

Fund Formation

Kirkland & Ellis LLP earned such key victories as advising Warburg Pincus on formation of its largest-ever private equity fund of \$17.3 billion and working with KPS Capital Partners LP on two funds collectively worth \$9.7 billion, landing it among the 2024 Law360 Fund Formation Groups of the Year.

The firm's more than 650 fund formation professionals in the United States, Europe and Asia work closely with colleagues in tax, fund finance, regulatory issues and mergers and acquisitions. They have represented 84% of top private equity firms in the world, according to information supplied by Kirkland.

In October 2023, the fund formation practice advised Warburg Pincus on a global flagship fund called Warburg Pincus Global Growth 14, totaling \$17.3 billion and exceeding its target of \$16 billion. Less than a year later, in September 2024, the practice counseled Warburg on forming the Warburg Pincus Capital Solutions Founders Fund, totaling \$4 billion. That was double its target of \$2 billion.

The practice was especially pleased with that body of work because so much was achieved in a relatively short period of time, said Erica Berthou, lead partner in the group

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Erica Berthou, Partner

and a member of Kirkland’s executive committee.

“In the last two years, it’s been challenging, generally speaking, for fund managers to raise capital,” Berthou said. “We are talking about one year,” to raise more than \$21 billion.

The deals are also significant because of the client relationships they represent, Berthou said. In the last decade, Kirkland has overseen fund formations for Warburg Pincus totaling about \$80 billion.

“They are a long-standing client of our firm, a really in-depth partnership and relationship that we value so much,” she said.

In November 2023, Kirkland guided KPS Capital Partners LP on fundraising for its flagship fund, KPS Special Situations Fund VI, as well as for a second fund, KPS Special Situations Mid-Cap Fund II. It raised \$8 billion for the first fund and \$1.7 billion for the second. Both funds invest heavily in manufacturing and industrial businesses, with Mid-Cap Fund II specializing in smaller manufacturing and industrial businesses.

Berthou said the group was impressed from the start with KPS and its immersion in the types of businesses it chooses to invest in.

“I think they are different from a lot of our clients that choose to label themselves as private equity,” Berthou said. “KPS probably prefers that we refer to them as

manufacturers. They are very close with industrial and manufacturing firms, and they just take a different approach to their culture.”

In October 2024, the Kirkland group advised Summit Partners, which specializes in investments in technology, healthcare and life sciences, on the closing of its latest flagship growth equity fund. The fund, known as Summit XII, began raising capital in late April and within six months had raised \$9.5 billion.

Daniel Lavon-Krein, lead group partner and member of Kirkland’s executive committee, said the success with Summit Partners is an example of healthcare and other sector-focused funds being outperformers at a time when some others are struggling.

Another sector seeing strong growth, Berthou and Lavon-Krein said, is electricity. Last May, the group counseled Energy Capital Partners on the closing out of its fifth flagship fund with \$6.7 billion, far surpassing its original target of \$4 billion. The two attributed this to an ever-increasing demand for electricity, especially fueled by the growth of data centers, electric vehicles and other conversions of machines and systems to the use of electrical power.

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Daniel Lavon-Krein, Partner

“Data centers may be one of the top three areas of business,” Berthou said, with capital needed for their construction and also for their deployment.

In March, the practice group counseled the European firm Vitruvian Investment Partnership in closing a fund of €7.3 billion (\$8.6 billion at the time), surpassing a target of €6.5 billion. The firm is known for investing in popular apps such as EasyPark, which helps drivers find parking and electric vehicle charging; Just Eat, an online food delivery marketplace; Sykes, which

helps vacationers find places to stay; and Vestiaire Collective, which describes itself as “the leading global app for desirable pre-loved fashion.”

Berthou said Europe can be an especially challenging market for fund formation, and Vitruvian has been a top performer.

“I feel like a lot of our younger members in Europe want to work on it,” Berthou said. “Because it’s hot.” Toward that end, Lavon-Krein said one of the group’s strengths, along with size and repeat business, is the ability to identify what is “hot.”

“You can only do that if you can see the global market, where trends are,” he said. “What’s on people’s minds? It’s allowed us to actually be proactive as a firm and adapt to what we offer people in terms of services, and help us be a little bit at the forefront and shape and predict the market.”

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