

## Private Capital, Investment Management Fuel Strong Bounceback Year for Schulte

A down 2020 gave way to a solid financial performance in 2021 as the firm saw double-digit PPP growth and a jump in revenue.

By Patrick Smith  
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### What You Need to Know

- Schulte saw PPP jump 12.6% and revenue increase 6% in a strong 2021.
- Co-managing partners David Efron and Marc Elovitz said private capital and investment funds drove the growth.
- The firm sees 2022 as potentially an even stronger year as private capital continues to look for new and creative way to raise and deploy assets.

Schulte Roth & Zabel came back nicely from a down year in 2020 to post 6% revenue growth, a 7.8% revenue per lawyer increase and a 12.6% jump in profits per partner as a strategic focus on the firm's core competencies paid off.

That 6% revenue increase saw the firm jump to \$471 million in overall revenue and its RPL hit \$1.38 million. The 12.6% increase in PPP saw the firm cross the \$3.5 million threshold and land at \$3.65 million.

The firm, often lumped in with much larger New York firms, has a more focused strategy in going



Marc Elovitz.

to market, and the focus on private capital and investment managers was key to the firm's success last year, according to co-managing partners David Efron and Marc Elovitz.

"We are an elite, high-level financial services firm that focuses on private capital," Efron said. "We represent



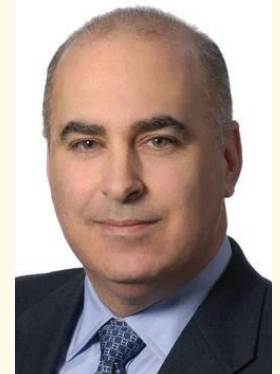
Photo: Diego M. Radzinski/ALM

well over 400 investment managers and their representatives across the spectrum. And there has been a fundamental shift forward on private capital."

Efron went on to say that the firm, while much smaller than many of the other "traditional" New York firms, takes pride in having quality over quantity.

"Over half of our partnership is Chambers ranked," he said. "Our investment funds practice is ranked tier one across the board. In short, the strategy

we are implementing since Marc and I took over in 2020 is doing financial services work with top-tier talent."



David Efron.

That top-tier talent met opportunity in 2021, leading to a 6% increase in net income to climb to \$233 million.

“Investment management and private capital have surged as an industry,” Elovitz said. “We were up over 22% in that group last year after building it for decades. What is happening there is not business as usual, but a real sea change in terms of cross-over funds and the funds that are doing all sorts of types of investing. That change has created all sorts of opportunities for us because we have expertise in working closely with our clients to develop new approaches to raising capital and deploying capital. That is driving the growth in investment management.”

Efron and Elovitz said the firm’s work with Engine 1, the small investment firm that took an investor activist proxy fight to Exxon Mobil in 2021 and won, was a good example of how the firm likes to operate.

Owning only 0.02% of the company, ESG-minded Engine 1 worked with the co-head of Schulte’s global shareholder activism group Ele Klein to secure three seats on the board of directors at Exxon Mobil Corp. after a rather contentious, and high-profile, campaign.

Klein was named a [Dealmaker of the Year](#) by The American Lawyer for his work on the matter.

“That was really indicative of the fact that this is our sweet spot,” Elovitz said. “The most sophisticated work that is outside the box. We are doing leading matters and not afraid to be different or go against big competition.”

The firm also highlighted its work with Brinley Partners, a fully woman-owned investment fund. Schulte advised Kerry Dolan, formerly managing director, principal debt and credit investments at PSP Investments, on the establishment of Brinley Partners LP with seed-backing by an affiliate of a large Canadian investment manager.

In addition to supporting the establishment of Brinley Partners, the seed investor committed \$1.5 billion to Brinley Partners’ first fund and an additional \$1.5 billion to a co-investment program, with the authority to incur leverage, providing Brinley Partners with up to \$5 billion of investment capacity, if such leverage is incurred, to make investments in senior debt.

“That matter was notable not just because of its size,

but also because of its diversity,” Efron said. “That is what we love.”

The firm’s head count was down slightly (-1.7%)

to 342 attorneys, with the equity partnership shrinking from 68 to 64 partners, a dip of -5.9%.

While Schulte was slightly smaller, Elovitz said the firm didn’t have some of the same associate-related attrition issues that many other firms had, and credits the firm’s approach and culture for mitigating that.

“I think that is because we are very much a people-oriented firm,” he said. “We don’t view or treat our associates as cogs in a machine where they are only worth the hours they crank out. We are not a machine and we are not going to become that.”

The firm was also active on the pro bono front, notably representing the only three known living survivors of the 1921 Tulsa Race Massacre in *Randle v. City of Tulsa*.

The suit makes the case that the city of Tulsa and others “created a public nuisance of racial disparities, economic inequalities, insecurity and trauma,” and asks for the city to establish a compensation fund for its victims and descendants.

“This case is about our firm’s values,” Elovitz said.

As for 2022, the firm said it is “truly busy” and early returns from Q1 suggest that 2022 will be a better year for Schulte than 2021.

“Again, it is led by private capital and our client base,” Efron said. “Upticks in asset management M&A, a lot of fund formation and regulatory work and SEC and DOJ enforcement has definitely picked up.”

Added Elovitz: “We have been building ourselves to capitalize on these opportunities and engage in a deep way,” he said.



## Schulte Roth & Zabel

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