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Asset Management Group Of The Year: Cleary Gottlieb

By **Adam Rhodes**

Law360 (February 15, 2019, 1:17 PM EST) -- Cleary Gottlieb Steen & Hamilton LLP spent 2018 helping its clients form multibillion-dollar funds, all while representing embattled Emirati private equity firm Abraaj Group's limited partners, earning the firm a spot among Law360's Asset Management Groups of the Year.

The firm in 2018 steered Hillhouse Capital on Hillhouse Fund IV LP, which closed at $10.6 billion, according to a September statement from the Hong Kong-based firm. Cleary said it also represented TPG with respect to its $2.1 billion social impact fund, The Rise Fund, and The Raine Group with respect to Raine Partners III, its third growth equity fund that held a first close at $579 million in July.

Based in New York, London and Hong Kong, Cleary's asset management practice boasts five partners, two counsel, three senior attorneys and roughly 35 associates worldwide, firm managing partner Michael Gerstenzang told Law360.

While Gerstenzang noted Cleary's asset management practice is small compared to other firms', he added that the practice is one of the firm's fastest-growing and has been an important focus for the firm for the past decade. In 2018 alone, the firm structured and organized funds with $35 billion in commitments, he said.

The practice's client service is particularly standout among its peers, Gerstenzang said, touting the firm's "soup to nuts" work on Hillhouse Fund IV LP as a prime example.

"When you're raising this much money from such a large number of investors over a short period of time, you need to really manage that project in a very efficient and focused way," Gerstenzang said. "And over time, we've developed tools that our firm uses to make sure that we and clients stay focused on the process."

Partner Liza Lenas said the speed at which the fund was formed, began taking investments and eventually closed was a particular challenge, in light of the firm's strong track record in Asia. Thanks to that track record and respect for the firm, the Cleary team actually had to turn some investors away, Lenas said.

"What was unique about the Hillhouse fund was its speed in fundraising because there was an overwhelming appetite in the investor community to get into this fund and also just in a macro view, how many investors are interested in putting money in Asia," Lenas said.

Gerstenzang also touted the firm's work on Raine Partners III as an example of how important long-standing relationships are in the industry. Cleary has represented Raine with respect to a number of growth equity, hedge and venture funds since day one of Raine's business, Lenas said.

As for the landmark Rise Fund, which, according to the firm, closed in November 2017, Lenas said Cleary's role in establishing a so-called cottage industry, in which large private equity sponsors have begun to break into social impact fundraising, is a testament to the firm's pro bono work with nonprofits to form funds, as well as the firm's longstanding relationship with TPG, which raised The Rise Fund.

"I find it incredibly rewarding that we can work with our paying clients and our nonprofit clients to do work that ultimately will have a good societal impact," Lenas said. "That's not always what we do as Wall Street lawyers and I think it had an excellent effect on our junior associates as well."

The firm's success has additionally come not just when funds form, but when they — or their sponsors — implode.

The firm is in the process of representing limited partners of Abraaj, which fell from grace last year after February 2018 reports suggesting it may have misused investor funds — namely those in a $1 billion fund focused on South Asian and sub-Saharan African health care investments.

By June, Abraaj said it had asked the Grand Court of the Cayman Islands to have joint provisional liquidators appointed so it could restructure.

"The thing that has taken the most time has been representing lead limited partners in the Abraaj global health care fund as they negotiated for the departure of Abraaj as the manager of the fund and to find its replacement, all while trying to maintain the value of existing investments," Gerstenzang said.

The expansive and high-profile nature of the issue also added to the work's difficulty, he said, and necessitated the addition of lawyers who specialize in corporate restructuring, litigation and disputes, regulation and executive compensation.

"This is the kind of project, because of its complexity, because it's so interdisciplinary, that few law firms could credibly handle," Gerstenzang said.

--Additional reporting by Chelsea Naso and Benjamin Horney. Editing by Marygrace Murphy.