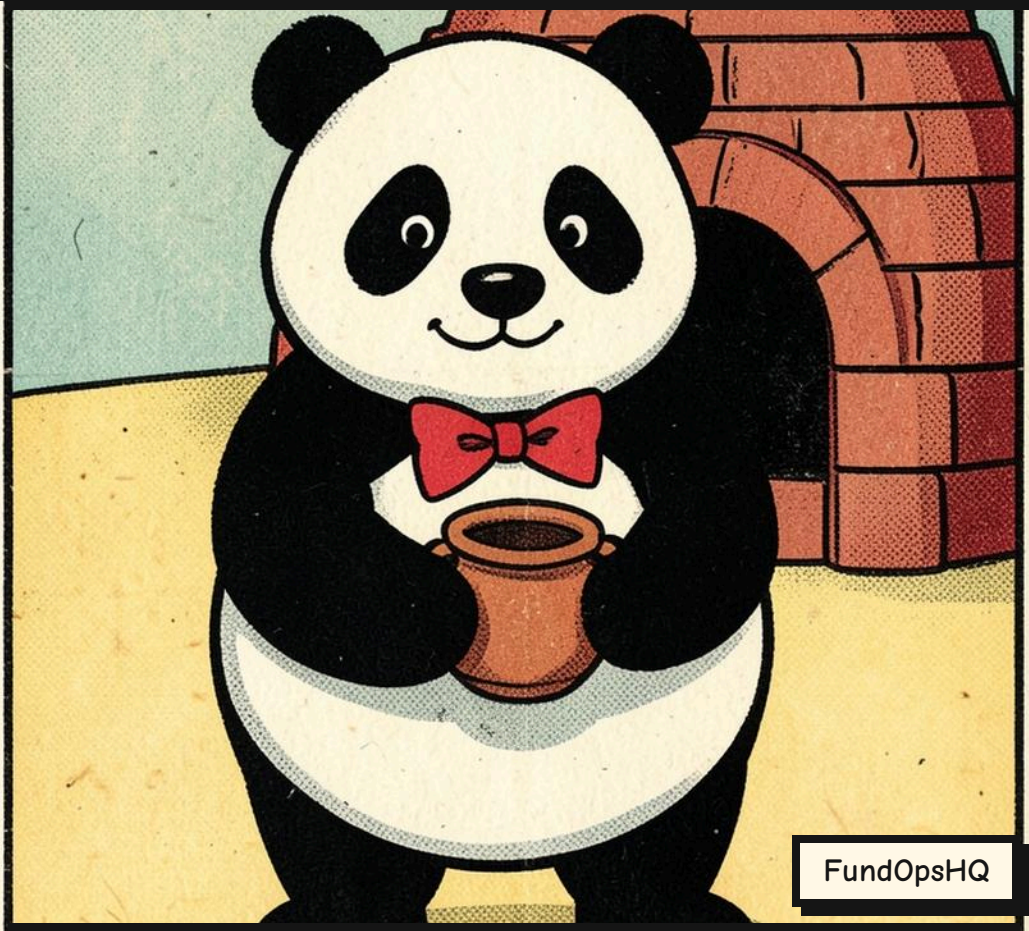
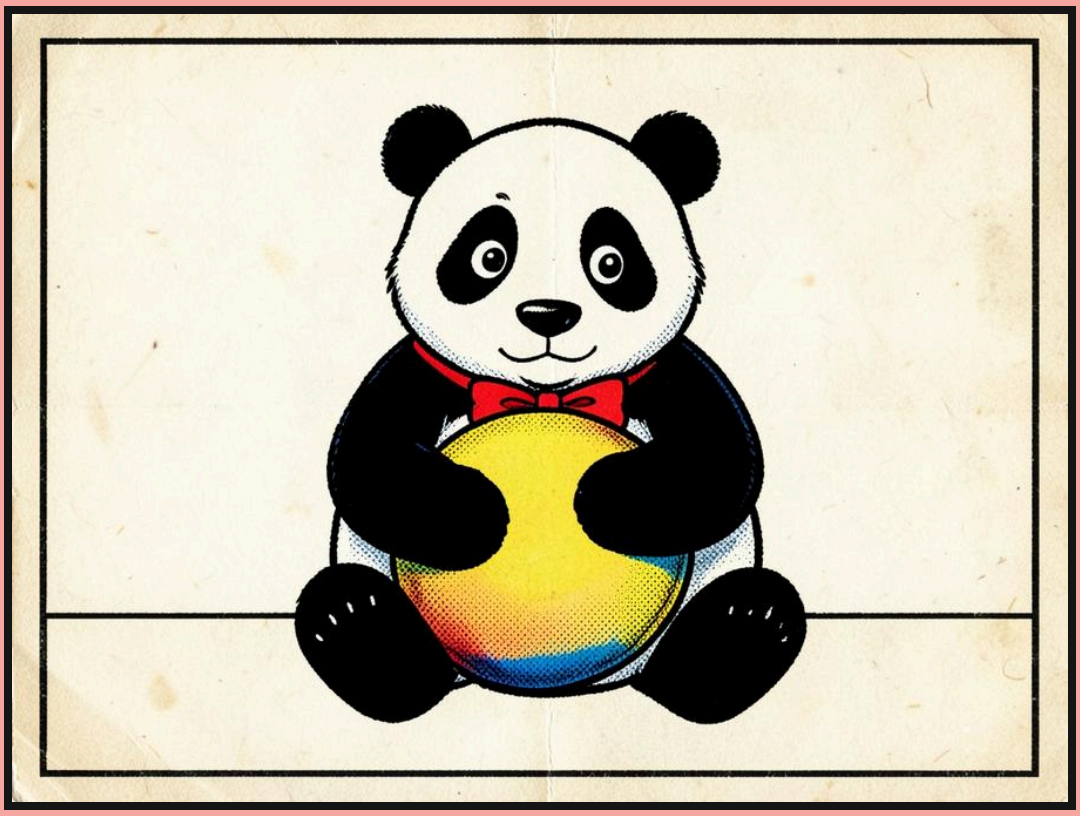
CORIN COUNTS TO THE END



A story about a clawback



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Corin the panda ran a fund that bought small potteries and made each one better. He wanted to do well for the investors who trusted him with their coins.



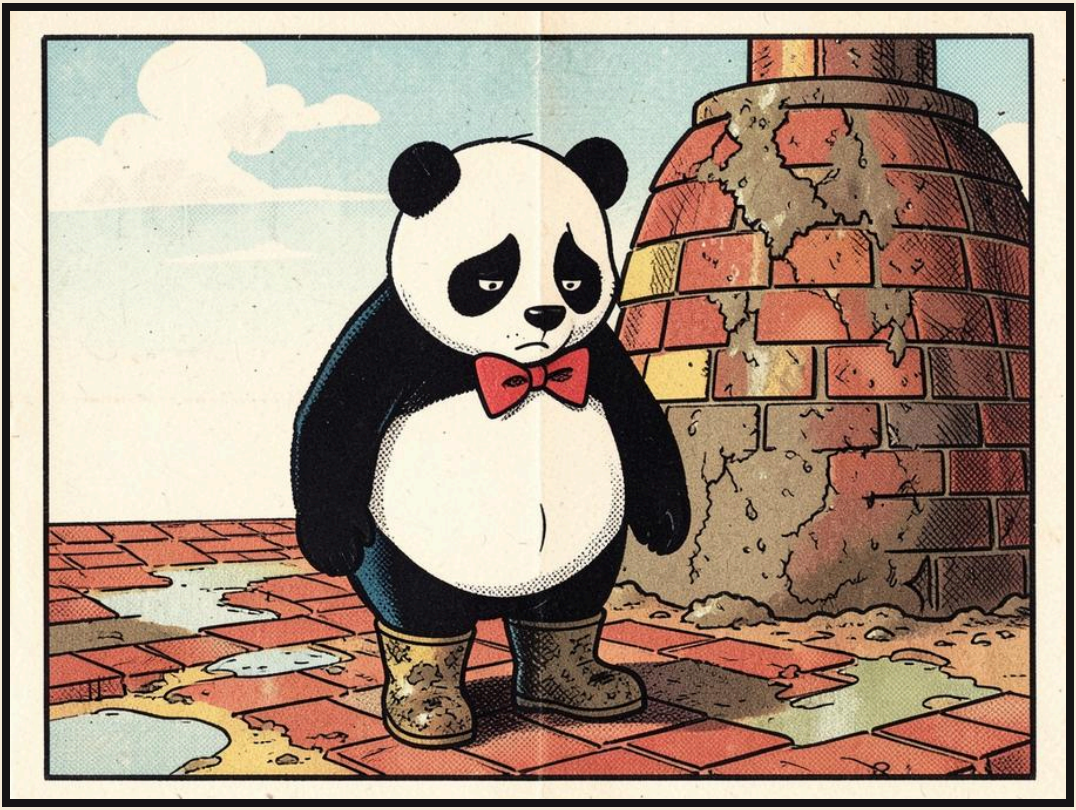
On each sale, investors first got back what the pottery had cost. Corin's team then took a fifth of the profit, called carried interest. Investors took the rest.



The first pottery sold for a big profit. Corin's team took their fifth, and everyone was pleased.



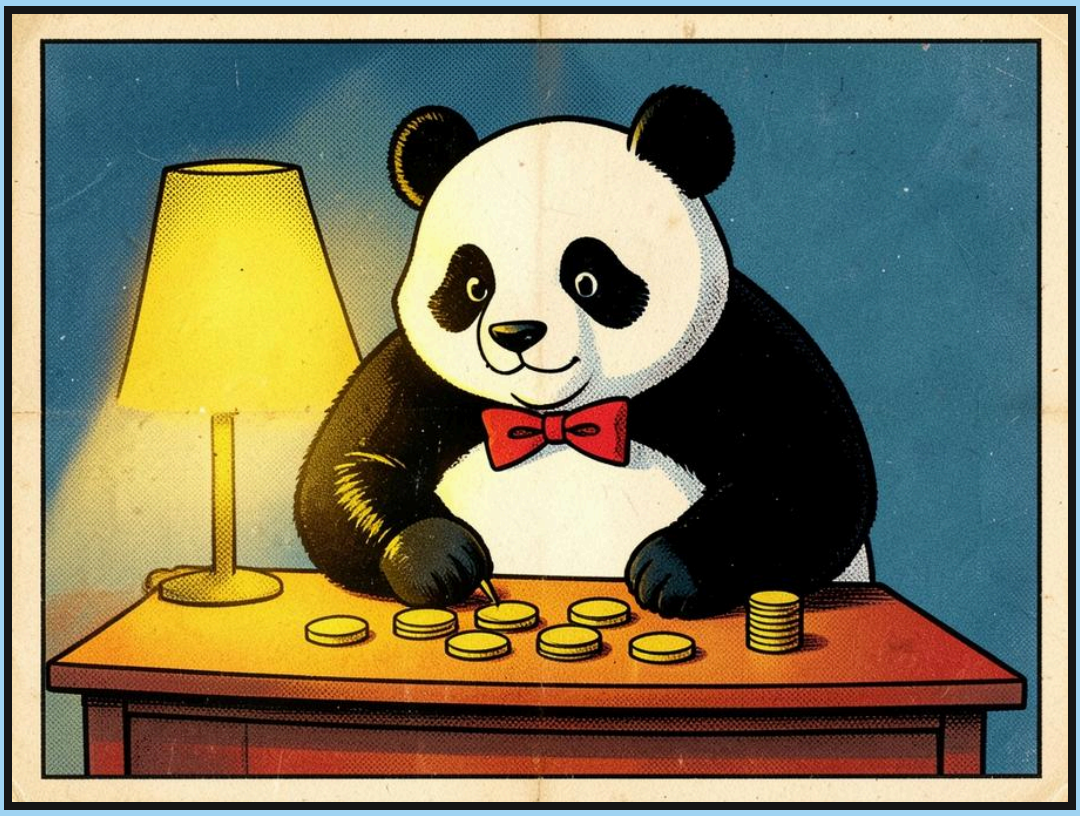
The second pottery sold well too, and Corin's team took another fifth.



But the third pottery had a hard time. A flood filled its kilns with mud, and it sold for much less than it had cost.



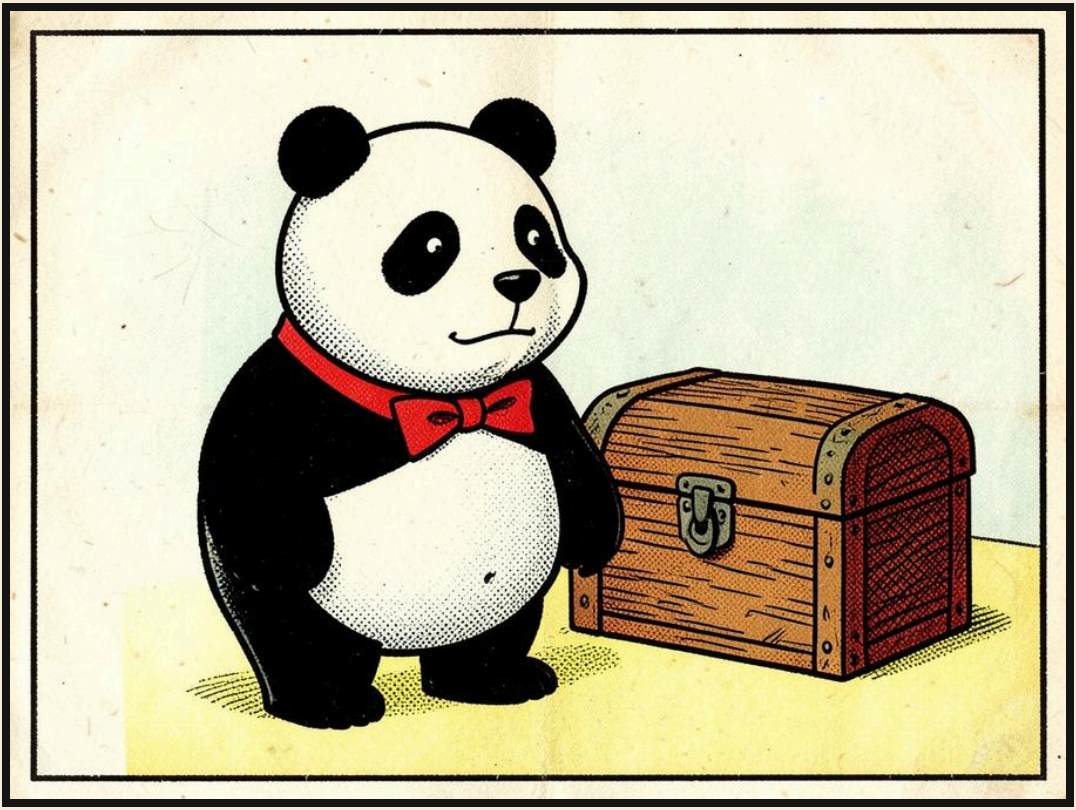
The fourth pottery did not sell for much either. Some years are like that.



At the very end, Corin added it all up: every pottery, from the first coin in to the last coin out.



There was still a profit, but a much smaller one. Across the whole fund, his team had been paid more than a fifth of it.



Their agreement had a rule for this. If the manager has taken more than its share over the whole fund, it gives the extra back. This is a clawback.



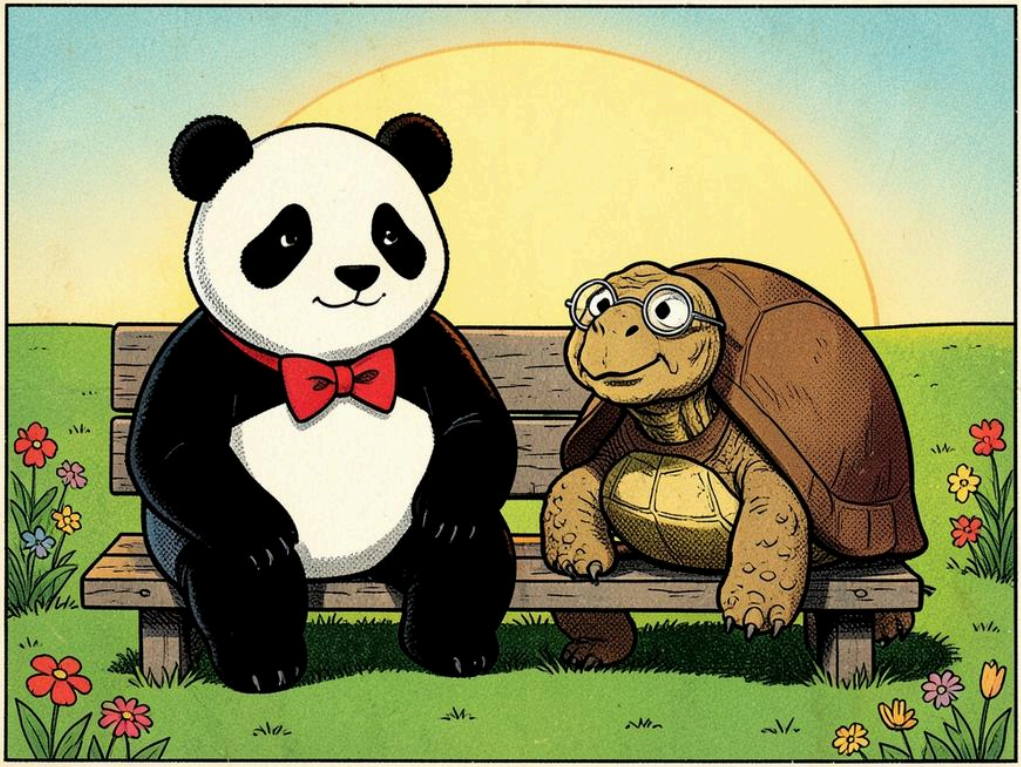
Part of each payment had gone into a locked box that the investors could check, in case the end came out smaller. Holding some back like this is called escrow.



It was not quite enough, so his team added the rest from their own savings. "It is only fair," said Corin.



He took it all to Agatha the tortoise, who looked after the village savings. Now investors had their coins back and four fifths of the profit, just as agreed.



"When you raise your next fund," said Agatha, smiling, "I will remember how fairly you counted." Keeping the count fair, right to the end, is how a manager earns trust.



A NOTE

The words in this book are real ones, explained simply. The animals and examples are made up, and real terms vary from fund to fund. It is not advice. The pictures were drawn with an AI image model and checked by hand.

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