

A horizontal banner with a green-to-blue gradient background. The text "FUND FINANCE FRIDAY" is centered in a white, sans-serif font. The background features a subtle grid pattern that fades into the gradient.

## FUND FINANCE FRIDAY

### **PEI Article Critical of Sublines**

May 14, 2021 | Issue No. 126

*Private Equity International* published an article this week outlining the views of Ian Brown, the head of private markets at LGPS (one of the UK's largest public pension funds). In the article, Brown raised concerns about the proliferation of subscription lines among PE funds, stating that the main benefit of such products is to inflate returns for managers at the expense of investors. Brown also notes that, in his view, there is a lack of transparency and, consequently, not enough LP understanding of the connection between subscription line facilities and the ability to artificially inflate IRRs. The article is available [here](#). *Fund Finance Friday* notes that ILPA has engaged on subscription lines extensively and that multiple research reports have found that subscription lines have only a modest impact on IRRs (see, for example, this [article](#) from *Pitchbook*).