

## Why Family Offices Are Choosing Independent Sponsor Deals Over Committed Funds



By John J. Koepfel

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9 thoughtful independent sponsor comments:

- **CORE:** the independent sponsor world is a unique pocket of the lower middle market (LMM), in which capital is raised on a deal-by-deal basis.
- **SIZE:** Market for isponsor / direct deals has grown substantially (53.8% annual growth per Houlihan Lokey), and it is starting to become a more competitive space. The key to success is differentiation.
- **CAPITAL:** There is more and more capital flowing to isponsors (SBICs, FOs, HNWs / UHNWs, PE).
- **ATTRACTION:** A lot of LPs, particularly family offices, are frustrated with aspects of the committed model (ie, blind investments locked for a decade plus, higher fees, lack of alignment toward the end of the commitment period, etc.).
- **NIMBLE:** Impractical for many middle-market PE funds to invest in LMM due to minimum equity checks.
- **ENTREPRENUERIAL:** A number of very talented PE professionals are leaving PE shops to launch their own independent sponsor firms — particularly those with an entrepreneurial mindset.

- RETURNS: LMM deals offer better value arbitrage. Ability to professionalize. More low-hanging fruit to drive value.
- TRANSPARENCY: With an isponsor deal, investors are able to fully underwrite the specific business being acquired (key advantage over blind pool).
- EDGE: “One of the big advantages to working with an independent sponsor is that we [the capital partner] can invest in really interesting, high-quality companies — and we get to leverage that independent sponsor’s skill set and bandwidth and manpower.”

John J. Koepfel's commentary on "[Independent Sponsor Deals on the Rise](#)," The Family Office Professional, by Margaret Steen, April 13, 2026.

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