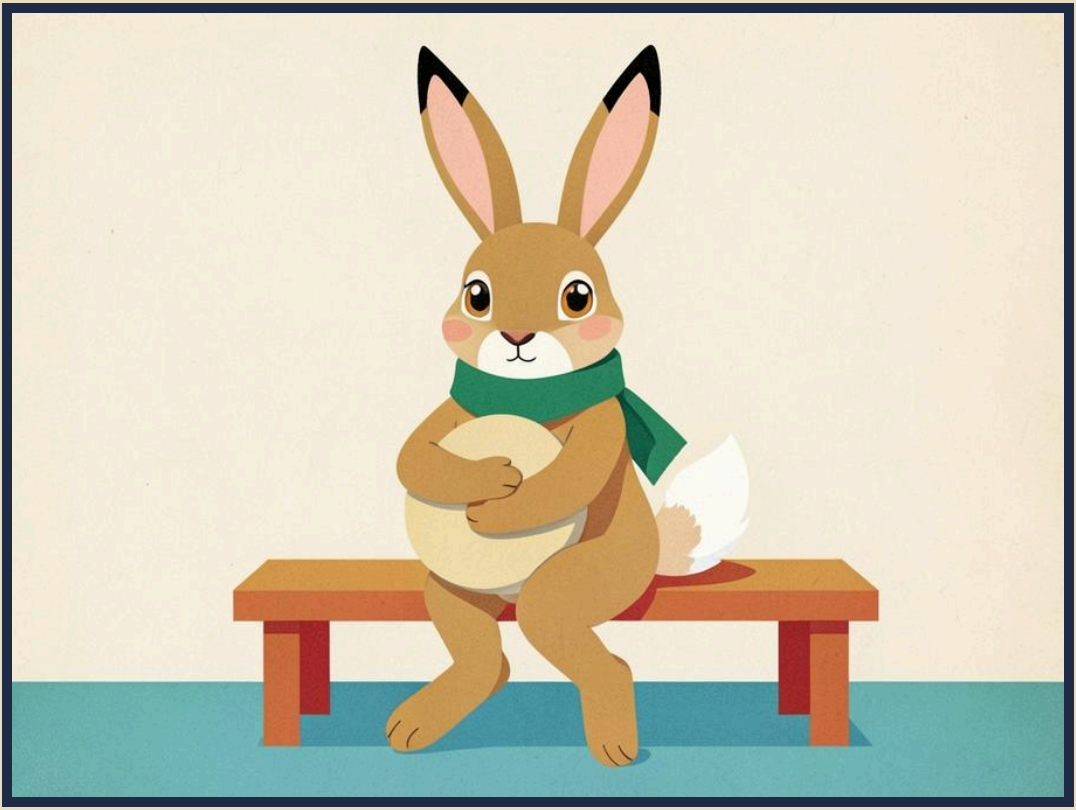
HAZEL AND THE FOUR POOLS



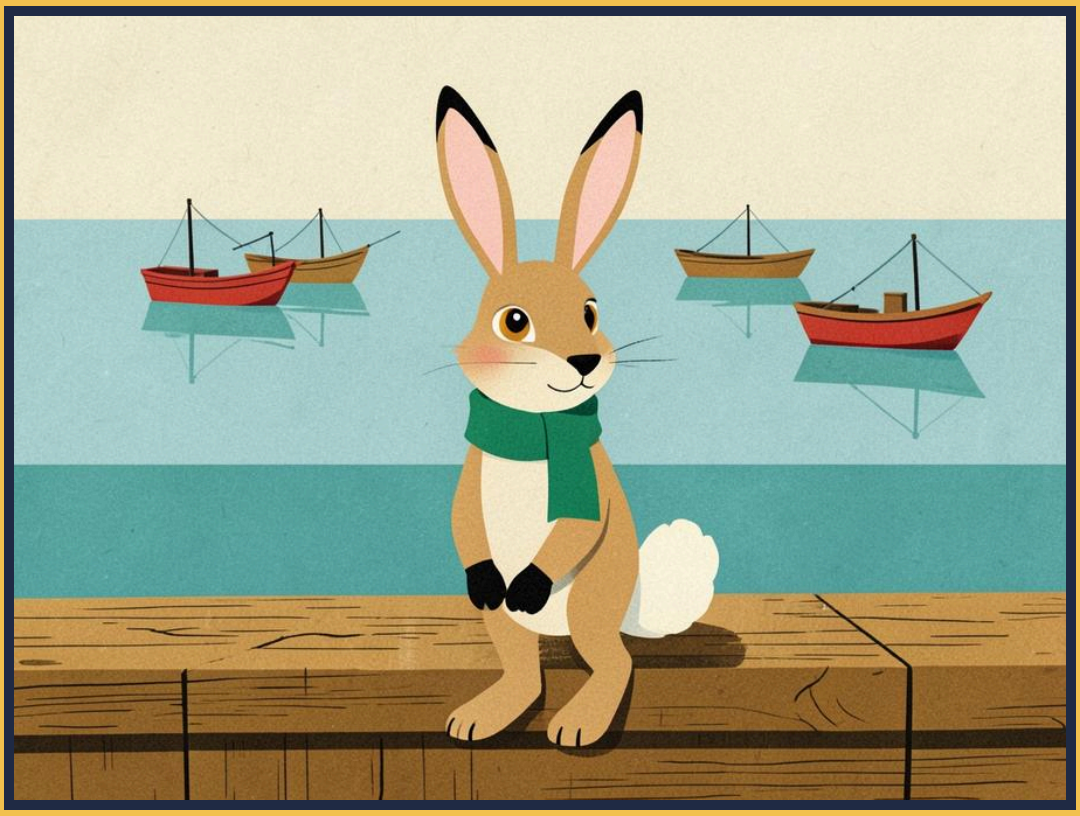
FundOpsHQ

A story about how a fund shares its profit



This book belongs to

_____



Hazel the hare ran a fund. Ten animals had put in 100 coins between them, and her fund used the coins to buy a fleet of little fishing boats.



For five years, Hazel's team mended the boats, found better fishing grounds and trained new crews. The fleet caught more fish every season.



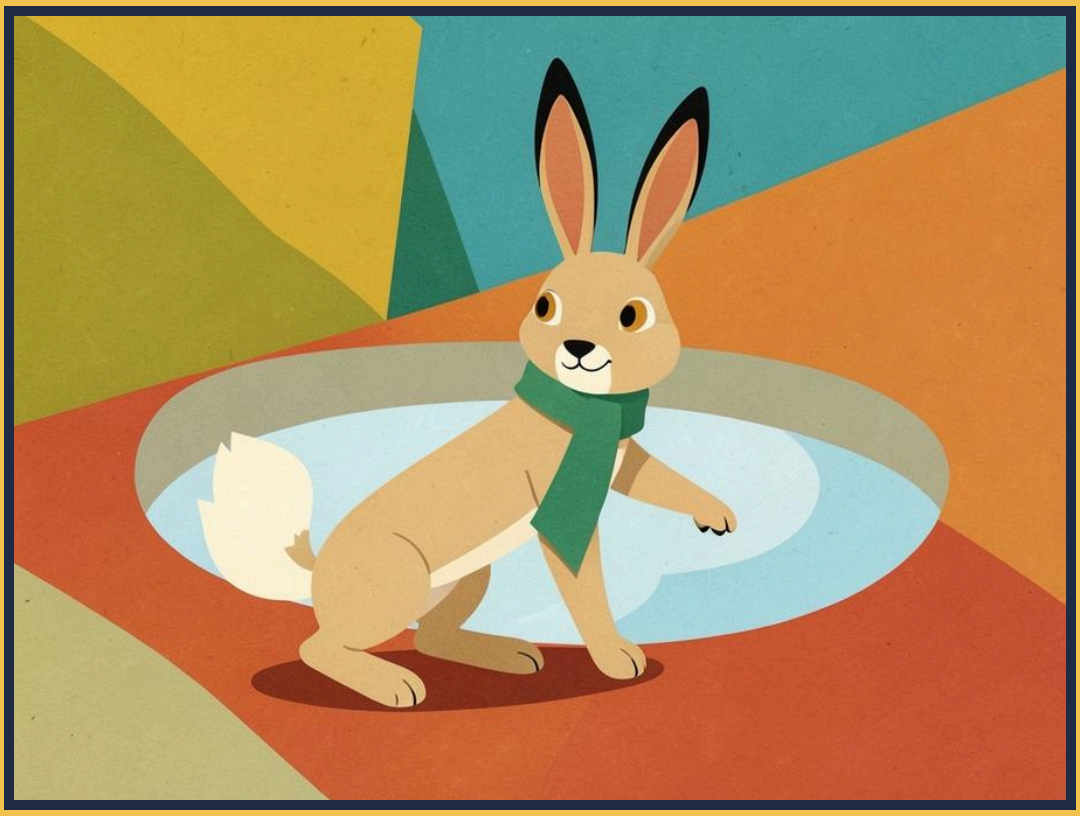
Then a bigger fleet offered to buy the boats for 200 coins. The investors agreed to sell. Now there were 200 coins to share out.



Bruno the beaver, one of the investors, frowned. "How do we know the sharing is fair?" he asked. "Will your team be paid before us?"



Hazel took him up the hill to a stream that fell down four rock pools. "Our fund's agreement shares money out like this water," she said.



"Each pool must fill before a drop spills into the next. The first pool is yours. The 100 coins you put in all come back to you first."



"The second pool is yours too. It holds eight percent a year on your coins, growing each year: the preferred return. Over five years, about 47 coins."



"Only then does my team share," said Hazel. "The third pool is ours. It fills until we have one coin in every five of the profit so far."



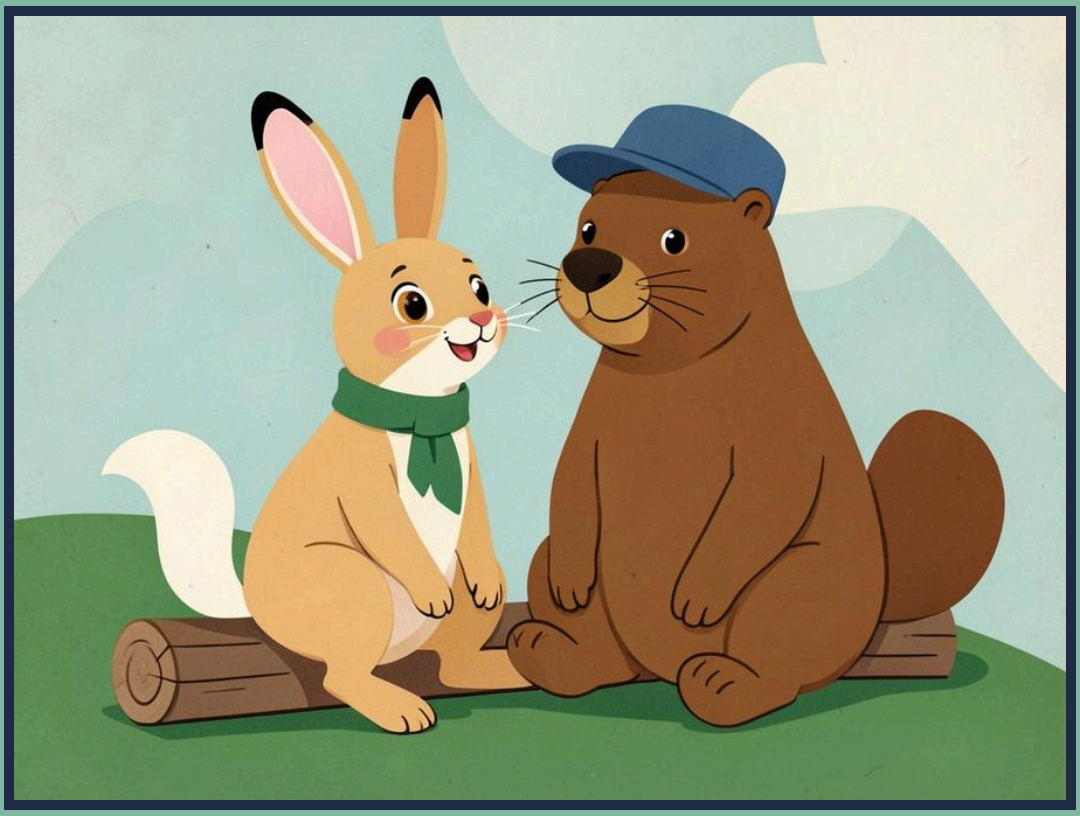
"That pool is the catch-up, and it took 12 coins. What is left falls into the last pool. There it is shared: four coins to you for every one to us."



"Our share is called carried interest. If the boats had sold for much less, the lower pools would never fill, and our team would get none of it."



Bruno counted it out. The investors had their 100 coins back and about 80 more. Hazel's team had about 20: one in every five of the profit.



"So you do best when we do best," said Bruno. "That is the idea," said Hazel. "Our share only grows when yours grows too."



Bruno stayed by the stream until sunset, watching the water fill each pool in turn, then spill gently into the next, all the way down the hill.



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.

Free from FundOpsHQ · fundopshq.com/books