

Fund Formation Group Of The Year: Goodwin Procter

By McCord Pagan

Law360 (February 10, 2020, 1:06 PM EST) -- Goodwin Procter LLP advised some of the largest private equity groups in the world on their fund formations last year, including the creation of a \$17.5 billion vehicle for private equity group Advent International and an \$8.5 billion fund for TA Associates, earning the firm a spot as one of Law360's 2019 Fund Formation Groups of the Year.

About 140 of Goodwin's 1,200 attorneys are in the private investment funds practice group, which in addition to fund formation also works on compliance issues, internal operations and representing managers over the life of a fund. The group's clients are involved in a cross-section of the economy and invest in real estate, technology and life sciences, said David Watson, a Goodwin partner in the private investment funds practice who used to chair the group.

"That breadth helps us not only in terms of representing fund managers and knowing the issues very well, but also knowing the industries really well," he said.

The firm is spread across 13 offices in the U.S. and around the world, with locations in New York, Boston and Silicon Valley, as well as in Hong Kong, London and Luxembourg, the last of which opened in 2019.

Goodwin has been growing its investment funds practice group primarily in response to client demand, Watson said. Given the growth in the total value of offerings in the private market and trend of fund managers becoming more international, it's been necessary for Goodwin to open offices abroad to keep up, he added.

"If you want to represent those managers, you need to have boots on the ground in Europe and Asia to do it," he said.

Moving forward, Goodwin plans to continue growing the size of its practice group and that of its Luxembourg office. The tiny European country is becoming more favored by fund managers due to concerns over Brexit and its status as a more preferable tax environment, Watson said.

"Being in Luxembourg will provide more certainty for EU managers than being in London," Watson added.



Watson said one thing that sets the firm apart is its ability to work on multiple fund formations at once. In May and June of 2019, the firm went through a six-week period when its clients collectively closed on \$33 billion in capital, he said.

"We had a number of large offerings going concurrently, and that reflects our ability to have large teams deployed simultaneously," Watson said.

In June, Advent said it hit its hard cap of \$17.5 billion for its Advent International GPE IX LP fund, exceeding its target of \$16 billion after roughly six months of fundraising. The fund will invest in growth equity and so-called public-to-private transactions, which involve private equity firms buying public companies and returning them to private markets.

The closing of Advent's mammoth fund came over three years after the firm raked in \$13 billion for Advent International GPE VIII LP in 2016. Like its predecessor, Advent's newest vehicle will invest in Europe and North America, though it may also look to Asia and Latin America.

Part of Watson's role was directing Goodwin attorneys as they helped Advent negotiate the business terms for each commitment, such as reporting requirements or compensation arrangements, so that they were consistent for each investor, he said.

While a typical fundraise may need only four or five attorneys, Advent's \$17.5 billion project required about 20 lawyers, and Watson said about half his time was spent just leading the legal team.

"It's a large project to coordinate," Watson said.

In May, Goodwin represented private equity group TA Associates when its \$8.5 billion fund, TA XIII, reached its hard cap and exceeded its initial \$7.5 billion target. According to the private equity group, its latest fund will be used to make equity investments in middle-market entities in various industries, including health care, technology, financial services, and consumer and business services.

Contributors to the fund — TA Associates' 13th flagship fund — came from around the globe and included public pension plans, sovereign wealth funds, foundations and endowments, it said.

Similarly to Advent, the Goodwin lawyer handling the TA Associates fundraising, Paul Verbesey, spent about half his time just handling the large legal team necessary to successfully orchestrate the project, Watson said.

Also like Advent, TA Associates is another long-standing client of Goodwin's. That history makes it easier for the firm to represent it for fund formations as lawyers carry institutional knowledge of the client and ensure investment contracts are consistent with what TA Associates has done before, Watson said.

"You can't do that unless you know the client really well," he said.

--Additional reporting by Benjamin Horney. Editing by Jack Karp.