves to take advantage of a co-investment opportunity as it arises?**

**Rob:** Yeah. Starting at the top, it is really important to define your objectives, your processes, and your pain points before you start looking at deals. We'll hear examples of, “Hey, a deal came in. We've never done a co-invest before, but this seems interesting…” and that is really what you should not be doing.

You do not want to have a haphazard process, and you should not be living through that in real time on a live deal. And so first recommendation is define what your goals are, have them clearly articulated, and then map out a very well-defined process.

So, for us, it's when a deal comes in. Within 72 hours, someone on the team is gonna take an initial look at that teaser. We're gonna discuss it as a group, and then we're gonna decide whether or not we think that this is something we could be interested in, or if it doesn't clear that bar, we wanna pass quickly.

From there, it’s important to get some of the legal stuff out of the way. The worst thing you could do is waste the GPs time, while they're running full sprint at getting the deal done for the fund and then backing out at the last minute.

We have lived through this, and it is really, really painful. If that happens once, you're probably not gonna see another deal from that sponsor again. And so, you wanna have this very well-defined before you get started.

To the second point around skillset, you need to have the right team in place that's able to go out and evaluate these opportunities. It is a very different toolkit, making a fund decision versus making a company level decision. And so, recognizing, hey, do I have the resources in place? Do I have the team in place to be able to do that? If you don't, maybe the answer is you should go through a co-investment fund. Or maybe decision is, yeah, let's go out and hire someone with this experience, but you really don't wanna mess around here.

**Scott:** Rob, I'm glad you mentioned the co-investment fund idea because I will say every time we finish a co-invest process, and the deal closes, everybody's happy, et cetera… Everybody's also exhausted because doing a deal is like running-a-marathon hard, and then adding co-invest is like throwing a weight vest on for the process.

So, when it's done, we always have the conversation. For our next fund, should we just set up a sidecar vehicle, so we don't have to go through the grind on this? And it's literally about a seven second discussion, and we say no, because yes, that would be better for us, but it wouldn't be better for our LP partners.

So rest up and we'll do the next one. And it really is, a great tool for building trust and partnership over time. And that's why we just keep doing it the old-fashioned way.

**Willis: So, you've talked about the different ways to go about co-invest… Like gimme some details around what particular type of co-investment approach could be a good fit, depending on what kind of LP you are.**

**Rob:** So, it really comes down to the breadth of your GP relationships, and what does a realistic volume of co-invest look like on an annual basis. And maybe taking a step back there, if you are going to build co-investment exposure — you wanna do at least 15 deals, you know, is that over three years? Is that over five years? You've got some flexibility there, but you do need to build to a minimum level of diversification to insulate yourself from a blow up scenario, because each deal has a life of their own. You're not gonna get everything right a hundred percent of the time.

And so, with my allocation hat on, you wanna have a diverse co-investment portfolio. Then whether or not you should pursue this directly is well how many active GP relationships do you have in the fund? How often have they historically shown co-investments?

And I think a realistic expectation, from a co-invest standpoint for a given fund, is probably three to five deals over the life of that fund.

And so, let's say you've got 10 GPs…you're gonna see, in total over a five-year period, 50 deals per year.

So, to build to that target nav, how many of those deals do you need to do? And so, you should run the numbers there, pick what the sizing is, and then does that volume enable you to be selective, while still being able to build the exposure that you want to?

And so, you know, it comes down to what does your pipeline look like? How selective do you want to be, and then making sure that you are gonna execute against that strategy efficiently, transparently, and really be a good partner to the GPs that you do work with because that is what's gonna drive your ultimate access.

**Willis: Mm-hmm.**

**Scott:** Yeah, that math works for us, Rob, pretty closely. I know it varies by GP, but about half of our investments have had some co-invest component to them. We make, again, on average about two platform investments a year. So, one out of those two, on average, is gonna have a co-invest component to it.

**Willis: Now, Scott, my next question was gonna be about the deal that Nonantum worked for CA on.**

**Would love for you guys both to talk about that, how it came together — start to finish.**

**Scott:** Well, we were very fortunate earlier this year, in 25 and Q1, to have an opportunity to invest in MSI Express. And MSI, it's a leading provider of contract manufacturing and packaging services to the consumer package goods industry. And it was at the highest end of our EBITDA range, so we knew early on we were going to need ample co-invest for this one, and we had invested in our Charles Bank days in a very similar business and had a strong positive outcome.

So, we competed and our CEO from the previous portfolio company joined our diligence team. He's part of our executive network. And when he showed up for diligence, the existing seller — it's a founder owned company — looked at this guy and said, “I modeled my company after yours. I would love to have you in this room advising me and helping me build this business,” and having that relationship from our past helped us in a very competitive situation where we were not the highest bidder, and then we get selected as the partner of choice, and then we gulp and say, wow, we've gotta raise like 150 million of co-invest.

Can we do it? And fortunately, we went through the process, and we're oversubscribed on the co-invest, and Cambridge was a big part of that.

**Rob:** Yeah. And to Scott's point that the fact that they had done this same thing with a prior portfolio company, was one of the reasons why we were so excited and can build conviction very quickly. You know, having that track record of, hey, we have experience living through implementing the laundry list of value creation levers they were gonna pull gave us a heck of a lot of comfort. On top of that, this is a business with a very, very high quality customer base. And you think, contract manufacturing and packaging like, oh, maybe that's cyclical in a down market. Maybe you'd turn this off quickly.

I think what really drove our excitement about it was this is not that, this is very, very sticky customer relationships, where MSI is really embedded in the supply chain and looking at the retention metrics across the top 20 customers — really, really fantastic. And so, that level of stickiness is not something you often see in these types of opportunities. And so, the fact that they were not the highest bidder here — this was an attractive purchase price. This is a solidly cash flowing asset with tangible levers to grow on the upside…

This was the first deal Cambridge has pursued where we signed an equity commitment letter. And for those of you who don't know what that means, that is basically piggybacking onto the purchase agreement. And so, you know, before the deal has closed, you have signed up to say, “We are gonna show up on X date with Y number of dollars.”

And that is a binding commitment, which is only doable if you've got that process really ironed out and are able to provide that speed and certainty.

**Scott:** As Rob mentioned too, the business itself of MSI had some really strong secular tailwinds at the time of our investment. However, there was some noise in the marketplace because a high profile private equity backed company in the same space had just recently gone through some substantial struggles, and so Rob and his team and other co-investors really dig into things there, and our history and knowledge of the space gave us a lot of conviction that MSI had a moat built around it that would prevent some of the headwinds that this other business had faced. And so with MSI, because of this noise, we ended up getting the business for about a 20% discount from historic multiples in the space. And then we knew the space really well, and so that noise actually ended up helping us quite a bit here.

**Willis: And it sounds like the fundamentals were super strong. Something through both of you guys' points that came up for me was the history, the history of CA partnering with Nonantum, and also the history predating the Nonantum brand, with Charles Bank. Can you guys talk about that a little bit?**

**Scott:** Sure. Our relationship with Cambridge goes back about 25 years to our early days at Charles Bank. And like all good partnerships, it's endured because both sides have benefited over time. And you know, at the core of it is trust and transparency that's been built over decades. And, they've been an incredible thought partner to us. I don't think anyone in the private equity industry has better data on what's going on in the world, and that data has helped us become better at what we do.

**Rob:** We do sit in a great spot where we have access to I think it's over a hundred thousand private equity backed businesses. And so not for MSI specifically, but in another deal we did, we had like 10 years of financial data. We knew the venture firm that backed it in the seed round. We knew the growth equity firm that came in in the growth stage.

We knew the private equity firm that was coming in to buy out that asset. And so, a lot of what you're doing on a co-investment side is kind of triangulation, looking for alignment. And so, when you have these points that you can use to validate the thesis here it is instrumental.

**Scott:** When you have a partnership where both sides are benefiting and learning from one another, and you have transparency and trust. It's something that endures, and we are grateful for our partnership over time.

**Rob:** Well, we are equally grateful and you know, I would say, for MSI specifically, that 25 plus year history between the two firms like that is what enabled us to move from start to finish. And what was it… like three weeks?

**Willis: Three weeks start to finish. That's quick. That's quick.**

**Rob:** You can't move that quickly when you don't have that institutional history.

**Willis: Absolutely.**

**You know, whatever it takes. Whatever it takes. You know, I'm inspired to take this conversation a different way. Scott, talk to me a little bit about what it was like to hoist the trophy after winning the National Hockey Championship.**

**Scott:** Oh man. You've done your work Willis! Well, about a thousand years ago, when I was a senior in college, I was fortunate to play on a national championship hockey team at Harvard, and it was really great for me because we went back to Minnesota, my home state, and we were able to beat the Golden Gophers in their home state with about 500 Harvard fans and 20,000 Minnesota fans in the stadium.

But it was a great thrill. The greatest thing about that is I get together with my old teammates now, and we celebrate life. And when you win something together, it sticks with you for a long time — the relationships get tighter. Your friends are funnier over time. They're more engaging. You're more inclined to get together. It was really fun to hoist that trophy in front of the home crowd.

**Willis:** That sounds like the CA-Nonantum relationship. I thought I had more questions, but that's a great place to stop. I appreciate you guys.

**Scott:** Well, I just wanna add one thing: an ode to my coach. Billy Cleary was our coach and legendary US Olympic hockey player. We were fortunate to have him as our coach. Before we went out for the overtime period — the game went to overtime — he said to all of us, “We win together tonight. We walk together forever.” And I get chills when I recall that, but he was so right. So it's fun to win anything, and it'll be even more fun if we can be having this conversation in five years and talking about a really successful outcome with MSI.

**Rob:** I would love that. Scott, it's been great to work with you.Thank you for finding some time for this.

**Scott:** Thank you for giving us the opportunity to partner up and have a chat, and we look forward to many, many more.

**Willis: Thank you, gentlemen.**

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**Willis: That wraps up our conversation.**

**As we’ve heard today, co-investments can be a meaningful addition to a portfolio, but it takes focus, a smart strategy, and the right partners by your side.**

**To get started, remember: define your objectives, assemble the right team, then execute with certainty.**

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**Thank you so much for listening a being part of the conversation! Until next time!**