FENNEL KEEPS THE BIKE SHOPS



A story about a continuation fund



This book belongs to

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Fennel the hare ran a private equity fund. Her investors had agreed that it would last ten years, and the ten years were nearly up.



She had sold most of the fund's companies. One was left: a little bicycle shop that she had helped to grow into twelve shops across the valley.

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The shops were still growing, and Fennel thought they could grow much more. Selling now, just to end the fund on time, might mean a lower price.



So she had an idea: start a new fund, just to keep owning the shops for a few more years. That is called a continuation fund.



Every investor in the old fund got a choice. They could sell their share of the shops for cash now, or roll it into the new fund and stay.

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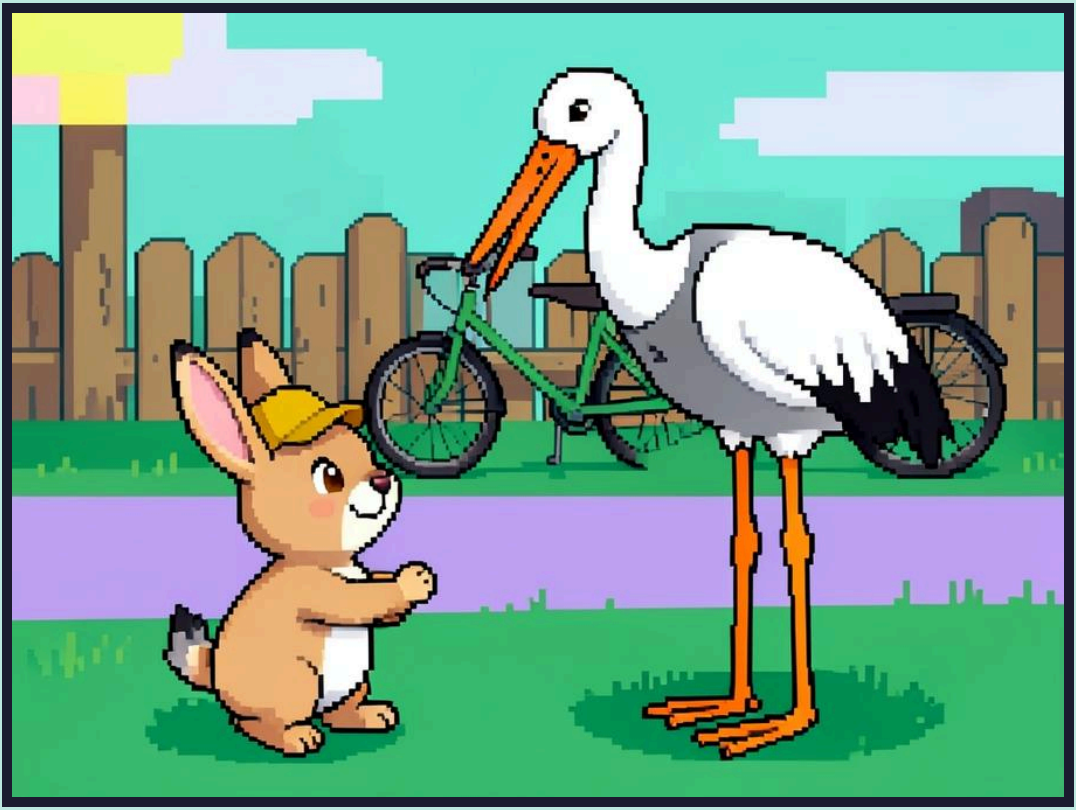
The hardest part was the price. Too low, and investors who sold would lose out. Too high, and those who stayed or came in new would pay too much.



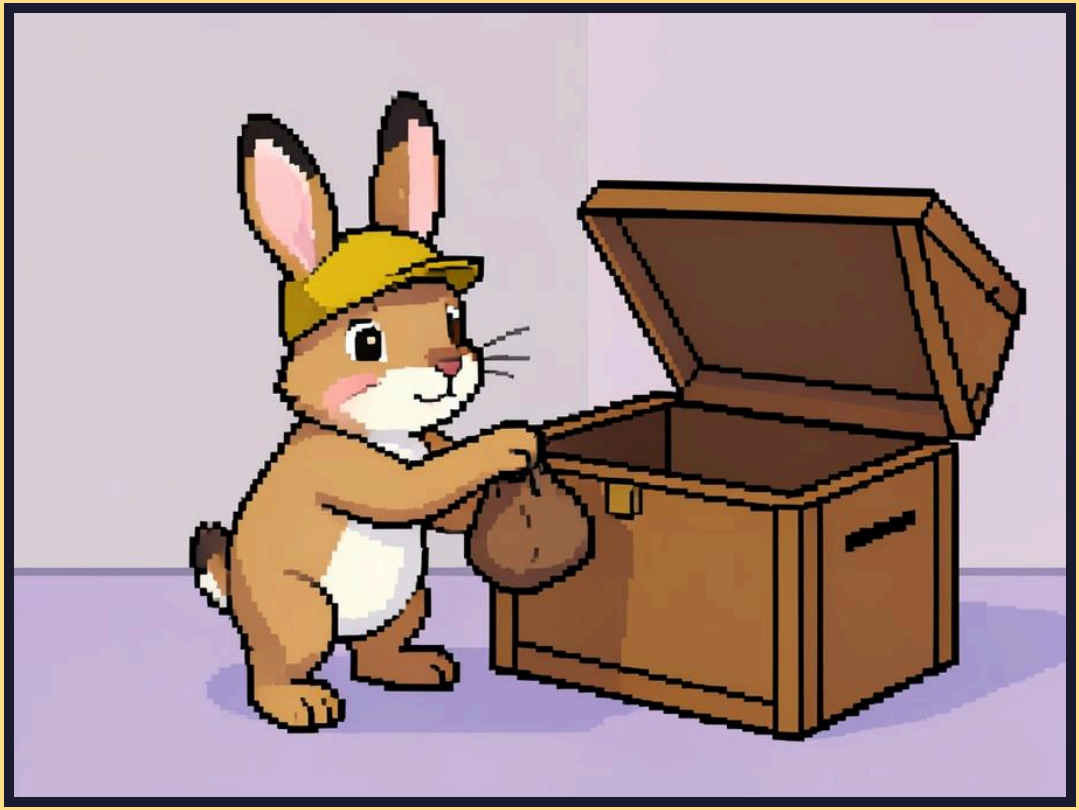
So Fennel asked several outside buyers to bid. And an expert with no stake in the deal checked that the price was fair. That is called a fairness opinion.



But Fennel would be on both sides, selling for the old fund and buying for the new. So the small committee that speaks for her investors checked it too.



The best price came from Sorrel the stork, whose fund buys from investors who want to leave. Buying like that is called secondaries.



Some investors needed their cash for other things, so they sold. Others loved the shops and stayed. Fennel put a good piece of her own money in too.



Then the old fund ended, on time. Fennel kept running the shops, and with money the new fund had set aside for growth, they opened in three more towns.



Staying was a risk: the shops might not have grown. But they did, and years later they were sold. Those who stayed shared the gain. Sellers had their cash.



That evening Fennel rode home through the valley, past twelve, no, fifteen bicycle shops, and every one of them was busy.



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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