LINDEN BORROWS FOR A WHILE



FundOpsHQ

A story about a subscription line



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Linden the fox ran a fund that bought honey farms. Her investors had promised the fund coins, to be paid in whenever she found a good farm.



One spring, she found a lovely farm in the hills. "You may buy it," said Pell the hedgehog, "but I need the coins by Friday."



Asking all her investors to pay in their share would take about two weeks. That asking is called a capital call. But Friday was only four days away.



So Linden went to Bruna the bear at the bank. "Could you lend me the coins, just for a little while?"



Bruna knew Linden's investors always kept their promises. "Those promises are good enough for me," she said. "I will lend against them."



A loan like this is called a subscription line. It is backed by the coins the investors have promised, so the fund can pay now and call later.



Linden paid Pell on Friday, and the honey farm was the fund's.



Then she called the coins from her investors and paid Bruna back, with a little extra for the loan. That extra is called interest.



Linden noticed something. A fund's yearly return counts from when investors pay in. They paid in later, so it looked higher, though the farm earned the same.



That did not seem fair to show by itself. And the interest was paid from the fund, so it meant a little less for her investors, more the longer the loan stayed open.



So she made two rules for herself. Pay the bank back within a few months, and never borrow more than a small part of what was promised.



In her report, she told her investors about the loan: how big, how long and what it cost. She showed the return two ways, with the loan and without it.



Her investors were glad. A short loan had helped Linden move quickly, and her honest report showed them exactly what it did.



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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