

What Are the Benefits of Raising Your Own Capital for an Independent Sponsor Deal



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Roughly half of the isponsor deals we worked on in the past year had some form of “friends / family / network” capital-raising, anywhere from 5% to 100% of the equity needed for the deal.

Benefits include:

- Most capital partners love isponsors who can bring a meaningful amount of equity to the table (reduced risk, higher alignment)
- In our experience, this “retail” capital often has better economics for the isponsor (ie, often structured through a separate SPV)
- Depending on the equity needed, many of our clients have developed networks (HNWs, UHNWs, independent RIAs, smaller family offices) that solve for 100% equity needed
- The retail investor loves the direct proprietary deal access
- Potential Qualified Small Business Stock benefits (up to \$15 million capital gains tax exemption per investor)

John J. Koepfel's commentary on "[How to Invest in Independent Sponsor Deals: A Guide for Accredited Investors.](#)" [Smash.vc](#)

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