

FUND FINANCE FRIDAY

Credit Line Debate in FundFire

April 19, 2019 | Issue No. 25



By Justin Reimer
Associate | Fund Finance

Last week, *FundFire* published an article on the current state of the conversation surrounding ILPA's 2017 guidelines. The article featured several leading voices on both the manager and lender sides highlighting the operational benefits of subscription lines and calling into question IRR boost as a motivating factor in the implementation of most subscription credit facilities. ILPA offered its observations, noting an increase in reporting to investors regarding use of subscription credit facilities since the publication of its guidelines, including the reporting of unlevered IRRs in some cases. *FundFire* reports that the debate continues as managers push back on the more rigid, broad-brush guidelines, such as specific requirements for loan-to-value and maximum days outstanding for loans. Gavin Rees of Silicon Valley Bank commented, "One size fits all is not a good policy," and Trevor Williams of Penn Mutual Asset Management remarked that investors can "vote with their feet" by investing elsewhere if they are not comfortable with the way a manager uses subscription credit facilities. Read the full article [here](#).