

Asset Management Group Of The Year: Stradley Ronon

By **RJ Vogt**

Law360, New York (January 25, 2018, 4:50 PM EST) -- One of the first law firms to develop a mutual fund in the 1920s, Stradley Ronon Stevens & Young LLP continued its innovative tradition in 2017, helping Franklin Templeton launch country-based exchange traded funds and representing Invesco in its acquisition of Guggenheim Investments, securing the firm a spot among Law360's Asset Management Groups of the Year.

Today the firm's investment management group represents more than 1500 funds with assets exceeding \$2 trillion, including several top 20 complexes, but Bruce Leto, chair of the group, told Law360 that Stradley Ronon traces its asset management roots back to a conversation among Princeton alumni back in 1927.

Leto said that Andrew Young, one of the firm's founding partners, was asked by his school pal Walter Morgan to create documentation for a pool investment vehicle similar to another one he'd seen done in Boston: The vehicle became the Wellington Fund, which remains today as one of the Vanguard Group's flagship mutual funds.

"Our history in the [mutual fund] industry is really one of the oldest of any law firms," Leto said.

The group's historical pedigree has enabled it to attract a deep bench of nearly 60 attorneys, including some who helped position the firm for a busy 2017 — particularly in the fast growing market of exchange traded funds.

In particular, Matthew DiClemente, co-chair of the group, said ETFs have been a strength area for the group ever since it acquired Michael Mundt from the Securities and Exchange Commission in 2011.

Formerly an assistant director in the SEC's Division of Investment Management, Mundt had overseen applications from asset management firms for the kind of exemptive relief that ETFs need in order to operate.

"When [Mundt] joined us in 2011 right out of the SEC, he immediately went to work for sponsors and ETFs providers," DiClemente said. "Mike has become one of the go-to people for those firms trying to get those new and novel exemptive relief applications approved so they can launch their products."



Leto said Mundt's expertise was instrumental in work the firm did for Franklin Templeton in 2017. As the fund's regular counsel, Stradley Ronon helped Franklin Templeton bring out a suite of 20 index-based, country-based funds.

"They're one of the first — if not the first — fund groups to have one of those kinds of country-based indexed ETFs," Leto said. "It was a huge project for us over the summer."

In September, Stradley Ronon also represented Invesco in its \$1 billion acquisition of Guggenheim Investments' ETF funds, which the firm said adds \$37 billion in client assets to Invesco's Powershares ETF business.

DiClemente said the Guggenheim transaction was a significant transaction for Powershares, considered the fourth largest ETF provider in the country, because it brought in between 70 and 80 ETFs.

"That acquisition vaulted the Invesco Powershares complex closer to a top three ranking and put some distance between it and its next competitors," DiClemente said. "And just the sheer number of funds made it a significant transaction for us. Trying to migrate between 70 and 80 individual ETF portfolios from one complex to another involves a massive amount of legal work."

With four offices and nearly 60 attorneys, Stradley Ronon's asset management team can take on more of those kinds of huge projects at once. At the same time that 10 or 15 attorneys were working on the Guggenheim acquisition, DiClemente said another 10 attorneys were doing all the work on the combination of trusts in the Ivy Fund and Waddell & Reed Advisers Fund, merging two fund groups and remaining as counsel for the merged fund group.

"It's a large transaction that requires a lot of legal documentation to accomplish, and we had a lot of bodies and experienced people in our group that we can throw at these kinds of large transactions," DiClemente said. "We've got the capacity to deal with sort of the large volume transactions."

Stradley Ronon's 2016 acquisition of four investment management attorneys from Chicago-based K&L Gates had a little something to do with that. According to Leto, the group opened its Chicago office to accommodate them, even though he said that most of the other firms that do this kind of work are more siloed.

He also noted those attorneys brought with them the Invesco Powershares business, among others. In addition to that kind of increased business, he said having four offices gives the asset management practice group access to a greater pool of talent.

"The firm is not big enough to try to be all things to all people," Leto added. "But we try to be all things to asset managers. And we've been pretty successful at that."

Looking ahead to 2018, DiClemente said that the group's flexibility, both geographically across offices and in terms of attorney experience, is what makes Stradley Ronon stand out from the crowd.

"I really think we're the only game in town," he said. "I really do. We have a long history in this industry ... and I think we are nimble. We are able to move how the industry's going."

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