

Why is the “Deal by Deal” Model Used by Independent Sponsors Thriving?



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Benefits of the “deal by deal” model include:

- Preference for entrepreneurship and flexibility (with 72% have no aspirations to raise a fund)
- Ability to acquire lower middle market (LMM) companies -> often on a proprietary / less competitive basis in the 5x to 7x range
- isponsors targeting 3x+ MOIC (52%), with 18% targeting 4x+ MOIC
- “An independent sponsor deal can bring the advantage of a co-investment deal through exposure to a specific cherry-picked asset, without the exposure to other, potentially less impressive, investments in a fund’s portfolio.”
- The Biggest challenge of the model is the potential inability to find the right equity partner for a given deal. Hence, many isponsors will preview a deal (pre LOI) with select investors to gauge support.

John J. Koepfel's commentary on "[Conviction & Carry](#)," by Matthias Plotz, April 20, 2026, *The Drawdown*.

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