Valkyrie Revival Fund — Limited Partner FAQ

This FAQ reflects the most common and highest-signal questions raised by sophisticated LPs, paired with the strongest answers we consistently provide. The intent is to ensure that by the end of any diligence conversation, investors clearly understand the structural, economic, and strategic foundations of the Valkyrie Revival Fund.

Fund Structure & Governance

Q: Why don't you have a traditional PPM?

A: Rather than forcing everything into a single exhaustive PPM, we have structured diligence materials through a tiered data room. Phase One contains high-level information appropriate for initial diligence. Phase Two includes deep financials, compliance and security policies, and platform-level detail reserved for serious investors. This approach preserves speed early while maintaining institutional rigor when required.

Q: Why is the fund domiciled in the British Virgin Islands (BVI)?

A: The BVI domicile optimizes efficiency, governance, and investor outcomes. If management and control were deemed Canadian, the fund could face a 26–31% tax drag on profits. Cayman structures, while reputable, impose materially higher administrative costs. BVI provides the same formal legal construct with strong governance at a lower cost base, allowing more cash to flow back to LPs.

Q: How do you ensure transparency and governance?

A: We have deliberately structured key economics and allocations inside the fund waterfall and governing documentation, rather than burying them at the transaction level. This ensures LPs can understand the model clearly, audit it easily, and rely on institutional-grade governance.

Fees, Alignment & Economics

Q: The fee structure looks heavy — why?

A: Our headline economics resemble standard private equity (2% management fee and 80/20 carry), but the underlying mechanics are fundamentally different. Unlike most funds, we do not issue capital calls to pay ourselves. Management fees are supported by operating cash generated from Day One acquisitions. This means LP capital is deployed into acquiring companies rather than being consumed by overhead.

Q: What is the Management Company Performance Allocation (MCPA)?

A: This strategy is operator-intensive: we acquire 100% control, actively run businesses, modernize them, and generate cash distributions early. MCPA ensures that the key operators driving execution remain economically aligned with LP outcomes. Importantly, it is structured transparently within the fund waterfall rather than hidden as a transaction expense.

Q: Can terms flex for anchor LPs?

A: Yes. While we are firm on alignment principles, we can adjust allocations within accepted precedent ranges for the right long-term anchor partner. Our priority is always to preserve LP-first outcomes while ensuring the operator incentives required for execution remain intact.

Strategy & Deal Execution

Q: What kinds of companies are you acquiring?

A: We acquire distressed subscription software businesses where we can obtain 100% control and clean ownership. Transactions may be structured as stock or asset purchases depending on encumbrances. Our objective is always an unencumbered cash-producing asset with clear governance.

Q: What valuation multiples are you paying?

A: We do not underwrite growth multiples. Instead, we start at roughly 1x ARR and discount downward based on distress, churn risk, technical debt, and complexity. Typical entry valuations range from 0.4–0.8x ARR, allowing significant upside through operational recovery.

Q: How do you achieve 50% net margins within four quarters?

A: Margin expansion comes from immediate operational resets: removing debt service, eliminating unnecessary real estate footprint, reducing redundant overhead, and retaining only critical product and customer expertise. Over the following quarters, we apply AI-enabled standardization, infrastructure consolidation, and disciplined cost structures to reach durable profitability.

Q: Do you rely on aggressive growth?

A: No. We assume modest decline in mature products and focus instead on retention economics, operational efficiency, and cash yield. This is a cash-generative strategy, not a speculative growth thesis.

Returns & Exit Options

Q: Is the strategy dependent on selling assets at the end of the fund term?

A: No. Returns are driven primarily by operating cash distributions. Exit scenarios include full-term sale, earlier sale at peak revenue, or evergreen income conversion. Even without a perfect exit, LPs participate in durable cash generation throughout the fund life.

Q: Is an early exit better for LPs?

A: Often yes. Exiting around Year 4–5 at peak revenue can materially improve cash multiples and IRR. This also enables a repeatable cadence where the firm can launch new funds every few years rather than once per decade.

Q: What does downside protection look like?

A: Our downside case is supported by operating cash generation. Even if exit markets are unfavorable, the portfolio continues producing distributable cash over time.

Risk & Market Questions

Q: What if AI makes software obsolete?

A: AI changes software, but it does not eliminate the need for mission-critical systems. Adoption for full process replacement remains low, and regulated industries cannot outsource core workflows to opaque AI systems. We focus on sticky, compliance-heavy vertical software where durability is structurally strong.

Q: How does AI affect what you acquire?

A: AI accelerates our operating model by reducing modernization costs, enabling faster feature delivery, and improving support and operational efficiency. Rather than threatening the strategy, AI strengthens our ability to execute portfolio recovery faster and more effectively.

Q: How is execution risk mitigated?

A: We operate with a contractor-native model, shared-services scale, and experienced operators who have managed large product portfolios. The strategy is built for repeatable execution rather than one-off turnarounds.