Posy and the High Garden



FundOpsHQ

A story about a NAV loan



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Posy the mouse ran a fund that owned four tea gardens on a misty hill. Her investors had promised their coins years ago, and she had called them all.



The gardens grew fine tea. After seven years they were worth 100 coins in all. What a fund's holdings are worth, less its debts, is its NAV.



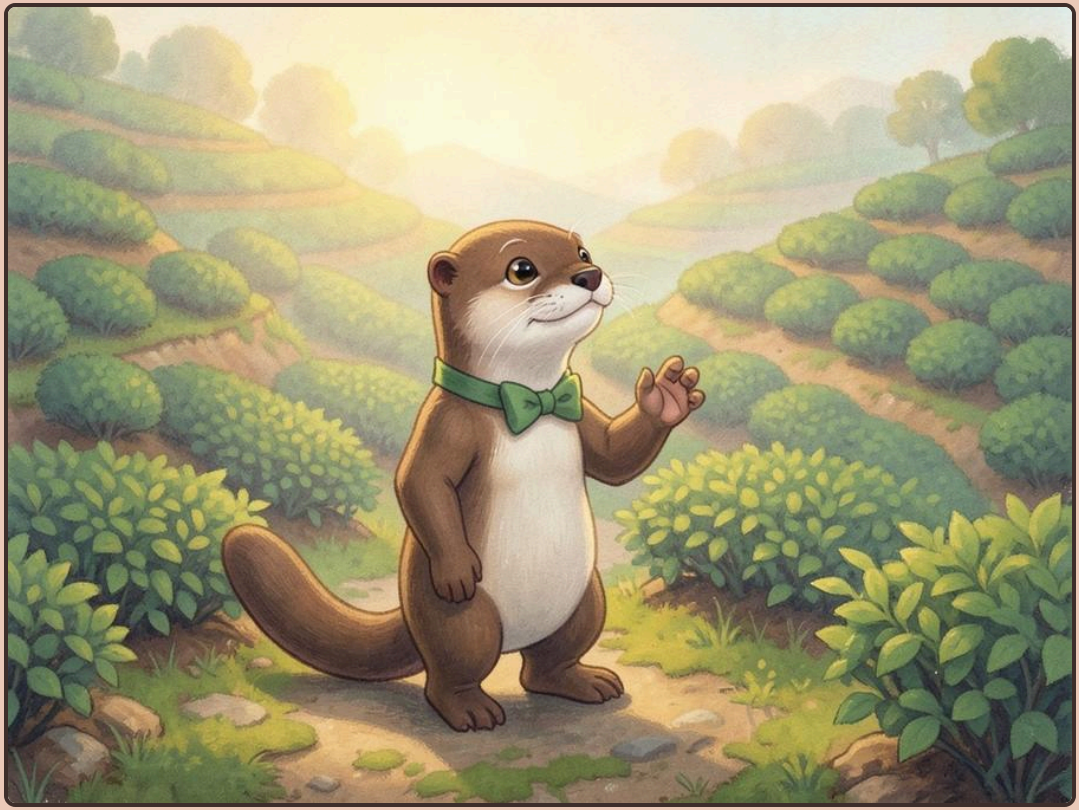
Then a late frost hit the highest garden. Its bushes would grow back, but it needed 10 coins for frost covers and a drying shed, right away.



Posy had no coins left to call. She could sell a garden to raise them, but a garden sold in a hurry, in a frosty year, would fetch too little.



So she went to see Ambrose the otter, who ran a fund that lent money. "Would you lend us 10 coins," she asked, "against what our gardens are worth?"



This is a NAV loan. The fund borrows, and the worth of all its gardens stands behind the loan. Ambrose would lend 10 coins against 100.



Before she signed, Posy told her investors' committee why she wanted the loan, how much it was, and how it would be paid back. She asked for their yes.



The committee agreed. Posy bought the covers and built the shed. Each season the fund paid Ambrose interest, which came out of the investors' share.



Posy knew a loan cuts both ways. If the gardens fell in worth, the 10 coins would still be owed, and the investors' part would shrink faster.



Spring came. The high garden's bushes grew back green and strong, and the new drying shed helped make its tea the finest on the hill.



Two years later, the fund sold the high garden for 40 coins. First, Posy paid back Ambrose's 10 coins. The other 30 went back to the investors.



"You borrowed for a good reason, and you told us first," said Maud, who led the committee. "Thank you." Posy smiled. "Thank you for listening."



Posy sat among the tea bushes and drank the first cup from the high garden. A small loan, used with care, had kept the garden whole.



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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