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Forming Private Credit Funds: Key Differences in Fund Lifecycle and the Use of Subscription Facilities Versus PE Funds

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Private credit funds are often established as closed-end, PE-style vehicles because of issues associated with the relative illiquidity of the funds' assets. PE and private credit assets are not equally illiquid, however, and the differences trickle through to meaningful variations in the fund documents for each strategy. Therefore, a PE sponsor needs to understand how the comparative liquidity of the underlying assets affects the terms and management of a private credit fund before launching one as an additional strategy. In this two-part series, partners Stephanie Breslow and Daniel Hunter highlight the differences between the fund lifecycle and asset liquidity of private credit funds and PE funds.

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