

THE RISE OF THE CO-SPONSOR: WHY INDEPENDENT SPONSORS ARE TEAMING UP

MORE CAPABILITY.
MORE CAPITAL.
MORE COMPLEXITY.

EXECUTIVE SUMMARY

The Independent Sponsor model is built around individual control: source the deal, develop the thesis, raise the capital, and lead the investment.

Increasingly, Sponsors are deciding they do not need to do all of that alone.

Citrin Cooperman's 2026 Independent Sponsor Report found that 29% of respondents have partnered with another Independent Sponsor, up from 23% in 2024. Another 32% have considered a partnership, while 54% expect the rate of Independent Sponsor partnerships to increase over the next 18 months.

The reasons are practical. One Sponsor may bring the deal while another brings sector expertise. One may have the operating resources while another has established capital relationships. Together, they can pursue a larger or more complex transaction than either could credibly execute alone.

But combining two Sponsors does not automatically create a stronger one. It adds another set of economics, relationships, decision-makers, and expectations to a transaction that is already difficult to coordinate.

The question is not whether Independent Sponsors should partner. It is whether the partnership creates enough additional value to justify the additional complexity.



WHY CO-SPONSORING IS INCREASING

Independent Sponsors are pursuing larger transactions while operating with lean internal teams. At the same time, sellers, lenders, and capital providers increasingly expect Sponsors to demonstrate sector expertise, operating capability, and certainty of execution.

A co-Sponsor can close one or more of those gaps.

Citrin's survey found that the most common reasons for partnering were industry expertise and additional bandwidth, both cited by 40% of respondents. Different experience levels were cited by 36%, while access to additional capital and transaction size were also factors.

This creates several natural combinations:

- A sector specialist with limited transaction experience partners with an experienced deal lead.
- A newer Sponsor with a proprietary opportunity partners with an established Sponsor that has repeat capital relationships.
- Two Sponsors combine complementary operating capabilities around a buy-and-build thesis.
- A Sponsor pursuing a larger transaction brings in another group to expand bandwidth and credibility.

The strongest partnerships are not built because two Sponsors happen to like the same deal. They are built because each party addresses a specific need.

ROLES NEED TO BE DEFINED BEFORE ECONOMICS

Most co-sponsor conversations move quickly toward fees and carry. That is often too early.

The first conversation should be about responsibilities.

Who leads negotiations with the seller? Who manages diligence? Who owns the capital raise? Who communicates with lenders? Who sits on the board? Who is accountable for the value-creation plan? Who makes the final call when the Sponsors disagree?

Citrin's capital-provider contributors were consistent on this point.

They may see value in combining two skill sets and two networks, but only when responsibilities are clearly delineated.

That clarity matters to everyone around the transaction. Sellers do not want competing instructions. Management teams need one decision-making structure. Capital partners need to understand who remains accountable after closing.

If those questions are unresolved, an equal split of economics will not create an equal partnership. It will create ambiguity.

THE ECONOMIC SPLIT SHOULD FOLLOW THE WORK

Some co-Sponsors divide fees and carry equally. Others allocate economics based on who sourced the opportunity, capital contributions, pre-close responsibilities, and expected post-close involvement.

There is no single correct formula. The important point is that the allocation reflects both work already completed and work still to come.

A Sponsor that originated the transaction may reasonably retain more of the closing fee. A partner responsible for portfolio oversight may receive a larger share of the management fee. Carry may be divided based on long-term contribution and may vest over the investment period.

The mistake is treating one economic pool as the solution to every issue. Closing fees, management fees, carry, board rights, and attribution compensate different forms of value and should be considered separately.

WHEN PARTNERSHIP CREATES MORE RISK THAN VALUE

A partnership is not automatically a sign of institutional depth.

It can create conflicting messages to capital providers, unclear decision rights, duplicated work, and disagreement over the pace or direction of the investment. Those risks increase when the parties have not worked together before or have materially different operating styles.

Sponsors should be particularly cautious when the proposed partner does not address a defined capability gap, wants economics without corresponding responsibility, or approaches the transaction with a different view of governance, leverage, or exit timing.

The ability to add another Sponsor is not the same as the need to add one.

WHAT ACTUALLY MATTERS NOW

01

Partner to add a defined capability, not simply to make the transaction feel more credible.

02

Set roles, decision rights, and post-close responsibilities before negotiating the economic split.

03

Separate closing fees, management fees, carry, governance, and attribution rather than treating them as one negotiation.

04

Present a single, coordinated structure to sellers, management teams, lenders, and capital partners.

Co-sponsoring can help Independent Sponsors pursue larger deals, add expertise, and accelerate their own development. But the best partnerships are not built around shared enthusiasm for a transaction. They are built around complementary capabilities and explicit accountability.

Two Sponsors do not create twice the capability by default. They do when each knows exactly what they are there to do.

Citrin Cooperman, 2026 Independent Sponsor Report
Ropes & Gray, The Rise of Independent Sponsors: Evolution, Economics, and Opportunity
McGuireWoods, Independent Sponsor Deal Survey

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