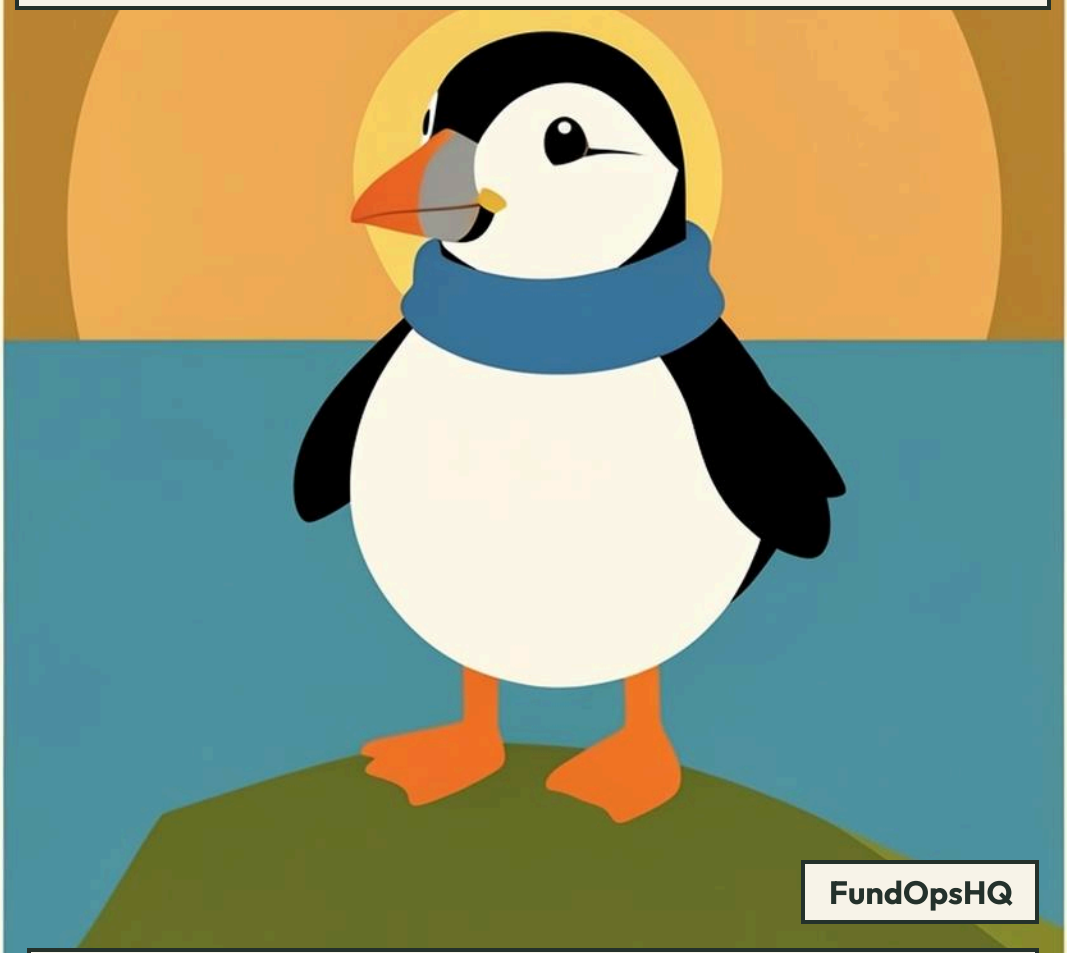
TOBIN COUNTS THE YEARS



FundOpsHQ

A story about MOIC and IRR



This book belongs to

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Tobin the puffin ran a small fund on a windy island. The island's savers had trusted him with their coins, to put into good businesses and grow.



He put 10 coins into a seaweed farm and 10 coins into a net-mending loft. Both were run with care, and both did well.



After three years, a bigger farm bought the seaweed farm. The fund's 10 coins came back as 20, and Tobin paid them out to the savers.



The net loft took longer. Only after six years was it sold. Its 10 coins came back as 20 too.



Tobin wanted to tell the savers the truth. He wrote, "Each business turned 10 coins into 20. That is two times our money: our MOIC. Both did equally well."



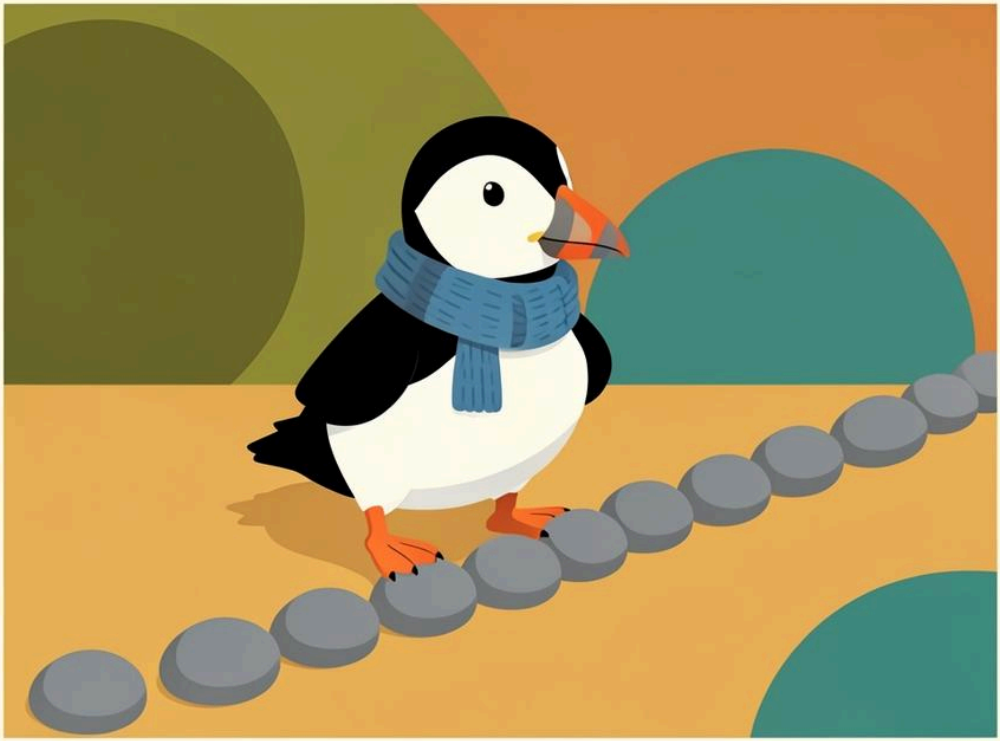
Marta the seal, one of the savers, came up from the shore. "Did they do equally well?" she asked kindly. "Which would you rather have had?"



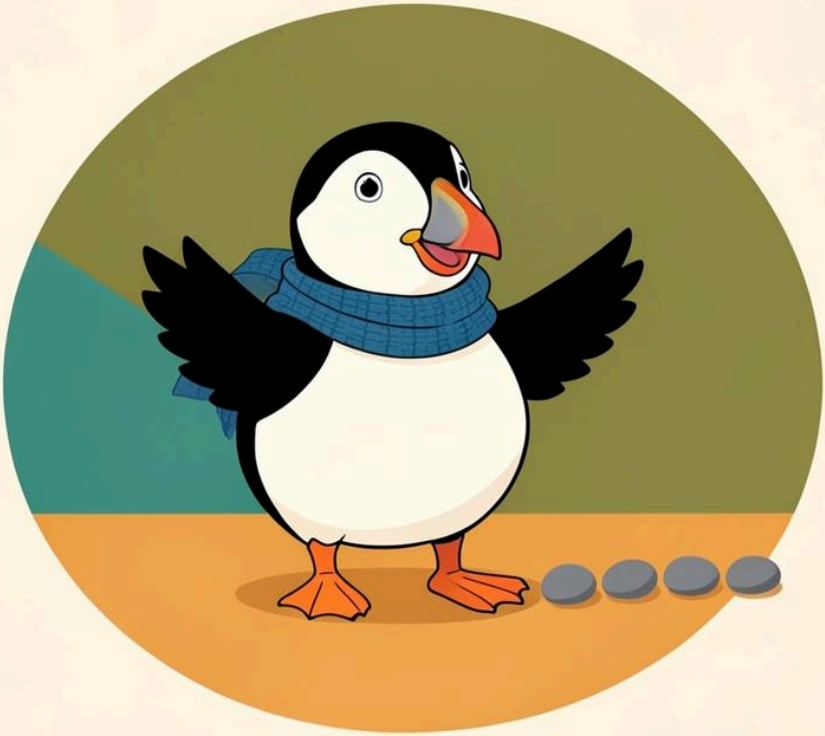
Tobin did not know. So they went down to the beach and laid out two rows of stones: ten for the seaweed farm and ten for the net loft.



"The seaweed coins came back after three years," said Marta. "What could they do while the net loft was still working?"



"Go to work again," said Tobin. "If they did just as well, by year six those 20 coins could be 40." He made the first row twice as long.



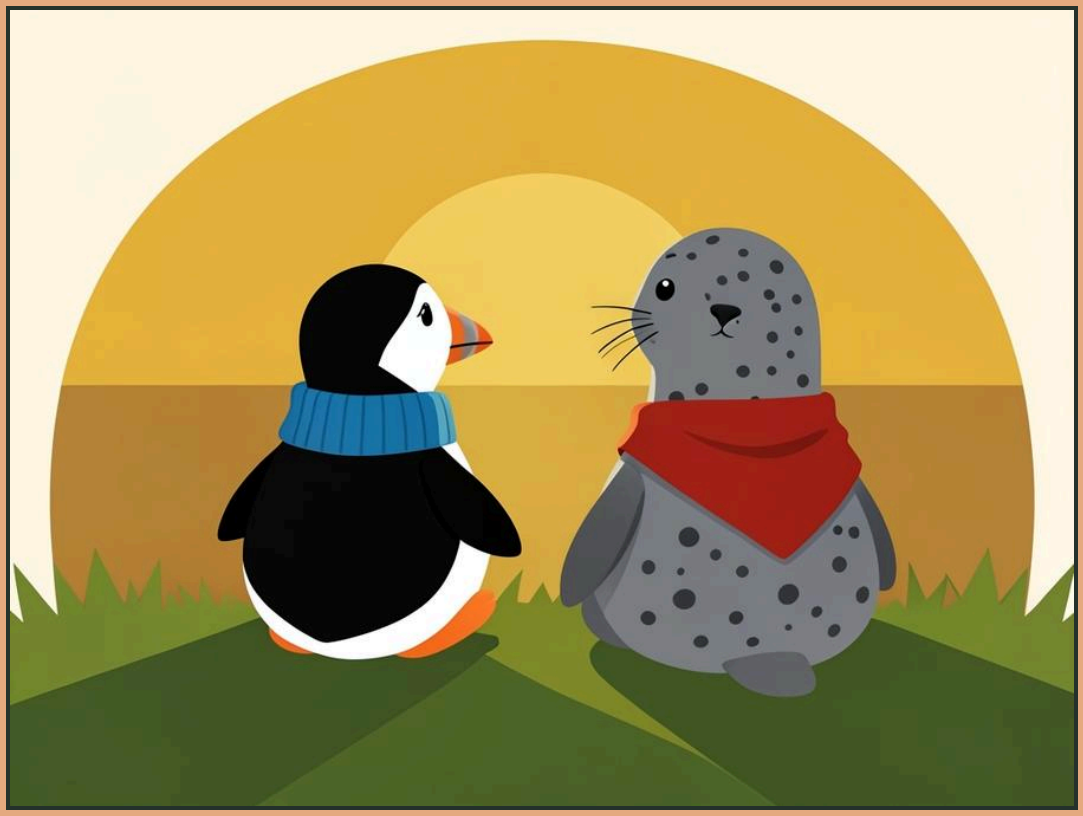
Both had doubled, but one had taken half the time. "So the years matter," said Tobin. "Two times in three years beats two times in six."



"The IRR counts the years," said Marta. "It shows how fast money grew each year: about 26% a year for the seaweed farm, about 12% for the net loft."



"Then I'll show both," said Tobin. "How many times the money grew, and how fast. A quick small win can look grand on speed alone."



His new letter gave both numbers for every business. The savers read it closely, and when Tobin raised his next fund, most of them said yes again.



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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