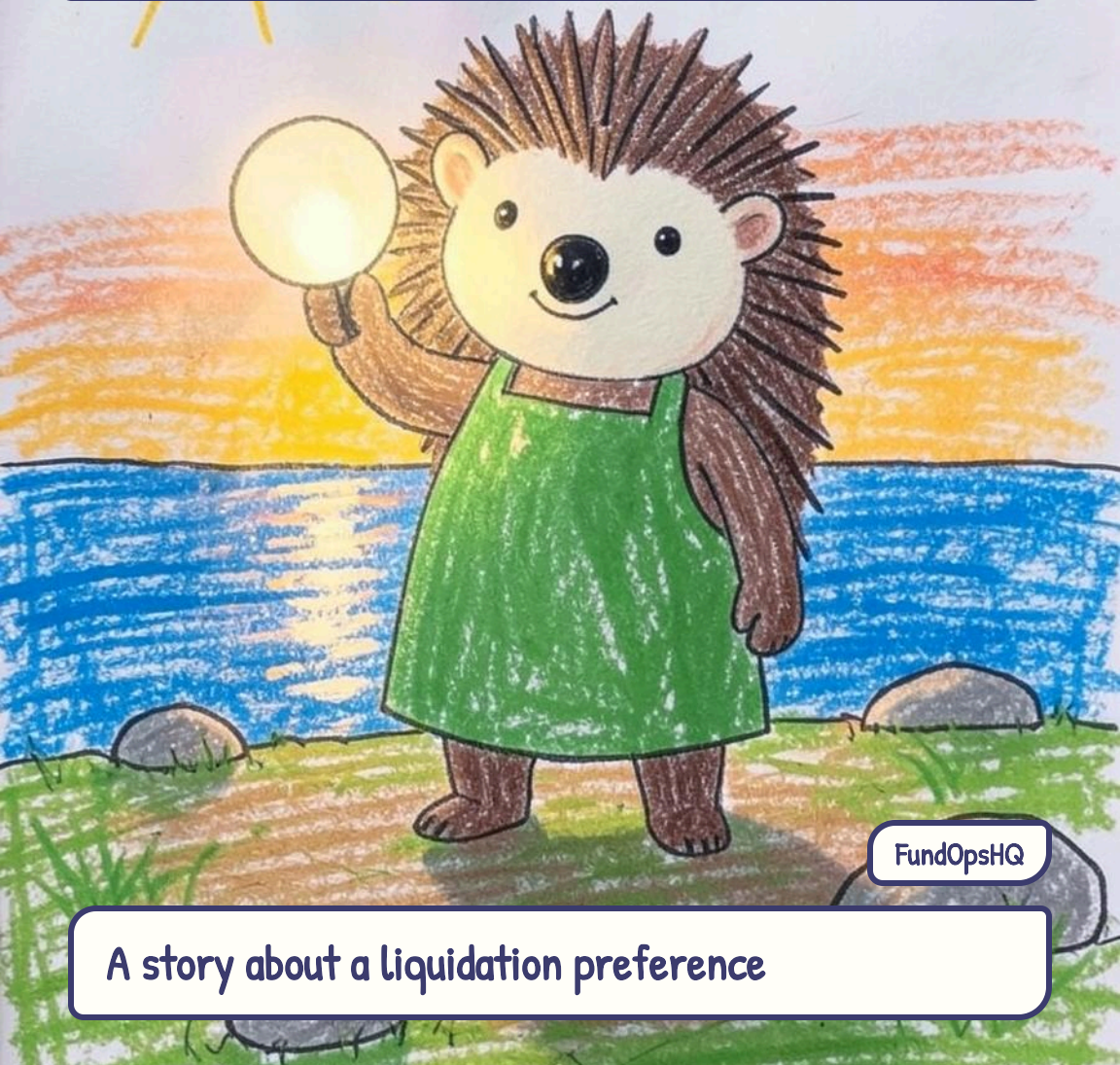
Dot and the First Thirty Coins



FundOpsHQ

A story about a liquidation preference



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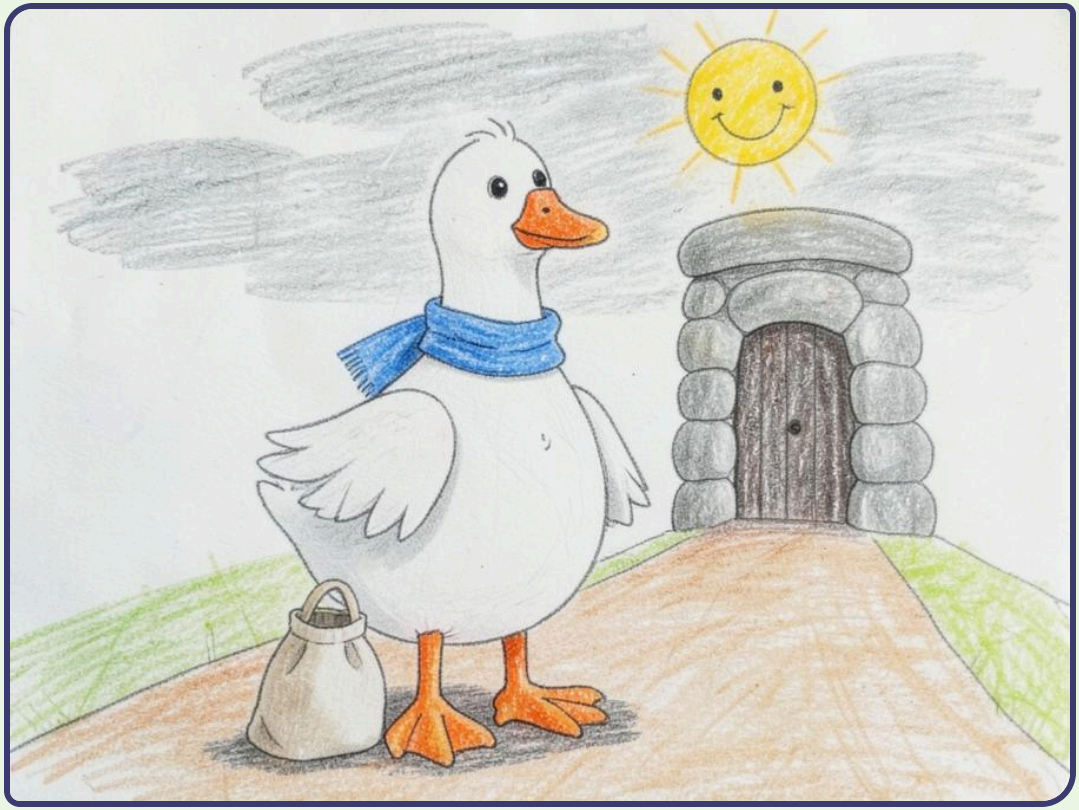
Dot the hedgehog made paper lanterns in a little workshop by the river. On autumn nights, the whole valley glowed with them.



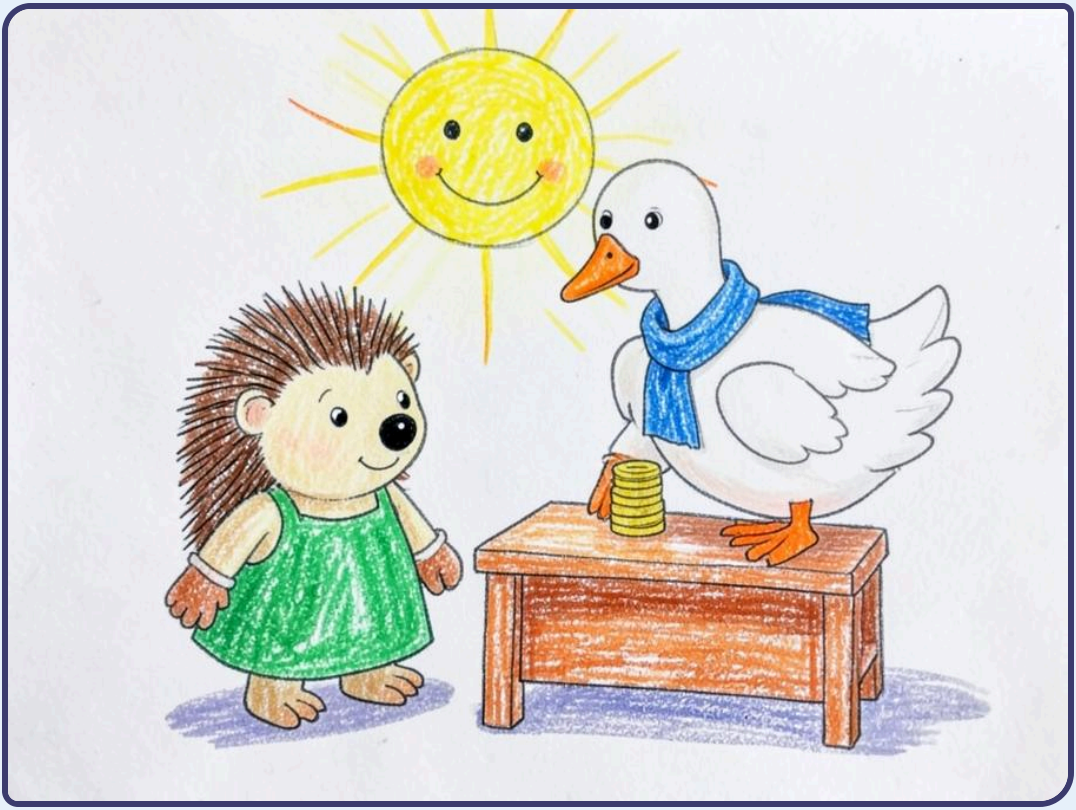
She wanted a bigger workshop and three more helpers. That would cost 30 gold coins, and she had saved only 4.



Ada the goose ran a venture capital fund. Its money came from pension funds and savers, and she put it into young companies for a share of each.



"Your company is worth 60 coins today," said Ada. "My fund will put in 30. Then it is worth 90, and the fund owns one third of it."



"One more thing," said Ada. "If the company is ever sold, the fund takes its 30 coins back first. That is called a liquidation preference."



Dot's spines stood straight up. "First? Before me?" It did not sound fair, and all evening she could not stop thinking about it.



Next day Ada explained. "Our coins come from savers. Many young companies sell for little, or not at all. This helps their 30 coins come home."



"And it is one or the other," said Ada. "On a sale, the fund takes its 30 back or its third of the price, whichever is more. Never both."



Dot worked it out with pebbles. A small sale at 45: the fund takes 30, and she gets 15. A big sale at 300: the fund's third is 100, and she gets 200.



"So it matters most when a sale is small," said Dot. "When it is big, we share." She said yes, and the lantern workshop began to grow.



Three years on, a lamp maker offered 45 coins for the company. Dot knew what that meant: 30 for the fund, and only 15 for her.



"It can be worth far more," said Ada, "and that is better for us both." So they said no thank you and kept going. Soon three valleys glowed.



Years later, a big lantern company paid 300 coins. The fund took its third, 100, not its 30, and Dot got 200. They shared, as Ada had said.



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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