



PUNAKAIKI FUND

INVESTING IN HIGH GROWTH COMPANIES

**Replacement Product Disclosure Statement replacing the
Product Disclosure Statement dated 26 November 2020**

Offering of Ordinary Shares in Punakaiki Fund Limited

2 December 2020

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose, offer number OFR13008

Punakaiki Fund Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

1. Key Information Summary

What Is This?

*This is an **offer of ordinary shares** ("Shares"). Shares give you a stake in the ownership of Punakaiki Fund Limited ("Punakaiki Fund").*

You may receive a return if Punakaiki Fund increases in value and you are able to sell your Shares at a higher price than you paid for them, or if dividends are paid (although no dividends are expected to be paid in the short or medium term).

If Punakaiki Fund runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

An investment in Shares is, by its nature, relatively high risk. It will not be suitable for all investors. We recommend you seek professional financial advice before making any decision to invest.

About Punakaiki Fund

Punakaiki Fund is a venture capital investor that raises funds to make long-term investments into high-growth, revenue-generating New Zealand technology companies.

The company already has a portfolio of investments in 14 Core Portfolio Companies valued at \$61.7 million, and total assets, including cash, of \$65.2 million.

The 14 Core Portfolio Companies represent a diverse range of industries, products and services and business models. Their aggregate revenues over the twelve months to 30 September 2020 (not weighted by our shareholding) were \$141 million.¹

Punakaiki Fund generates returns through changes in the fair value of investments, including from cash or shares received from the sale of investment assets, as well as any dividends received from investments, all net of accrued Performance Fees. In FY2020 Punakaiki Fund returned a net profit after tax of \$3.7 million, despite impacts of COVID-19 on publicly listed share valuations at the end of that financial year.

The company has negative operating cash flows, as cash spent on operational expenses currently exceeds cash received from dividends. In FY2020 the company used net cash of \$1.298 million for operating activities (including \$0.165 million received in dividends), offset by \$0.282 million received from sale of investments. In the current financial year, the company has received \$0.17 million from dividends and \$0.55 million from the sale of an investment, with more from each source likely. Punakaiki Fund has a reserve policy that, after each major fund raising, we set aside cash as part of an operating reserve sufficient to meet 12 months of estimated net operating cashflows. However, given current cash assets and expected cash inflows we do not expect that funds from the Offer will need to be applied to the operating reserve.

Purpose of this Offer

Punakaiki Fund is raising new capital via this Offer to make further venture capital investments into existing and new technology Portfolio Companies. Punakaiki Fund has no current contracted commitments to make new investments.

¹ This is non-GAAP information



Key Terms of the Offer

Offer Terms

Description of the Securities	This is an offering of ordinary Shares in Punakaiki Fund
Price	\$25.50 per Share , inclusive of 3% brokerage. Once you pay for your Shares, you will have no obligation to pay any further amounts
PDS Lodged	26 November 2020
Replacement PDS Lodged	2 December 2020
Offer Opens	4 December 2020
Offer Closes	17 December 2020
	Punakaiki Fund reserves the right to amend, extend or shorten the Offer at any time before the Closing Date, and to withdraw the Offer at any time before the allotment of Shares
Allotment Date	21 December 2020
	Punakaiki Fund can reject any Application, or accept any Application in part only, without providing any reason for doing so
Minimum Investment per Shareholder	100 Shares (\$2,550), then in increments of 100 Shares (\$2,550)
Maximum Investment per Shareholder	There is no maximum number of Shares you can subscribe for
Minimum Shares Available	There is no minimum number of Shares being offered
Maximum Shares Available	There is no maximum number of Shares being offered
Current Shares on issue	2,351,822 Shares

Management Agreement

Manager	LWCM Limited
Manager Principals	Lance Wiggs and Chris Humphreys
Initial Agreement Term	10 Years , beginning 25 March 2014 with rollover rights
Removal of Management	More than 50% of the Shares on issue voted in favour
Management Fee	2% up to \$50 million then 1.5% of Accounting Net Asset Value per annum plus GST, paid quarterly in advance
Administration Fee	For FY2021 this fee was determined by the Board to be \$165,000 plus GST, paid quarterly in advance
Performance Fee	20% of any net gains, subject to a 10% return threshold and a high-water mark
Payment of Performance Fee	Initially triggered by Punakaiki Fund's listing on a stock exchange and certain other events. Paid 72% as Shares and 28% as cash (based on the prevailing corporate tax rate)

Additional information regarding the management of Punakaiki Fund is contained within the *Management Agreement* between Punakaiki Fund and LWCM, found in the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008).

Punakaiki Fund Limited is not a 'managed investment scheme' (MIS) for the purposes of the Financial Markets Conduct Act and does not have an FMA-licensed manager or an FMA-licensed independent supervisor to govern its investment activities. Investor rights are set out in the constitution of the company, which has been set up in accordance with the Companies Act 1993.

Under its constitution, Punakaiki Fund is structured as a company and is governed by a shareholder-elected board of directors, with the Manager appointed under the Management Agreement. The investor



rights include the ability for the Manager to be removed without penalty if a majority of Shares are voted in favour of doing so.

How You Can Get Your Money Out

Punakaiki Fund does not intend to quote these Shares on a market licensed in New Zealand in the short-term and there is no other established market for trading them. This means that you may not be able to sell your Shares. Punakaiki Fund does not offer the ability for Shares to be redeemed.

Additional information regarding trading of Punakaiki Fund shares through the quarterly matching of buyers and sellers can be found in Section 6, **Key Features of the Shares**, on page 43.

Key Drivers of Returns

An investment in Punakaiki Fund should be considered a long-term investment. Returns to investors over the long-term are driven by:

- changes in the value of Punakaiki Fund's Assets per Share; and
- any dividends paid to investors by Punakaiki Fund. No dividends have yet been paid, none are currently proposed and none are expected to be paid in the short or medium-term.

The value of our Assets is primarily driven by the change in financial performance (and therefore valuation) of each of the Portfolio Companies in our portfolio, in particular their revenue growth, profitability and dividends, as well as our costs. One company, Devoli represents over 25% of the current value of Punakaiki Fund's investment, and nine Portfolio Companies, including Devoli, represent over 80% of our investments. As such, Punakaiki Fund's return are closely tied to the performance of these companies.

The performance and valuation of each Portfolio Company is impacted by:

- The global economy, including positive and negative impacts from the COVID-19 pandemic;
- The company's industry/sector, business strategy and execution, and the performance of key individuals within the company;
- The support provided to existing investments by the Manager and the Manager's skill at selecting new investments;
- Changes in the valuations of comparable companies listed on public markets;
- Whether or not a Portfolio Company is sold or listed during the period; and
- The ability of some Portfolio Companies to raise additional capital, and the value of each company determined by investors for that capital raising.

Please refer to pages 10-12 for Punakaiki Fund's drivers of performance and investment strategies.

Key Risks Affecting This Investment

Investments in shares are risky. You should consider if the degree of uncertainty about Punakaiki Fund's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares. Punakaiki Fund considers that the most significant risk factors that could affect the value of the Shares are set out below.

Loss of value due to the poor performance or failure of one or more of the Portfolio Companies, in particular Devoli, which represents over 25% of the portfolio value. Any such loss of value would cause the overall value of Punakaiki Fund's investment assets to be revalued downwards. To mitigate this, the Manager proactively monitors performance of the Portfolio Companies and Punakaiki Fund marks down the carrying value of any underperforming investments. The investments we currently regard as highest risk are valued at less than 1% of the Investor Net Asset Value.



Exposure to investment concentration in the technology sector and to specific companies, with the top five companies representing over 60% of the investment portfolio value, and 99% of the investment portfolio value is invested in the technology sector. This concentration means that Punakaiki Fund's overall valuation may be more volatile than a larger portfolio of companies traded on public markets. We have a strategy of making diverse investments in the technology sector, and maintain a very long-term perspective on investments, which can make us less sensitive to short-term volatility. We also place valuation caps on our SaaS and some non-SaaS investment valuations, which dampens our valuation volatility in the short-term.

Uncertainty about the valuation of companies, with the risk that the valuations could be too high or too low versus market values. Punakaiki Fund's auditor Ernst & Young draws attention in their Independent Auditor's Report on the FY2020 financial statements to "Note 3.1.1 to the financial statements describes the inherent uncertainty and difficulty in measuring the fair value of early stage unlisted investments". Punakaiki Fund has an internal Investment Valuation Policy, which is aligned with the IPEV Guidelines, and uses revenue, EBITDA, revenue growth rates, investment metrics and public market valuations of comparable companies; along with performance, small company, control, liquidity and COVID-19 adjustments, to guide periodic valuations of the portfolio. The Board retained an external valuer to assess the value of Devoli as at both 31 March 2020 and 30 September 2020.

Changes in value due to macroeconomic risk, including COVID-19 pandemic impacts, with heightened risks in 2020 creating a large amount of uncertainty. Punakaiki Fund owns and seeks to maintain a diversified portfolio to shield against material changes in the performance and valuation of individual Portfolio Companies, while also considering the potential future impacts of the COVID-19 pandemic and other global macroeconomic factors on all new investments made by Punakaiki Fund.

Ongoing capital raisings (such as Share issues) do not meet Punakaiki Fund's needs or expectations. Punakaiki Fund requires cash to make further investments and to meet its operating expenses. If Punakaiki Fund does not continue to raise sufficient capital or obtain dividends or sale cash distributions from investments then it may not be able to continue to invest in its Portfolio Companies or pay for its operating costs. This may result in the Investor Net Asset Value per Share falling, or Punakaiki Fund defaulting on its obligations. We have successfully raised \$34.7 million in cash since April 2014, received \$3.0 million in distributions from portfolio companies, and have a policy to set a reserve aside, including cash, aside to meet our net operating costs for a 12 month period following a material capital raise.

The loss or the poor performance of key people, specifically Lance Wiggs and Chris Humphreys from LWCM, the Manager. The Management Agreement can be terminated by the Board for cause, and by Shareholders with a majority vote, each without penalty.

*This summary does not cover all of the risks of investing in Shares. You should also read Section 8 of this PDS, **Risks to Punakaiki Fund's Business and Plans**, on page 48.*

Where You Can Find Punakaiki Fund's Financial Information

*The financial position and performance of Punakaiki Fund are essential to an assessment of this Offer. You should also read Section 7 of the PDS, **Punakaiki Fund's Financial Information**, on page 45*

Punakaiki Fund has not included prospective financial information within this PDS. This is because of the uncertain future growth in the value of Portfolio Companies, the inability to forecast changes in public market valuations of comparable companies and the unknown amount of new capital that Punakaiki Fund will raise in the short to medium term. These factors (and others) will impact Punakaiki Fund's future Investor Net Asset Value.



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Letter from the Chair

Dear Investor,

I am very happy to present our 2020 retail offer, priced at \$25.50 per share.

While families, societies, economies and markets roiled from the impacts of COVID-19, Punakaiki Fund's diverse investments showed collective resilience. Onceit, Mobi2Go and Melon Health were ideally positioned to help solve key problems bought on by the crisis, while Timely, which saw essentially all of their hairdresser and beauty salon clients severely affected, is seeing its revenue surge in 2020. Our largest investment, Devoli, is growing quickly through its partnership with Contact Energy and has not experienced any material negative impact from the pandemic. Read more about the portfolio companies below, as these companies and others, including new investments, determine our future success and returns to investors.

Please also review the Key Risk section above and below on page 48. We recommend that you read this document carefully and, before making an investment decision, consult with your financial and other professional advisers. As usual, we valued the portfolio using the same approach as we do for each offer, quarterly report and the audited year-end accounts. The board of directors, excluding Lance Wiggs from LWCM, make all valuation decisions.

The Emergence of Venture Capital in New Zealand

After twenty years the experience within and performance from the venture capital sector in New Zealand is finally becoming apparent. We are seeing investors, both government and private, take notice. The next ten years promises to see the emergence of a true venture capital ecosystem, and a flood of capital, including Kiwisaver funds, into the asset class, perhaps moving those funds towards the much higher portfolio allocations we see from smart investors offshore.

Venture capital occupies a space where investors look for long term, outsized and tax efficient returns, but they do so at the expense of liquidity (the lack of ability to withdraw funds). The typical venture capital fund is designed to last for 10 years or more, time enough to invest in, work on and then sell companies, and distribute returns to investors. Returns come late – the early years are about investing and realising the value of the less successful investments.

Why Punakaiki Fund

Punakaiki Fund is still in the early to mid-phases of our cycle of investment and returns, with an average shareholding investment period of 3.3 years. Despite writing down or selling many underperforming investments we are achieving a 13% per year return for our investors based on the current Investor Net Asset Value per Share. We target a 20% annualised return for all investors but cannot make return predictions as there are many factors out of our control.

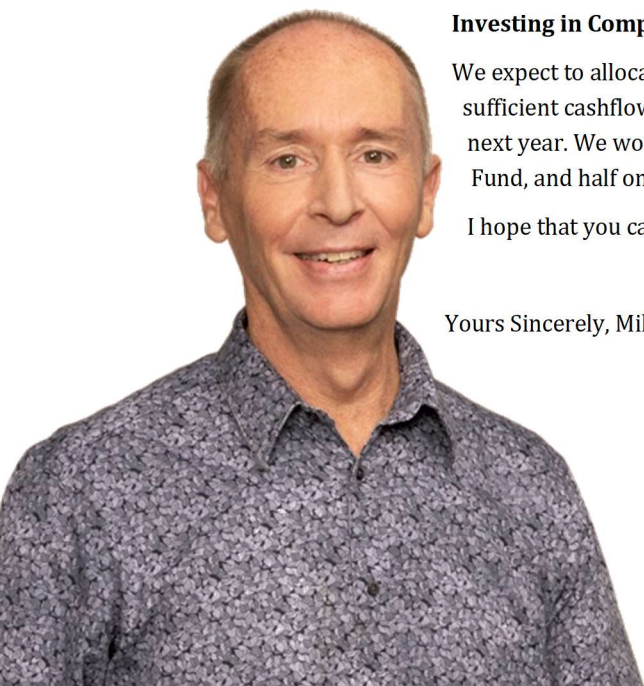
We use our company-based venture capital structure to provide a number of advantages to investors. We are, for example, able to invest for the very long term, but also able to list on a stock exchange in the medium term. As far as we are aware, Punakaiki Fund's offers are the only method for retail investors to invest in New Zealand venture capital, which makes a future listing more attractive for our larger shareholders as well. Unusually, we also tie the management fees, as well as performance fees, to the performance of the fund.

Investing in Companies, not Fees

We expect to allocate all funds raised in this Offer to investments, as we are forecasting sufficient cashflows from dividend and investment sales to meet our expenses over the next year. We would like to spend half of the funds raised on companies new to Punakaiki Fund, and half on the existing portfolio.

I hope that you can join us or commit more to our journey.

Yours Sincerely, Mike Bennetts



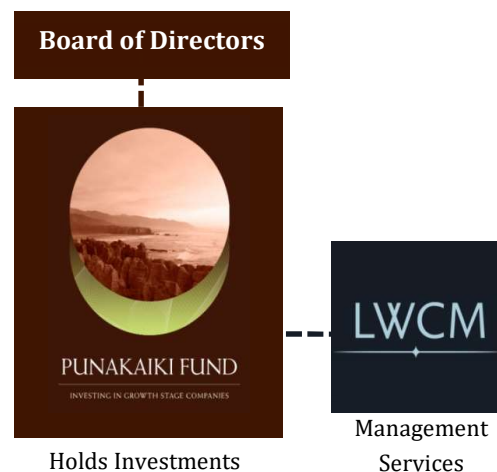
2. Punakaiki Fund and What it Does

An investment in Shares is by its nature relatively high risk. It will not be suitable for all investors. The Glossary on page 57 defines terms used in this Product Disclosure Statement, or “PDS”.

Punakaiki Fund Structure

Punakaiki Fund is a limited liability company, registered with the Companies Office in New Zealand. We are governed by our Board, our constitution (which can be found in the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund’s offer number OFR13008) and the Companies Act.

Punakaiki Fund holds all of its investments directly, rather than by way of a custodian. LWCM Limited (LWCM) is contracted under the Management Agreement to provide management of Punakaiki Fund’s assets. The terms of the Management Agreement are set out under the heading “Management Agreement” on page 29 of this Section.



Our Portfolio Companies

Our 14 Core Portfolio Companies are summarised below, split into Software as a Service (“SaaS”) and other technology companies.

Core Investments – SaaS

\$87.8m Annualised Recurring Revenue*, 26% year-on-year growth, >500 employees

 1.9% Point-of-sale and ecommerce	 3.8% Beauty and wellbeing businesses	 20.1% Construction QA	 31.1% Students movements and wellbeing
 6.3% IT performance tools	 15.0% Mobile ordering for restaurants	 37.7% Tools to recruit thousands	 48.5% Learning system to increase sales
 17.5% Hospital staffing rosters	 19.6% Analytics model documentation		

Core Investments - Non-SaaS

\$57.1m Revenue*, 29% year-on-year growth, ~120 employees

 25.6% Fashion & more ecommerce	 53.9% Wholesale ISP	 32.3% Chronic disease self-management	 17.7% Photonics test and measurement
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** This is non-GAAP information*

Shareholdings are before accounting for any employee options



Punakaiki Fund Overview

Punakaiki Fund's investment portfolio is valued at \$63.7 million, with total assets valued at \$65.2 million. This includes the 14 Core Portfolio Companies set out above, that we believe have the most future potential. These companies have delivered internally measured annualised investment returns of 27.1% and represent 97% of Punakaiki Fund's investment portfolio value.

Punakaiki Fund's investment mandate targets high-growth Software as a Service (SaaS) companies with recurring revenue greater than \$300,000 and non-SaaS technology-focused companies with annual revenue greater than \$3 million. On average our ten Core SaaS investments have over \$88 million in annual recurring revenue, and our four Core non-SaaS investments have over \$57 million in annual revenue.

Punakaiki Fund invests with the intent to maintain a diverse portfolio of technology companies within its high-growth mandate. Our 14 Core Portfolio Companies represent 97% of total investment asset value.

Punakaiki Fund was first funded in April 2014 and has raised a total of \$38.8 million via a series of offers and share issues. So far, we've invested \$34.2 million into 21 businesses, with one business later splitting into two. Prior to 2019 we invested under a broader mandate, and we have sold, held for exit or fully impaired eight investments, with \$2.0 million received to date from exits and the remaining value representing 3% of investment assets.

Investments in three Portfolio Companies represent almost 45% of the asset value of Punakaiki Fund:

- **Devoli** - a wholesale internet service provider that powers Contact Energy's broadband offering;
- **Onceit** - an online retailer, marketplace and fashion brand discounter; and
- **Mobi2Go** - a SaaS provider for contactless ordering and payment for restaurant chains.

Our 14 Core Portfolio Companies cover a wide variety of sectors, markets and business models, and collectively showed good resilience in the face of the COVID-19 pandemic.

Dividends and Exits

Our philosophy is to hold on to successful investments, capturing the compounding value of their annual growth, through a combination of dividends and capital gains.

Onceit Limited has paid dividends to Punakaiki Fund each year, commencing in July 2015, and we expect to continue to receive dividends from Onceit, as well as other Portfolio Companies as they mature.

We have also exited several companies to date, generally as a result of underperformance relative to our investment expectations or misalignment versus our technology company mandate.

Linewize was sold in 2017 to ASX-listed Family Zone predominantly in exchange for Family Zone shares, which were subsequently issued and sold. The investment showed an annualised cash return of 18%, with some residual unissued Performance Shares remaining (assumed to have minimal value).

Punakaiki Fund sold its shareholding in EverEdgeIP Global Limited in 2020, receiving a combination of upfront, delayed and contingent future payments. This exit crystallised an investment loss of 33%, reflecting an investment that was both not in the current mandate and negatively impacted by COVID-19.

Mindfull Limited, a subsidiary of Mindfull Group Limited, was sold in October 2020, and in time funds will be disbursed to Mindfull Group Limited shareholders, including Punakaiki Fund. We expect to receive back our initial investment in this company, but will also retain our shareholding in fast-growing and valuable Mindfull subsidiary QubeDocs.

Additional details, including about other sales, are contained under the sub-heading **Selling Investments (Exits)**, on page 14.



About Our Corporate Structure

Punakaiki Fund's company structure is designed to provide investors with protections, including limited liability, a predominantly non-executive Board of directors, an external auditor and the ability for Shareholders to terminate the Manager's appointment without punitive penalties. It is also designed to control the cash costs of Punakaiki Fund.

The structure is also intended to provide the flexibility to raise new capital in the future and to facilitate a future listing (or Initial Public Offering) of Punakaiki Fund Shares.

Drivers of Punakaiki Fund's Performance

Punakaiki Fund's performance is primarily driven by the performance of our Core Portfolio Companies, including any dividends paid by them and any sale of our investment assets.

Our future choices of where to invest capital will also have a large impact on our financial performance, as well as the ability for us to provide both advice and further funding, if required, to our current and future Portfolio Companies.

The costs of operating Punakaiki Fund, including the payment of any future Performance Fee to the Manager, are also material to the performance of Punakaiki Fund. These costs are generally tied to the overall performance and size of Punakaiki Fund. Punakaiki Fund has had negative operating cash flows (which exclude proceeds from sale of investments) to date, as the cash operating costs have been greater than the cash income. The *Statement of Investment Policies and Objectives* provides for a reserve, measured at the time that Punakaiki Fund completes a material capital raising, to ensure that the company can meet management fees and budgeted operational costs for the subsequent 12-month period without needing to raise further funding.

Our *Statement of Investment Policies and Objectives*, summarised below, outlines the philosophies, objectives and strategies we have in place to make investments and deliver returns to our Shareholders. We believe these philosophies, objectives and strategies are an effective and appropriate way to maximise returns for our Shareholders.

The *Statement of Investment Policies and Objectives*, *Investment Guidance* and *Socially Responsible Investment Policy* documents can be found in the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008).



Statement of Investment Policies and Objectives Summary

Investment Philosophy

We believe that the following philosophies provide the greatest opportunity to generate significant returns for our Shareholders.

New Zealand Focus

We believe that there are consistently large numbers of high-quality New Zealand-based technology companies seeking funding, but that there is a general shortage of well-directed growth capital particularly in the Series A and Series B funding stages. We also believe that there are exploitable market inefficiencies for the supply of growth capital in New Zealand.

High Growth Focus

We believe that well-selected high-growth companies can generate risk-adjusted returns for our investors that are higher than those from public markets.

Investor of Choice for Founders

We believe that a founder-centric approach to investment and management attracts the best high growth investment opportunities to Punakaiki Fund.

Attractive Portfolio

We believe that holding a highly regarded portfolio of investments attracts other highly regarded companies to seek investment from Punakaiki Fund.

Long-term Investment

We believe that holding investments for the long-term delivers higher returns to our investors.

Diverse Portfolio

We believe that portfolio diversification within the technology sector reduces the level of risk for a given amount of return.

Investment Objectives

Punakaiki Fund has a primary objective of delivering Shareholders significant returns over the medium-to long-term.

Deliver Significant Returns to Investors

We aim to deliver significant five-year rolling annual returns to Shareholders, measured net of all costs, fees and Punakaiki Fund-level taxes. We believe that strong returns are achievable based on the underlying growth rates of the Portfolio Companies and new companies that we invest in. We also believe that this value will manifest providing that we continue to hold those companies over the long-term, and we will reinvest into companies with this perspective. Value may also be delivered through the sale of our investments.

Become Self-Sufficient

We aim to be able to eventually meet our internal expense obligations (including the payment of the Management Fee) through dividend flows from Portfolio Companies, rather than by raising new capital.



Investment Strategy

Punakaiki Fund aims to achieve its objectives by:

Supporting High Growth Companies and their Founders

We aim to find high-growth technology companies in New Zealand and support them with capital and advice (as required), and to be easy to work with for founders. We do not insist on board seats, complex contracts or control when investing, but do look for appropriate governance and oversight, and will take directorships when desired by both parties. We are able to act swiftly where required to agree and close investments, in particular follow-on investments.

Having a Low Rate of Investment Failure

We aim to invest in opportunities that have been significantly de-risked by displaying traits such as:

- a genuine end-user need and compelling products;
- existing, growing revenue (we have a strong bias towards SaaS companies with over \$300,000 in recurring revenue and non-SaaS technology companies with over \$3 million in annual revenue);
- an effective and efficient company with strong people and culture; and
- a robust financial investment case that allows the company to grow or return to positive cash-flow with investment.

Having a Long Life

We are a permanent capital investor and have a patient, long-term investment mandate. We aim to hold our investments for considerable periods of time in order to allow our Portfolio Companies to grow to maturity. Occasionally we may sell investments, although generally only after a founder-led decision.

Having a Strong and Diverse Portfolio

We aim to lower Punakaiki Fund's market risk by having a well-diversified technology portfolio across company stages, industries, business models and markets.

Holding for Dividends

We aim to hold Portfolio Companies over the long-term to receive ever-increasing dividend payments.

Socially Responsible Investment

We believe that investing in a socially responsible way will help to deliver targeted returns for shareholders. Investing responsibly also benefits society at large. We invest responsibly by excluding investment in certain activities (such as gambling, alcohol and tobacco), by including environmental, social and governance factors ("ESG Factors") as part of our investment process, and by engaging with existing Portfolio Companies to encourage the integration of ESG Factors in their business operations. Our Socially Responsible Investing Policy can be found in the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008). As part of adhering to this Policy we announced in mid-2019 that investment into NZ Artesian Water is now out of mandate and are we are seeking to sell that investment in an orderly manner.

Investment Performance

Many venture capital funds use gross internal rate of return ("Gross IRR") as a measure of their performance. Gross IRR is the annualised percentage return from each investment, based on the amount invested, the elapsed time between the investment date and today, and today's valuation of that investment. For example, if an investment of \$1 million was made on 25 August 2019 and the value today was assessed at \$1.5 million then the valuation would have increased by 50%, but the gross IRR, which is



the annualised percentage return, would be only 38% (i.e. the compounding annual return that you would need to receive to grow \$1 million to \$1.5 million over 15 months).

The table below reflects the overall Gross IRR of our investments, grouped by the calendar year of each investment tranche into Portfolio Companies that we have made. This excludes all fees and other operating costs of Punakaiki Fund and also excludes brokerage paid by investors.

Punakaiki Fund's investments have delivered a Gross IRR of 23.4%¹ (a 94% increase in value) based on assessed changes in fair market valuation, as well as dividends received, since each investment tranche was undertaken.

Financial Year	Investment	Investment Tranches	Unrealised Returns, Dividends Received and Sale Proceeds ¹
2015	\$3.5 million	Devoli (x2), Timely, Influx, Raygun, Melon Health (x2), Onceit, Weirdly, Boardingware, RedSeed	\$21.1 million value Up 508% 35% IRR
2016	\$7.3 million	ThisData, EverEdge, Influx, RedSeed, Boardingware, Vend (x2), Weirdly, Onceit, Mobi2Go (x2), Melon Health (x2), Mindfull, Raygun	\$14.5 million value Up 98% 14% IRR
2017	\$3.4 million	Populate (x3), Linewize (x3), NZAW (x2), Hayload (x2), Weirdly (x2), Mobi2go, Conqa, Devoli	\$3.4 million value Down -1% 0% IRR
2018	\$8.7 million	Melon Health (x3), ThisData, Linewize, Populate, Devoli (x4), NZAW (x4), Hayload (x2), Mobi2go (x2), Conqa (x4), Quantifi Photonics (x4), Weirdly, EverEdge	\$9.5 million value Up 9% 3% IRR
2019	\$6.0 million	Mobi2Go (x2), Melon Health (x5), Redseed (x2), Devoli (x7), Quantifi Photonics (x2), Weirdly (x2), NZAW (x2), Boardingware	\$10.4 million value Up 74% 29% IRR
2020	\$4.2 million	Devoli (x3), Conqa (x3), NZAW, Vend, Melon Health, Weirdly, RedSeed	\$5.8 million value Up 39% 60% IRR
2021	\$1.2 million	Core Schedule, Devoli (x2), Redseed, Mobi2Go	\$1.8 million value Up 55% 164% IRR
Total	\$34.2 million	112 investment tranches to date	\$66.5 million value Up 94% 23.4% IRR

¹ This is non-GAAP information

Seven investments are showing annualised returns of over 25% and four companies are showing annualised returns of over 40%. In general, we expect investments in Portfolio Companies that Punakaiki Fund has held and provided advice to over the longest period will show the greatest returns, while the newer investments take time to be materially revalued.

In 2019, Punakaiki reviewed and amended its investment focus following a period of making investments in companies under broader size, sector and business model criteria. While investments made in FY2015



and FY2016 were largely within the new investment focus, poor investment performance for FY2017 reflects that just over 42% of the investments were into what transpired to be inappropriate companies that are now considered out of mandate for Punakaiki Fund, notably New Zealand Artesian Water and several companies that were sub-scale. These investments have been collectively written down by over 90%, so there is little more value at risk from those investments. The remaining 58% of investments in FY2017 which are now within the new mandate have performed well, delivering Gross IRR of 23%.

Similarly, in FY2018 almost a third of investments would have been outside of the current mandate, and these have been written down by a collective 90%, or, in the case of Everedge, we have sold our shareholding and captured what value we could.

In 2019 under 2% of investments were outside of the current mandate, and increased valuation performance has returned.

The strategy of Punakaiki Fund is to hold investments that perform well for the long-term and to reinvest where prudently possible. The approach to valuation is discussed in Section 5, **Terms of the Offer**, on page 38.

Selling Investments (Exits)

There have been sale transactions in five of Punakaiki Fund's Portfolio Companies to date.

In April 2017 ThisData Limited (now renamed TD Limited) sold its assets to United States-based OneLogin, a privately held venture capital-backed company that helps other companies protect their data. ThisData received a confidential number of OneLogin shares for its assets and these OneLogin shares are currently being held by ThisData.

In late 2017, Linewize was sold to ASX-listed family and school cyber safety business Family Zone (ASX ticker code: FZO). Punakaiki Fund has since sold 3.214 million shares received in Family Zone at an average price of A\$0.395, for total net proceeds of \$1.36 million. We hold 600,000 Family Zone "performance" shares that require certain outcomes, which we see as unlikely, to be converted to ordinary shares. The Family Zone share price was A\$0.44 on 20 November 2020.

Punakaiki Fund sold its shares in InfluxHQ back to the company founders for \$30,000 in May 2019.

In August 2020, Punakaiki Fund sold its shares in EverEdgeIP Global Limited in a \$1.45 million transaction. \$0.55 million was paid upfront to Punakaiki Fund from the direct acquirer of the EverEdge shares, with EverEdge committing to make payments totalling \$0.40 million plus interest over the next four to five years, and a payment of \$0.50 million plus interest upon EverEdgeIP Global Limited completing an exit event.

In October 2020, the assets of Mindfull Limited, one of two main subsidiaries of Mindfull Group Limited, were sold to Fusion 5 Limited in a confidential arrangement. Mindfull Group Limited will distribute the net proceeds of the sale to shareholders, including Punakaiki Fund, over the next few months. Mindfull Group Limited will retain its QubeDocs subsidiary.

We have written off our investments in Hayload and Populate, which are no longer operating.

Management and Execution

Punakaiki Fund has contracted LWCM to source, execute and manage investments, through a Management Agreement dated 25 March 2014. The Manager is also responsible for reinvesting into the Portfolio Companies when merited and as capital allows. Board approval is required before any sale of investment assets. The Board is confident that LWCM has the skills, expertise, networks and alignment to Punakaiki Fund's philosophies and the access to high quality investment opportunities required to achieve the investment objectives.



The Manager does not hold any other interest in, nor receive compensation from, any of the companies.

LWCM has a wide mandate to find and execute investments, subject to certain limits imposed by the Management Agreement and the *Statement of Investment Policies and Objectives*, which is revised from time to time by the Board.

Additional Information

Additional information regarding the management of Punakaiki Fund is contained within the *Management Agreement* between Punakaiki Fund and LWCM, which can be found in the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008).

Industries and Sectors in which Punakaiki Fund Invests

Punakaiki Fund's focus is on investments that are either SaaS businesses or that are technology-based. The table below illustrates how Punakaiki Fund's existing investments are spread across a range of industries and target sectors (using Global Industry Classification Standard (GICS) industries) and business models. We expect target sector diversity to increase as we make additional investments, we also expect to have continued concentration in both the SaaS business model and technology sectors.

Portfolio Companies: Industries, Target Sectors and Business Models			
Company	GICS Sector	Target Sector	Primary Business Model
Vend	Information Technology	Retailers	Software as a Service and Mobile Apps
Devoli	Communications Services	Telecommunications	Wholesale ISP Services
Onceit	Consumer Discretionary	Fashion Retailing	Online Retailing
Timely	Information Technology	Health & Beauty Providers	Software as a Service and Mobile Apps
Raygun	Information Technology	Software Developers	Software as a Service
Quantifi Photonics	Information Technology	Telecommunications	Equipment Manufacturing
Mobi2go	Information Technology	Restaurants	Software as a Service
Conqa	Information Technology	Construction Quality Assurance	Software as a Service
Redseed	Information Technology	Large Retailer Training	Software as a Service
Boardingware	Information Technology	Boarding Schools	Software as a Service
Melon Health	Health Care	Healthcare Providers	Software as a Service
Qubedocs	Information Technology	ICT for enterprises	Software as a Service
Weirdly	Information Technology	Internal Recruitment	Software as a Service
Core Schedule	Information Technology	Hospitals	Software as a Service
NZ Artesian Water	Consumer Discretionary	Water Exporting	Exporting Water in Bottles and Boxes
Populate	Information Technology	Internal Recruitment	Software as a Service
Hayload	Information Technology	Agricultural Contractors	Software as a Service
Family Zone	Information Technology	Education ICT	Software as a Service and Hardware
ThisData	Information Technology	Software Companies	Software as a Service

Our Investments

Punakaiki Fund has shareholdings in the following businesses. The 14 Core Portfolio Companies had combined last twelve months' revenues of \$141 million as of 30 September 2020 (this is non-GAAP information).



Portfolio Company	Punakaiki Fund Shareholding ²	Revenue ¹	Head Office Location
Vend Limited	1.9%	Large	Auckland
Devoli Limited	53.9%	Large	Auckland
Onceit Limited	25.6%	Large	Auckland
Timely Limited	3.8%	Medium	Dunedin
Quantifi Photonics Limited	17.7%	Medium	Auckland
Raygun Limited	6.3%	Medium	Wellington
Mobi2Go Limited	15.0%	Medium	Wellington
QA Tech Limited (trading as Conqa)	20.0%	Medium	Auckland
RedSeed Limited	48.5%	Medium	Christchurch
Boardingware International Limited	31.1%	Medium	Auckland
Melon Health Limited	32.3%	Small	Wellington
Mindfull Group Limited (Qubedoc's parent)	19.6%	Medium	Auckland
Weirdly Limited	37.7%	Small	Auckland
Core Schedule NZ Limited	17.5%	Small	Wellington

Investments held for exit

EverEdge IP Global Limited	\$0.9 million debt	Medium	Auckland
New Zealand Artesian Water Limited	23.6% ³	Medium	Nelson
Populate Limited	14.6%	Small	Auckland
Hayload Limited	23.3%	Small	New Plymouth
Family Zone Cyber Safety Limited⁴	0.6 million performance shares	n/a	Perth, Australia
TD Limited (formerly ThisData)⁵	11.0%	n/a	Auckland

¹ "Small" is less than \$1 million of last twelve months (LTM) revenue, "Medium" is between \$1 million and \$10 million LTM revenue and "Large" is over \$10 million in LTM revenue.

² Shareholdings in this document are shown as percentage of issued shares. Effective shareholding may be lower due to the dilutionary impact of any employee options or financial instruments such as convertible notes.

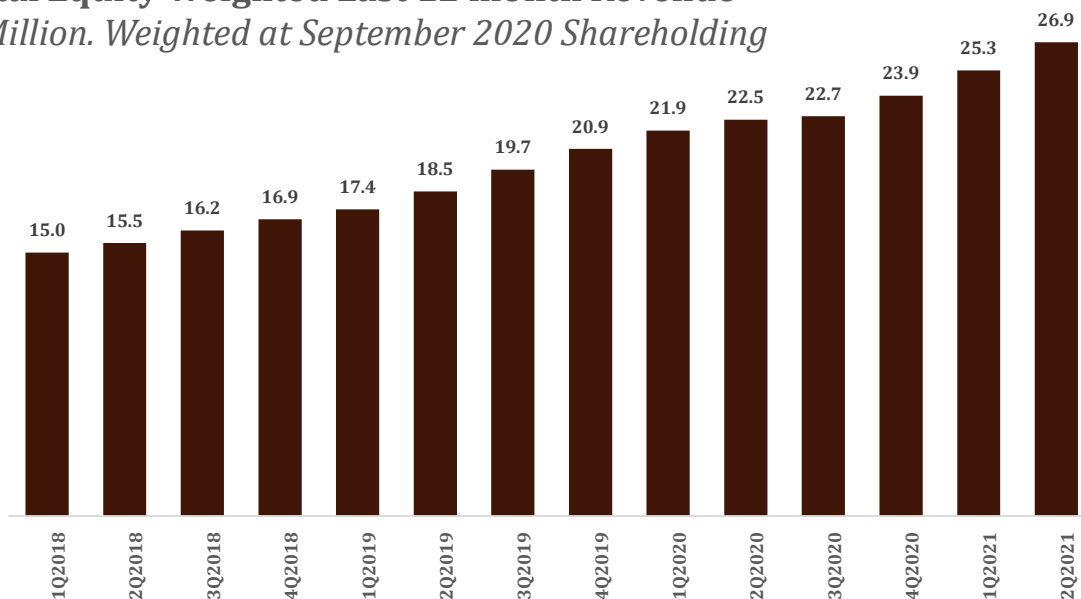
³ Effective shareholding is significantly lower due to pending issue of new shares

⁴ Family Zone acquired Linewize Limited and Linewize Services Limited on 29 November 2017. Punakaiki Fund held 20% of Linewize.

⁵ ThisData's assets were acquired by OneLogin in April 2017. TD Limited is referred as ThisData in this PDS.

The chart below shows the sum of the last twelve months' revenue from the 14 Core Portfolio Companies by quarter, weighted by Punakaiki Fund's **current** shareholding in each company. This illustrates Punakaiki Fund's exposure to the revenue growth of the Portfolio Companies.

Total Equity Weighted Last 12 month Revenue \$ Million. Weighted at September 2020 Shareholding



Information on each Portfolio Company is below, with further information available on their respective websites, which are linked to in each description. Alternatively, links to the Portfolio Company websites can be found on our website at www.punakaikifund.co.nz.

SaaS Investments



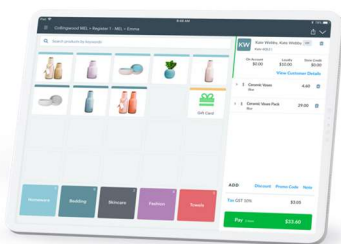
Shareholding: 1.9%*

First Investment: August 2015

Founder: Vaughan Rowsell

Directors: Barry Brott, Vaughan Fergusson, David Wilson, Sam Morgan, Mark Stuart, Gail Hambly, Andrew Harrison

[Vend](#) is the pioneering cloud-based POS solution. In addition to a simple to use POS system, Vend helps retailers to manage their inventory, customer loyalty and promotions and integrates with all major payments, ecommerce and accounting packages/providers. It targets retailers with multiple stores by providing powerful back office, analytics and inventory functions that makes retailers lives easier so they can focus on their customers and in store experiences. Vend integrates with a large number of payment providers, has partnerships with Apple and Xero and has over 25,000 stores using its software. Vend has offices in Auckland, Melbourne, London, Toronto and Colorado.



COVID-19 creates both uncertainty and opportunity

for Vend. Lockdowns and social distancing impact on retail trade and the duration of this disruption is uncertain. The company has a diversified global reach, and the physical restrictions on retailers created an acceleration towards omnichannel and cloud which Vend helps with. With a strong balance sheet and good economics, Vend is well placed to further capitalise on the continued evolution of retail management software.



Ana Wight, the former CFO of Vend, was appointed permanently to be the CEO in 2020.

Punakaiki Fund purchased shares from existing investors in September 2019, increasing its shareholding to 1.9%.

* Excludes the dilutionary impact of employee options



Shareholding: 3.8%

First Investment: June 2014

Founders: Ryan Baker, Andrew Schofield, William Berger

Directors: Michael O'Donnell, Ryan Baker, David Beard, Tabatha Coffey, Debora Farnworth-Wood

[Timely](#) provides comprehensive software to run hair and beauty businesses, to manage front office bookings, reminders, marketing, point of sale, consultations, rewards, payments processing as well as back office staff rostering, reporting and analytics and now including features to manage social distancing too. Timely is used by over 14,000 customers in over 90 countries. Timely has a remote working approach with staff based in several centres, including Dunedin, Auckland, Wellington, Melbourne and London.

Much of Timely's customer base around the world was forced to temporarily close as countries implemented measures to slow the spread of COVID-19 and therefore we applied a discount to Timely's year-end valuation to reflect the uncertainty of the impact on Timely's revenue. Timely acted swiftly through the early stages of the various lockdowns to support its customers by offering payment holidays and discounts, which generated a lot of goodwill among the existing customer base. The company also refocused their product roadmap and marketing efforts to support their customers' urgent needs, and this has helped fuel a big increase in demand from new customers, with record new revenue resulting.



Timely has once again shown it has disciplined cost controls and there were no investment rounds made during the year. We invested early in Timely's journey and the company has performed consistently well. The last major external investment was in November 2017, with a \$7 million investment by Movac. Punakaiki Fund did not invest in this round. LWCM receives regular updates from Timely, and provides occasional feedback and advice.




Shareholding: 6.3%
Founders: John-Daniel Trask, Jeremy Boyd
Directors: John-Daniel Trask, Jeremy Boyd, Sergio Van Dam, Robert Woodward

First Investment: April 2014

[Raygun](#) provides a software intelligence platform that enables customers to ensure that their software is being experienced the way they intended. The platform consists of software crash and error reporting, real user monitoring, user and deployment tracking, and Application Performance Monitoring (APM), which launched in September 2018. Raygun is headquartered in Wellington, and also has offices in Seattle, Washington. Raygun was largely unaffected by the COVID-19 pandemic, and while the company did not experience any material growth during the period, neither did it suffer a significant contraction in revenues. Over time however, as the global economic downturn inevitably affects their clients' businesses, Raygun may in turn see some increase in customer churn. In FY2019, Raygun announced a \$15m self-funded investment into its New Zealand operations, including the hiring of 70 additional team members over the next two years. This has been delayed due to mitigating the effects of COVID-19.

Raygun has grown sustainably and has not raised any additional capital this year. The last major investment event was in February 2016, where Punakaiki Fund was one of several investors. LWCM receives regular updates from Raygun and provides occasional feedback and advice.



Shareholding: 15.0%
Founder: Tarik Mallett
Directors: Tarik Mallett, Matthew Mallett, John-Daniel Trask, Butch Langlois, Mark Vivian

First Investment: October 2015

[Mobi2Go](#) is a digital ordering and engagement platform for the hospitality sector, currently used across New Zealand, Australia, USA, Canada, UK, and Asia. It allows food service businesses to save time and increase revenue by accepting customer orders straight into the business' point of sale system. Customers can order and pay for menu items through mobile or web, and even select a time to pick it up fresh from the kitchen. Mobi2Go's advantage is that it allows clients across the hospitality sector to deliver a branded experience that they can control. Mobi2Go has been successfully targeting customers with 100+ restaurant locations including Mad Mex (New Zealand and Australia), Edo Japan (Canada), Columbus Coffee (New Zealand) and Carls Junior (New Zealand). Mobi2Go has offices in Wellington, Melbourne and Toronto.

COVID-19 had a strong positive effect on Mobi2Go, which helps its clients by lowering customer touch points and enabling takeaway orders for dine-in restaurant customers. While being exposed to the hospitality sector more generally (which has been severely impacted by the pandemic), Mobi2Go is in good shape and is positioned well as New Zealand and other geographies reopen. Mobi2Go experienced a significant increase in revenues immediately following the end of FY2020.

In FY2019, Mobi2Go's Series A investment round was led by Movac with a small contribution from Punakaiki Fund, resulting in Punakaiki Fund's shareholding being diluted to 16.1% as at March 2019. Punakaiki Fund's shareholding was diluted further following a similar round after the end of FY2020 to 15.0%. LWCM has board observation rights, receives regular updates and has assisted with the appointment of JD Trask to the board, capital structuring options and product usability.





Shareholding: 20.0%

First Investment: February 2017

Founders: Barney Chunn, Dan O'Donoghue, Peter Simons

Directors: Barney Chunn, Dan O'Donoghue, Peter Simons, Simon Wilson, Lance Wiggs

[Conqa](#) (officially QA Tech Limited) provides software that allows multiple parties in the construction industry to do all of their quality assurance planning and execution online and on mobile. Conqa keeps all quality assurance documentation in one secure location, while letting their customers have all of their hold points, checklists, photos and notes at their fingertips. The software improves on-site productivity and, in some cases, accelerates the council building inspection sign-off process. Conqa's clients include Fulton Hogan, CMP Construction and Hawkins Construction in New Zealand, and Multiplex and Gannell in Australia. Conqa's software is used across thousands of construction sites and is embedded in \$5-10 billion of construction projects. Conqa is based in Auckland with an office in Melbourne.



All New Zealand construction sites served by Conqa were shut down during Pandemic Level 4, however clients continued to pay monthly software subscription fees to the company. In Australia, construction was considered essential service, and work continued. Conqa is exposed to the impacts of the pandemic and resulting economic challenges on construction, but is also able to help sites and inspections through allowing more quality assurance and inspection activity to take place remotely, as well as to take advantage of fiscal stimulus into construction projects. Conqa has grown its revenue through the COVID-19 period.

Conqa raised \$2m capital securing investment and strong support from notable construction and property development industry players. Punakaiki Fund was Conqa's first institutional shareholder and has continued to support the company with smaller funding rounds through FY20, while Conqa was focused on a material capital raise. Following this fundraising effort, which closed in December 2019, Punakaiki Fund's shareholding increased to 20%. LWCM provides active governance assistance and has provided advice on product, customers and pricing, capital raising, and sales growth.





Shareholding: 48.5%

First Investment: March 2015

Founders: Anya Anderson, Glen Duffield, Steve Williamson, Jonny Simpson

Directors: Anya Anderson, Shaun Ryan, **Lance Wiggs**

[RedSeed](#) offers an end-to-end solution through proprietary and customised modules in a SaaS Learning Management System for large retailers looking to increase sales through their sales team. With over 50,000 active trainees, RedSeed has a significant footprint in the New Zealand retail business market, with clients including Foodstuffs, Icebreaker, 2degrees, Max, Kathmandu and Revlon. RedSeed is based in Christchurch and has an office in Australia. Recently RedSeed increased its footprint in Australia with clients including Drummond Golf, Weber, True Alliance Group, General Pants, Beaumont Tiles and Red Bottle. RedSeed had a 35% increase in revenue in FY2020, with significant customer acquisitions and reaching cash flow profitability in Australia. The company has clearly proven their impact for Australian retailers.

The company is very exposed to physical retail stores and their valuation was initially marked down due to COVID-19. However the company traded through the period very well. While some of their large retailer customers were closed during the pandemic lockdown, others saw record trading. Meanwhile RedSeed saw its training application used heavily for staff training when staff were unable to work in-store.

RedSeed created a wellness course in conjunction with a Christchurch-based psychologist and offered it free to all of their customers to help them help their employees, as well as providing other free training modules for retailing in an COVID-19 environment. These were very well received and enabled RedSeed to start conversations with organisations outside of their core target market

Punakaiki Fund agreed to purchase additional shares in two tranches from a RedSeed co-founder early in 2020. The first tranche was purchased before the financial year-end, and the second after the end of FY2020. After the latter purchase Punakaiki Fund's shareholding increased to 48.5%. LWCM is active in the governance of RedSeed including advice on local and international strategy and growth, pricing, balance sheet management and executive recruitment negotiations.



Boardingware

Shareholding: 31.1%*

First Investment: February 2015

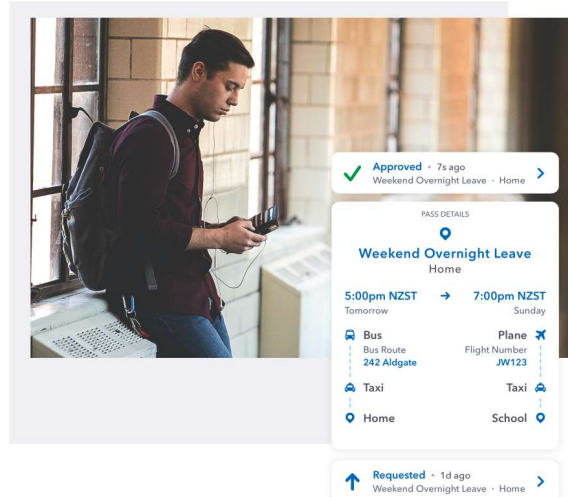
Founders: Paul Organ, Kurt Meyer

Directors: Paul Organ, Kurt Meyer, **Lance Wiggs**

[Boardingware](#) helps boarding schools streamline operations and deliver the best care to their students and families using a SaaS product. The product is used by over 230 elite schools across the globe, particularly in the United Kingdom, the United States, Australia and New Zealand. The company has started expanding into the day-school market as the 'Student Enablement Platform' for independent schools. The day-school brand, 'Orah', will eventually replace the Boardingware name and new products are being developed to sell into various school departments. Boardingware is headquartered in Auckland, with offices in the United Kingdom, the United States and Australia. The main COVID-19 risk to Boardingware is from schools closing down for a long time or permanently due to loss of financial viability. This is seen as relatively unlikely for almost all of Boardingware's boarding school customers, but times are uncertain. Due to a combination of long-term contracts, the release of COVID-19 specific offerings such as 'contact tracing' and 'symptom surveys', as well as disciplined cost control, Boardingware appears to have weathered the COVID-19 storm well so far.

Punakaiki Fund acquired a 16.7% shareholding in Boardingware in their first external round in February 2015 and followed this with an additional investment in July 2015, increasing its shareholding to 28.6%. In FY2019, Punakaiki Fund made another small investment in Boardingware, increasing its shareholding to 30.1%. LWCM assistance has primarily focused on international and domestic sales, and financial management.

* Excludes the dilutionary impact of employee options.





Shareholding: 37.7%*

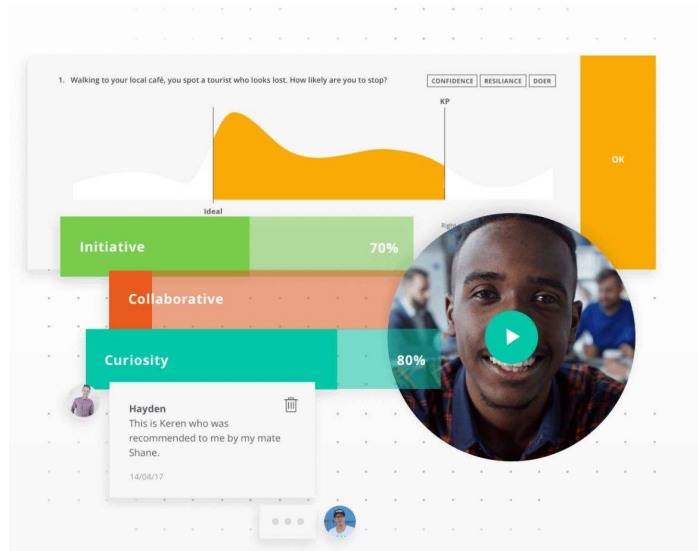
First Investment: February 2015

Founders: Dale Clareburt, Simon Martin, Keren Phillips, Hayden Raw

Directors: Dale Clareburt, Lance Wiggs

Weirdly helps their enterprise customers speed up their front line staff hiring process, while getting better quality hires, improved retention, and a providing top-shelf candidate experience. With a range of simple, fun recruitment assessments built on a sophisticated algorithm, [Weirdly](#) puts soft skills and values at the heart of the employee candidate experience. Weirdly's software allows candidates to complete assessments within the candidate's own customised talent profile. This data then populates into Weirdly's recruiter customer relationship management system, which is configured with automated interview scheduling and document management for high speed candidate screening.

Weirdly has staff in Auckland, Sydney and San Francisco. Weirdly has been securing a number of notable customers and developing a material sale pipeline. Weirdly's current customers include Target, Kmart, Uber, Square, IBM, Atlassian, Afterpay and The Warehouse Group - with consistently positive feedback received from all. COVID-19 presented negative short-term impacts for Weirdly, with revenue from some customers subsiding due to business and site closures. We applied a COVID-19 discount as the recruitment and staffing industry is suffering from hiring freezes, with existing staff returning after lockdown, rather than new staff being hired. However, with now more people looking for fewer roles, and a rapid shift to digital recruitment tools, Weirdly is now seeing very strong demand from enterprise clients in Australia and Europe, and is reporting strong revenue growth.



In March 2020, Punakaiki Fund lead a \$1.8m investment round, including conversion of previously issued convertible notes, with K1W1 and New Zealand Growth Capital Partners' Aspire Fund participating. Punakaiki Fund's current shareholding is 37.7%*. LWCM has in the past provided advice on product, pricing, sales growth, founder roles and capital structuring.

* Excludes the dilutionary impact of employee options.



Shareholding: 19.6%

First Investment: December 2015

Founders: Belinda Johnson, Richard Johnson

Directors: Belinda Johnson, Richard Johnson

[QUBEdocs](#) integrates with IBM's Planning & Analytics to automate the generation of documentation for analytics models. Qubedocs product is an auto-documentation tool for IBM's Cognos TM1 software, which gives Chief Financial Officers comfort in being able to track integrity and changes in their financial models. Qubedocs is owned by the Mindful Group and have offices in Auckland, Wellington and the United States.



Shareholding: 17.5%

First Investment: June 2020

Founder: Stephen Pool

Directors: Stephen Pool, Nadine Hill

[Core Schedule](#) is a SaaS-based scheduling software that allows hospitals and other medical service providers to develop and administer staffing rosters. Core Schedule helps reduce the time required to perform complex and dynamic rostering, improve staff control of their own roster and reduce the chance of over-tired or under-certified medical professionals treating patients. The company is at the lower end of our SaaS revenue mandate and is well positioned to help hospitals manage in this time of COVID-19. Core Schedule serves hospitals in New Zealand, Australia and the USA.



Non-SaaS Investments

ONCEIT

Shareholding: 25.6%

First Investment: February 2015

Founders: Jay Goodey, Keri Henare, Craig Boxall

Directors: Jay Goodey, Craig Boxall, Simon West, **Lance Wiggs**

Based in Auckland, [Onceit](#) is an ecommerce site and marketplace selling premium and own branded products in a number of categories including apparel, homeware & beauty. Onceit continued its year-on-year trend of strong and stable performance through FY20, with solid revenue growth, multiple record sales months, new membership milestones, and efficiencies gained in their warehouse operations.

Despite a tough start to the COVID-19 period where sales dropped away, Onceit was then able to supply essential goods and then bounced back in the subsequent months, to perform well overall, benefitting from the general trend to online retailing.

Punakaiki Fund has received dividends from Onceit each year, starting in July 2015, with total dividends now exceeding the amount that we originally invested into Onceit. This, along with strong growth, has contributed to a very high annualised growth in the value of Onceit to Punakaiki Fund.

Onceit's board includes Simon West, the former Executive Director of Max Fashions and current CEO of Torpedo 7. The last investment event was the purchase of shares by Simon West in late 2015. LWCM is active in the governance of Onceit, with Lance joining the board as an independent director before our first investment and assisting with the board appointment and the sale of shares to Simon West.

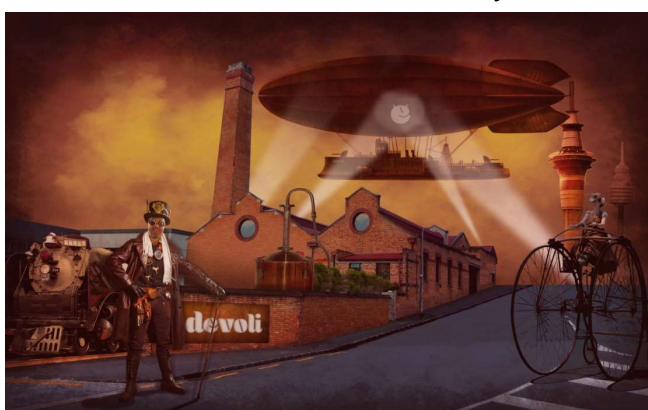


Shareholding: 53.9%*

First Investment: June 2014

Founders: Barry Murphy, Davey Goode

Directors: Brooke Paterson, Sean Hannan, **Chris Humphreys**, Martyn Levy, Rebekah Murphy, **Rohan MacMahon**



[Devoli](#) is an Internet Service Provider that provides wholesale and corporate telecommunication services, including to Contact Energy's retail broadband customer base. The company has recently improved its network capacity and reliability through the rollout of new equipment throughout its core network, landed a highly material client (Contact Energy) and is attracting interest in its virtual ISP product, which allows non-ISP brands to easily become ISPs. Devoli won the Contact Energy contract, and previously the Stuff Fibre contract, from Vocus Communications.

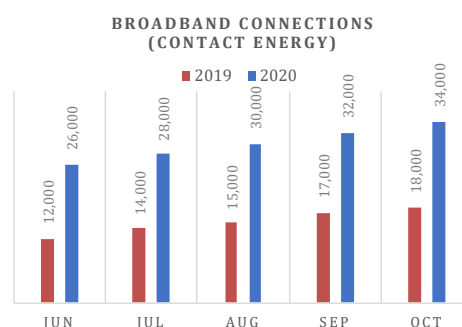
Unfortunately, Vocus purchased Stuff Fibre in 2020.

Stuff Fibre had been Devoli's largest customer, and the Stuff Fibre customers have now migrated back to the Vocus network. Fortunately, Contact Energy has more than offset this loss, combining strong growth during the year from new Contact Energy broadband customers being onboarded with the recent migration of existing Contact Energy broadband customers from Vocus to Devoli. Devoli company revenues have increased significantly as a result.

Devoli reports that it has received excellent feedback on the benefits of the Devoli virtual ISP solution from Contact Energy staff, in terms of customer satisfaction, ease of use for Contact Energy's customer service staff and the ability to scale in terms of new customer acquisition. Contact Energy now regularly reports their broadband connections, shown in the chart to the right.

Devoli is seeing industry-wide interest in and approaches from other enterprises due to Devoli's ability to lower the burden on retail ISP staff and increasing customer satisfaction.

As a telco, Devoli was deemed an essential business, so continued to operate during COVID-19 Pandemic Levels 4 and 3, with staff successfully transitioned to working from home. Whilst business end-users in New Zealand used



very little on-premises capacity, at-home users consumed a lot more capacity, resulting in large increases in data and calling volumes, as well as usage plan upgrades.

Devoli continues to grow rapidly and is cash flow positive.

At the end of FY2020, Punakaiki Fund had agreements in place to purchase shares from founders. These additional shares were purchased in June 2020, and there are now no remaining legacy agreements to purchase further Devoli shares. LWCM is active in the governance of Devoli with Chris Humphreys and Rohan MacMahon on the Board of Directors. We note that John Wiggs, brother of LWCM's Lance Wiggs, beneficially owns 4.0% of Devoli.

Our early commitment to Devoli, along with on-going investment into Devoli shares and prior and recent revenue growth has resulted in strong gains in the value of Punakaiki Fund's investment. The investment now represents over 25% of the investment assets of Punakaiki Fund.

** Excludes the dilutionary impact of employee options.*



Shareholding: 17.7%

First Investment: November 2017

Founder: Andrew Stevens, Iannick Monfils

Directors: Andrew Stevens, Iannick Monfils, Heather Grace, Roy Moody, Lance Wiggs

[Quantifi Photonics](#) develops and manufactures advanced coherent and non-coherent light (laser) test equipment for the global fibre optic communications market. The company also has a number of new technologies in development which will expand the company's market from labs, advanced research and development facilities to hi-tech manufacturers. The company was incorporated in August 2012 as a spin out from Southern Photonics in order to grow the latter company's optical testing equipment business. Quantifi Photonics is headquartered in Auckland.

Despite the cancellation of or poor attendance at international trade shows, Quantifi Photonics closed the financial year with a very strong March quarter. While delivery delays and supply chain disruption had a short term negative effect on Quantifi Photonics, the sales pipeline is strong, and the continued rise in demand for high-end photonics equipment should continue to fuel the rise in demand for Quantifi Photonics products, promising a strong FY2021 and beyond.

In FY2020 the Company closed a material capital raising using convertible notes. Punakaiki Fund did not participate in this round, with its total shareholding remaining unchanged at 17.7%. LWCM continues to be active in the governance of Quantifi Photonics.



Shareholding: 32.3%*

First Investment: December 2014

Founding Executives: Siobhan Bulfin

Directors: Siobhan Bulfin, Brian Russell, Lance Wiggs, Paula Snowden, Nadine Hill

[Melon Health](#) provides people living with long term conditions the tools, support and information to help manage their health. Within two weeks of the COVID-19 lockdown they launched a platform to support New Zealanders struggling with emotional distress, funded by the Ministry of Health. Melon's digital self-management platform provides patients and providers with the tools, support and information to support behaviour change and self-efficacy resulting in better health outcomes, reduction of utilisation of health services and lowering the economic burden of chronic disease. Melon's customers are health care payers, insurers, pharmaceutical companies and health care delivery organisations in New Zealand, Australian and the United States. They include Primary Health Organisations, District Health Boards and the Ministry of Health in New Zealand, nib in Australia, and Oscar Health in the United States. A 2015 trial for Midlands Health Network saw over 80% of pre-diabetes patients using Melon Health's platform achieve measurable, positive outcomes, with similar results after rollout. The Ministry of Health funded Melon Health to deliver a 2.5-year pilot supporting 18-25 year-olds with mild to moderate mental health needs in partnership with Tu Ora Compass PHO. Melon Health is based in Wellington with an office in the United States.

In FY2019, Punakaiki Fund lead Melon Health's \$3.3 million funding round with \$2.0 million commitment, with the option to invest another \$2.4 million by the end of FY20 (which was not carried out). Co-investors included K1W1 and Impact Enterprise Fund. LWCM is active in the governance of Melon Health, with monthly board meetings, and a focus on strategic sales, financial management and accelerating growth.

** Excludes the dilutionary impact of employee options.*



Other Investments



Seven portfolio investments are considered non-core to Punakaiki Fund as they have been written off, their assets have been largely sold, their current valuation is very low and/or they are not technology companies. Together with an eighth company, Influx, that has been completely sold, these investments have returned \$2 million in cash and have a residual value representing 3% of the value of the total investment portfolio.

[NZ Artesian Water](#) is no longer considered to be in Punakaiki Fund's investment mandate due to the use of plastic bottles, which is contrary to our Socially Responsible Investment Policy, and has also been written down in value. Punakaiki Fund's current shareholding of 23.6% is expected to reduce to 17.7% as other investors increased their investments in NZAW. Lance Wiggs resigned as a director of NZAW during FY2020.

[ThisData](#)'s assets were acquired by private, US-based company OneLogin in April 2017 in exchange for OneLogin shares. Punakaiki Fund's shares in ThisData are held for exit.

[Hayload](#) is a SaaS company with agricultural contracting tracking software. Punakaiki Fund's investment in Hayload has been written off. Chris Humphreys resigned as a director of Hayload during FY2020.

[Populate](#)'s SaaS software provides management capabilities especially around organisational headcount and job approvals. Punakaiki Fund's investment in Populate has been written off.

[Family Zone](#) acquired Punakaiki Fund's 20% shareholdings in [Linewize](#) in November 2017 in exchange of NZ\$40,000 in cash, 1,913,708 Family Zone ordinary shares and 1,900,000 Family Zone performance shares. Punakaiki Fund has sold almost all of these shares, and currently holds only 600,000 performance shares, which are held for exit, but have minimal value.

[EverEdge](#) shares were sold in a \$1.45 million transaction in August 2020. NZ\$0.55 million in cash was paid upfront to Punakaiki Fund, with EverEdge committing to make payments totalling \$400,000 plus interest over the next four to five years, and a payment of \$500,000 plus interest upon EverEdge completing an exit event.

[Mindfull Limited, which is a subsidiary of Mindfull Group](#), sold its assets in a transaction in November 2020. We retain a 19.6% interest in Mindfull Group, which also owns QubeDocs.



Board of Directors

Mike Bennetts (Chair)

Appointed September 2015, re-appointed September 2017 and September 2019

Mike is the CEO of Z Energy, one of New Zealand's largest retail and wholesale fuel businesses and is a director of Loyalty New Zealand Limited. He previously worked for 25 years with BP in a variety of downstream roles in New Zealand, China, South Africa, the United Kingdom and Singapore.

Mike has a BBS and Postgraduate Diploma in Corporate Management; and is a member of the Institute of Directors in New Zealand.

Mike Bennetts has a less than 5% shareholding and is an independent director.



John Berry

Appointed September 2015, re-appointed September 2017 and September 2020

John is the co-founder and CEO of Pathfinder Asset Management. John's previous roles were at law firms and investment banks, including as Head of Execution at Deutsche Bank Structured Capital Markets Europe.

John has a Bcom/LLB (Hons) and is on the board of the Men's Health Trust NZ. He is also a member of the government-appointed Code Working Group, which has designed a new code of conduct for financial advice in New Zealand.

John Berry has a less than 5% shareholding and is an independent director.

It is John's intention to stand down from the Punakaiki Fund Board of Directors at the end of calendar year 2020.



Teressa Betty

Appointed September 2020

Teressa has a wide range of experience encompassing senior leadership and executive-level roles in risk management, legal, strategy, business management and governance.

Teressa is currently in an enterprise risk management and strategy consulting role, is President and Director of the NZ & Pacific Islands Chapter of the Global Risk and Insurance Management Society (RIMS) and Vice Chair of RIMS Global Diversity & Inclusion Advisory Council. She also founded NZ Diversity in Risk.

Teressa brings deep legal and financial services experience served across the New Zealand, Australian and London markets, has a Bachelor of Laws from Victoria University and is a Barrister and Solicitor of the High Court of New Zealand.

Teressa is an independent director.



Blake Richardson

Appointed March 2019

Blake is a director, investor and consultant, responsible for a range of investment activities for a Waikato based family office, including high growth and early stage investing. Blake has experience as a tax consultant with BDO, in-house lawyer for Imarda and founded Sabre Developments, a residential development company applying alternative housing models to drive affordable housing solutions. Blake has an LLB and Bcom from Otago University, and MBA from Trinity College Dublin.

Entities associated with Blake Richardson have a less than 5% shareholding and Blake is an independent director.



Lance Wiggs

Appointed April 2013, re-appointed September 2016, September 2018 and September 2020

Lance is the co-founder of Punakaiki Fund and a principal with LWCM. His biography is set out below. Lance Wiggs is an executive director, as he is one of the principals of the Manager.

The Manager

Punakaiki Fund's manager is LWCM Limited ("LWCM"), owned by Lance Wiggs and Chris Humphreys. Lance, Chris and a team of three other full time staff and five part time staff provide a combination of finance and business experience in the technology, internet and design-led sectors. The company is based in Auckland with offices in Auckland, Wellington and Te Anau. LWCM only manages Punakaiki Fund at this time, but is examining establishing other funds, including a specialised climate change technology-related venture capital fund which will have the ability to invest in businesses outside of Punakaiki Fund's existing investment mandate.

Lance Wiggs - Principal

Lance is the primary contact for most of the existing and new investments and is a director of eight of Punakaiki Fund's Portfolio Companies. He was also a director of Linewize until his resignation following its acquisition by Family Zone in late 2017, of Devoli until early 2017, when he was replaced by Chris Humphreys, NZAW until his resignation in October 2019 and EverEdge until his resignation in August 2020.

Lance and Chris commenced working on what would become LWCM and Punakaiki Fund in late 2012, and together they have made 112 different investment placements in the six and a half years since the formal launch of Punakaiki Fund in April 2014.

Lance combines a wide variety of global experience with advising, investing and founding high-growth companies in New Zealand since 2003.

Lance has helped hundreds of high growth companies through New Zealand Trade and Enterprise's (NZTE) programmes, starting in 2009 with Better by Design and from 2013 through Better by Capital and Investments. Lance holds a contract with NZTE Investments for work on an ad-hoc basis.

Lance was previously a member of two Return on Science Investment Committees, ICT where he was the Chair for several years, and Physical Science. These committees, convened by Auckland University's UniServices, make investment recommendations and provide advice to pre-commercial stage researchers and companies.

Lance was the investment-banking advisor for Trade Me on its sale to Fairfax Media for \$750 million in 2006, and has advised a large number of local early-stage companies over many years. He was an



Engagement Manager with McKinsey & Company in Washington DC, contracted to the European Bank for Reconstruction and Development in London and consulted to BHP Billiton plants in South Africa, Australia and Mozambique. Lance was also an elected Councillor for InternetNZ.

Lance has an MBA from Yale University (Strategy, Finance) and a Bachelor of Technology (Hons, Product Development) from Massey University. He has been a regular judge for the Hi-Tech Awards and other events. Lance has a number of active and inactive private investments, made before Punakaiki Fund was founded.

Chris Humphreys - Principal

Chris brings significant corporate finance experience and rigour to the team, leading the valuation, due diligence and formal processes such as contract review for a large share of the 102 investment placements made by Punakaiki Fund. Chris performs investment investigations independently from Lance, and investments are only made when both agree to the investment and terms. Chris is a director of one of Punakaiki Fund's Portfolio Companies (Devoli).



Chris formerly performed financial modelling, due diligence, deal structuring and deal advisory work for clients while at PwC, where he was an Associate Director.

Chris holds a BSc and PGDipCom (Finance) from the University of Otago and a Bcom (Accounting, Finance and Information Systems) from the University of Canterbury. Chris is a CFA charterholder.

Lance and Chris met at Pacific Fibre, a company that Lance co-founded with several notable New Zealanders to build a US\$300 million fibre optic cable between Australia, New Zealand and the United States. Following Pacific Fibre ceasing operations, Lance approached Chris about forming LWCM, with the intention of establishing a new growth orientated investment company.

Chris is based in Te Anau (Southland), travelling regularly to Auckland.

Nadine Hill – Investment Manager

Nadine Hill has 15 years of experience in international capital, including with Westpac and NZTE. She has significant experience in originating, structuring and executing funding solutions for Australasian companies to support their growth, and a strong network in the start-up eco-system, helping over 35 start-ups raise capital.

Nadine has a Bcomm (Finance) from Massey and is based in Auckland.



Operation of Punakaiki Fund

Board Responsibilities

The Board's core responsibilities include approving and monitoring adherence to the investment objectives, oversight of risk management, strategies, policies and philosophies of Punakaiki Fund, and to ensure Punakaiki Fund meets its statutory obligations. These are reviewed on a regular basis, with policies being added and extended as Punakaiki Fund grows.

Parts of these core responsibilities include monitoring LWCM's and Punakaiki Fund's performance. This involves monitoring and valuing Punakaiki Fund's investment portfolio, assessing portfolio risk, and ensuring that expenditure by Punakaiki Fund is made on a prudent and appropriate basis.

The Board is responsible for communications with Shareholders and other stakeholders. This includes approving the quarterly and annual reports, and conducting the annual Shareholders' meeting.



The Board also has the responsibility to consider any recommendations made by LWCM that are outside of the normal scope of LWCM's management mandate. These include proposed investments with related parties, investments that would result in more than 20% of Punakaiki Fund's value placed into one company, investments outside of New Zealand, potential conflicts of interest and all divestments.

Valuation

The Board is responsible for the valuation of the assets of Punakaiki Fund. This includes valuing the assets of Punakaiki Fund for the purposes of quarterly reporting, raising capital and setting the quarterly Management Fee.

LWCM currently prepares valuations of Punakaiki Fund's Portfolio Companies, including the formal year-end valuation report. The Board retains the right to seek independent valuation advice or to change the value of individual investments as it sees fit. The Board selected two independent valuers to provide independent valuations of Devoli and Boardingware respectively in 2018 and subsequently re-engaged the Devoli valuer to independently revalue that company twice in 2020.

While the advice of LWCM or any independent valuer is important in assisting the Board to determine the valuation of Punakaiki Fund's investments, the final determination of these valuations is the sole responsibility of the Board, excluding Lance Wiggs who, as a principal of LWCM, is conflicted. The valuation at each financial year-end is audited.

LWCM endeavours to use the same valuation approach when assessing and negotiating the price of new investments as that adopted by Punakaiki Fund for reporting purposes.

It should be noted that LWCM's involvement in the valuation process presents an underlying conflict as LWCM's Management Fee is based on Punakaiki Fund's assessed Accounting Net Asset Value, which is directly impacted by the carrying values of Punakaiki Fund's investments. LWCM's Performance Fee is also based on the value of Punakaiki Fund's investments; however, it is likely that the first payment of the Performance Fee will be triggered by Punakaiki Fund listing its Shares on a stock exchange. At that time the Performance Fee will be based on the market value of Punakaiki Fund based on the IPO price of the Shares, rather than the internal valuation of the Portfolio Companies. LWCM has agreed to defer part of this initial Performance Fee payment for a period after any IPO, providing for the Share price, which drives the Performance Fee, to move to a more typical post-IPO trading price.

These conflicts are currently addressed by the Board having the responsibility to approve all valuations, and by having the valuation and accounts audited at the end of Punakaiki Fund's financial year.

Punakaiki Fund's Investment Valuation Policy can be found in the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008). The Investment Valuation Policy is consistent with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines which were updated in December 2018.

Board Meetings

The Board meets a minimum of five times each financial year. The Board holds additional meetings as required to consider ad hoc matters, including capital raising activities.



Board Remuneration

The director fee pool is \$80,000 plus GST (if required) per annum. The Board has fixed director fees at \$15,000 per year for each director and \$20,000 for the Chair, Mike Bennetts. Lance Wiggs does not receive director fees.

All directors are also entitled to be reimbursed for all reasonable travel, accommodation and other expenses that they incur when carrying out their Board duties.

Board Appointment

Directors can be appointed or removed by a majority vote of Shareholders. The Board has authority to appoint a director to fill any vacancy or as an addition to the existing directors. Any such appointment will cease at the time of the next annual meeting of Shareholders, at which time the replacement director may also be put up for election.

The maximum number of directors is currently five.

Indemnity and Insurance

Punakaiki Fund has granted an indemnity to each of its directors to the maximum extent permitted by the Companies Act and Punakaiki Fund's constitution. LWCM has put in place Directors & Officers and Statutory Liability insurance for LWCM and Punakaiki Fund as a managed entity of LWCM. The insurance costs are split between LWCM and Punakaiki Fund based on the coverage for each entity.

Limitations on the Power of Directors

Punakaiki Fund's constitution imposes the following modifications, exceptions and limitations on the powers of the directors:

- the directors cannot allow Punakaiki Fund to acquire any of its own equity securities except in accordance with the provisions of the Companies Act and the constitution;
- the directors may not vote on any matter in which he or she is interested unless the matter is one in respect of which directors are required to sign a certificate under the Companies Act, or which relates to the grant of an indemnity for a director or employee or where a majority vote of Shareholders has been obtained; and
- the directors cannot allow Punakaiki Fund to enter into any major transaction (as that term is defined in the Companies Act) without the prior approval of a special resolution of Shareholders.

Governance Policies

The Board has adopted a number of policies and procedures governing Punakaiki Fund. Various policy documents are contained on the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008).

Management Agreement

Under the Management Agreement, LWCM is appointed by Punakaiki Fund to be the exclusive provider of investment management and certain administrative services to Punakaiki Fund for an initial period of ten years commencing on 24 March 2014. LWCM has been given broad powers to deal with and manage the assets of Punakaiki Fund, including exercising voting rights and undertaking all other things considered necessary in respect of the investee companies. LWCM is responsible for adhering to the various policies, objectives and directives set by the Punakaiki Fund Board from time to time, including ensuring that the Board is kept fully informed about material matters relating to investments and Punakaiki Fund itself.

The Management Agreement is expected to be extended for subsequent terms beyond the initial period, provided that the Board is reasonably satisfied with the performance of LWCM. The Board formally reviews the performance of the Manager each year.



At any time either LWCM or the Board may terminate the Management Agreement for cause by giving notice when certain events occur, such as non-performance of management duties or certain default events. Normal conflict of interest rules apply in these circumstances (i.e. Lance Wiggs would not be allowed to vote as a Punakaiki Fund director). The Management Agreement may also be terminated by resolution of Shareholders if 50% or more of Shares on issue are voted in favour of replacing the Manager. In the event that the Management Agreement is terminated, LWCM will be entitled to be paid all fees (including any accrued Performance Fee) and amounts due up until the date of termination, and if the termination is by way of Shareholder vote, one additional quarter of Management Fees. There is no termination penalty fee in any termination scenario.

The Management Agreement can be found in the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008).

Limitation of LWCM's Liability

LWCM provides no warranty as to the performance, profitability or capital appreciation of any of the companies in which Punakaiki Fund invests. Furthermore, LWCM's liability for any loss or damage sustained by Punakaiki Fund or a Shareholder as a result of its performance is limited to loss or damage due to the gross negligence, intentional fraud, dishonesty, wilful default or any action not taken in good faith, of LWCM or that of its officers, employees, advisors or agents.

Managing Conflicts

LWCM is not permitted to invest Punakaiki Fund's assets into any company in which Lance Wiggs, Chris Humphreys or any other director or employee of LWCM has an interest, without the express consent of the Board. Lance Wiggs' brother, John Wiggs, has beneficial and indirect interests totalling 4% of Devoli Limited.

Lance Wiggs, Chris Humphreys and LWCM are not able to make any personal investments into businesses that can be invested in by Punakaiki Fund without first receiving from the Board an exemption to do so, on a case-by-case basis. Any interested directors are not permitted to vote on such resolutions.

For clarity, Punakaiki Fund has priority over all new private, New Zealand-based investment opportunities presented to Lance Wiggs, Chris Humphreys and LWCM. In practice, this means that Lance Wiggs, Chris Humphreys and LWCM do not invest separately to Punakaiki Fund (including crowd funded investment opportunities), with the only exceptions being investments into publicly listed companies and when Lance Wiggs has pre-emptive investment rights from his existing personal (i.e. pre-Punakaiki Fund) holdings.

All Directors and LWCM are prohibited from making any co-investments with Punakaiki Fund unless approved by Shareholders.

Portfolio Company Board Appointments

The directors of Punakaiki Fund, excluding Lance Wiggs, have agreed that they may not become directors of any Portfolio Company. Directors or staff of LWCM and contractors to LWCM are not restricted from becoming directors on the boards of companies in which Punakaiki Fund has invested. Where these companies pay fees to board appointees that are LWCM staff, and these staff are engaged by LWCM for the purposes of managing Punakaiki Fund's Portfolio Companies, then any fees paid shall be deducted from the Management Fees paid to LWCM by Punakaiki Fund. Where the staff member is not engaged by LWCM for the purposes of managing Punakaiki Fund's portfolio companies, the appointee shall be entitled to retain these fees. No director fees are currently being paid by Portfolio Companies to LWCM directors or staff. One LWCM contractor (Rohan MacMahon) not associated with the management of Punakaiki Fund, receives fees as a director of Punakaiki Fund Portfolio Company Devoli Limited.



Costs of Operating Punakaiki Fund

Punakaiki Fund has been designed to minimise operating costs as a percentage of assets. The main operating costs relate to the payment of Management Fees and Performance Fees to LWCM.

Management Fee

Punakaiki Fund pays LWCM a Management Fee equivalent to 2% of Punakaiki Fund's Accounting Net Asset Value per annum, plus GST. If the Accounting Net Asset Value exceeds \$50 million then fees applicable to the portion of the Accounting Net Asset Value over \$50 million are charged at the lower rate of 1.5%. The Management Fee is payable quarterly in advance to LWCM.

Performance Fee

A Performance Fee is payable to LWCM conditional upon a predetermined level of performance and payment is triggered only when certain events occur. The most likely event that will trigger payment is the listing of Punakaiki Fund Shares. Once Punakaiki Fund is listed, a Performance Fee will also be payable at the end of each subsequent financial year. The Performance Fee is also payable if the Management Agreement is terminated or where the Board determines non-payment would be inequitable to LWCM.

The Performance Fee is calculated as 20% of the increase in the Market Value of Punakaiki Fund (excluding new capital raised) since the last Performance Fee (if any) was paid, subject to both a minimum 10% per annum increase in the Market Value (for each tranche of capital raised by Punakaiki Fund) and the Market Value being higher than when the previous Performance Fee was paid (the 'High Water Mark'). The full details of the Performance Fee calculation, including how the fee is calculated at IPO using the IPO price of each tranche of Shares issued versus the original issue price, are contained within the Management Agreement, which can be found in the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008).

At the time of any IPO of Shares, the Market Value of Punakaiki Fund will be based on the offered price of the Shares in the IPO. LWCM has agreed to defer part of any initial Performance Fee due to be paid at the time of IPO so that a subsequent volume weighted market price of the Shares (which may differ from the IPO price) is used to calculate the full amount of the initial Performance Fee.

The Performance Fee will be paid by the issue of new Shares and cash. The cash component is intended to allow LWCM to pay for any tax expense that LWCM incurs in connection with the Performance Fee. Based on the current corporate tax rate in New Zealand, we expect that the Performance Fee will initially be paid 72% in new Shares and 28% in cash. The Shares relating to the Performance Fee may not be sold for 180 days unless Board approval is obtained.



A simplified example of how the Performance Fee is calculated is set out below:

PERFORMANCE FEE EXAMPLE, BASED ON AN INITIAL VALUE OF \$50 MILLION

Punakaiki Fund Value	Calculation of Performance Fee	Gains/ Losses after Performance Fee	Total Performance Fee
\$45 million after 2 years	The Year 2 Market Value is beneath the initial value of \$50 million.	\$5 million loss (10% loss)	\$0
\$55 million after 2 years	The Year 2 Market Value is beneath the two-year 10% benchmark (\$60.5 million).	\$5 million (10% gain)	\$0
\$65 million after 2 years	The Year 2 Market Value is above the two-year 10% benchmark (\$60.5 million). The 20% Performance Fee applies to the \$15 million increase in value.	\$15 million (30% gain)	\$3 million of which \$2.16 million is Shares*
\$65 million after 2 years then \$75 million after 2 more years	<p>End of Year 2 Performance Fee Payment The Year 2 value is above the two-year 10% benchmark (\$60.5 million). The 20% Performance Fee applies to the \$15 million increase in value.</p> <p>End of Year 4 Performance Fee Payment The Year 4 Market Value is above the four-year 10% benchmark (\$73.2 million) and the High-Water Mark (\$65 million). The 20% Performance Fee applies to the \$10 million increase in value since the last Performance Fee was paid.</p>	<p>\$15 million (30% gain)</p> <p>Total 4-year gain: \$25.0 million (50% gain)</p>	<p>\$3 million of which \$2.16 million is Shares*</p> <p>\$2.0 million of which \$1.44 million is Shares*</p> <p>4-year total: \$5.0 million</p>

**New Shares issued in Punakaiki Fund*

The accrued performance fee is currently calculated as \$4.71 million. This is 18.0% of the difference between the capital raised to date by Punakaiki Fund (\$38.8 million) and the value of Punakaiki Fund's net assets (\$65.1 million – including accounts payable, but excluding any accrued performance fee), noting that currently not all tranches of shares issued are currently incurring a performance fee liability. Of this \$4.71 million, \$1.32 million (under the current New Zealand corporate taxation rate of 28%) would be paid as cash when the payment of the Performance Fee is triggered. The remaining \$3.39 million would be paid in the form of new Shares.

When paid, the cash component of the Performance Fee is likely to be paid out of Punakaiki Fund's cash holdings. If we do not hold sufficient cash to do so, Punakaiki Fund may have to raise new capital, which, in respect of the first performance fee payment, would likely be done as part of the process of listing its Shares.

Brokerage Fee

Under the Management Agreement, Punakaiki Fund will pay LWCM a brokerage fee of 3% of the value of Shares issued by Punakaiki Fund. The brokerage fee is to be paid on all Shares issued for cash (including this Offer) but not when Shares are issued to settle the purchase of an investment, or to settle any Performance Fee payment to the Manager.



LWCM has agreed that in exchange for the brokerage fee it will assume the costs of each Share issue, including on-paying brokerage fees to pay for brokers, fund raising platforms, promotion and marketing, advisors and other capital raising costs.

Administration Fee

To compensate LWCM for all administrative work that it undertakes on behalf of Punakaiki Fund which is outside of the scope of LWCM's tasks under the Management Agreement, including internal valuation work, shareholder reporting, accounting, legal and compliance work, the board decided that a fixed administration fee would be paid to the manager each financial year based on an agreed scope of works. For FY2021 this fee was determined by the Board to be \$165,000 plus GST. This Administration Fee is paid quarterly in advance to LWCM and the annual amount to be paid will be reassessed as part of the Board's FY2022 budgeting process.

Other Operating Costs

The other main operating costs of Punakaiki Fund are directors fees (up to \$80,000 per annum), insurance (currently approximately \$50,000 per annum), audit services (estimated between \$40,000 and \$50,000 per annum, including anti-money laundering audits every second year), accounting services (the preparation of annual financial statements and day to day accounting requirements – estimated at under \$25,000 per annum), independent valuations of Portfolio Companies (estimated at between \$30,000 and \$45,000 in FY2021), legal expenses (estimated at between \$30,000 and \$40,000 in FY2021) and any external due diligence services used (the professional external vetting of investment opportunities – under \$5,000 per annum to date, although this is expected to increase going forward). LWCM is reimbursed by Punakaiki Fund for all costs and expenses reasonably incurred by LWCM on behalf of Punakaiki Fund which are not LWCM's costs under the Management Agreement.

If Punakaiki Fund's Shares are listed on a stock exchange in the future, there will be associated up-front and on-going fees and compliance costs.

GST

All fees and expenses are exclusive of GST. Under current law, some fees are wholly or partially exempt from GST. If GST is payable on any of the fees or expenses, then the GST component would be payable in addition to the fee or expense stated.

In FY2017, Punakaiki Fund re-registered for GST and elected into the GST Business-to-Business rules, which allows us to claim a refund on a portion (but not all) of our GST inputs.

Cash Management

Punakaiki Fund's structure and the Management Agreement were designed to conserve cash. The Management Fee and the Administration Fee are the only regular obligation to the Manager, with the Performance Fee payable only periodically (but not to date) to the Manager and then mostly (72% currently) in Shares.

The Board aims to maintain a prudent approach to cash management to ensure that Punakaiki Fund retains enough cash to pay for short-term operating costs, including Management Fees. Beyond this, Punakaiki Fund expects to meet its operating costs from the periodic raising of new capital and well as dividends received and the proceeds of the sale of Portfolio Companies.



Equity Capital and Shareholder Information

Equity Securities of Punakaiki Fund

Punakaiki Fund currently has on issue 2,351,822 ordinary fully paid Shares. The number of Shares that will be on issue following the completion of the Offer and Rights Issue is uncertain.

Substantial Shareholders in Punakaiki Fund

As at the date of this PDS, no Shareholders have a relevant interest in 5% or more of the Shares in Punakaiki Fund.

The identity of the persons or entities which may be substantial equity holders following the completion of the Offer is uncertain. New substantial equity holders may emerge following their investment in the Offer.

Relevant Interests held by Directors and Senior Managers

The table below sets out the equity securities in Punakaiki Fund that the Directors and the principals of the Manager have an interest in prior to and (indicatively) following the Offer. This excludes any shares that might be issued due to payment, most likely at or after a listing, of a performance fee to LWCM.

Punakaiki Fund Limited – Equity Holdings held by Directors and the Manager¹						
Name	Holding Type	Equity Type	Relevant Interest Held at the date of this PDS		Relevant Interest Held after Completion of Offer²	
			Shares	Percent of class	Shares	Percent of class
Graeme Lance Turner Wiggs	Registered holder and beneficial owner	Ordinary Shares	69,000	2.93%	69,000	2.93%
	Shareholder and Director of LWCM Limited	Ordinary Shares	214	0.01%	214	0.01%
Michael John Bennetts	Joint registered holder as trustee of the Kammjam Trust	Ordinary Shares	56,571	2.41%	56,571	2.41%
John Charles Berry	Joint registered holder and beneficial owner	Ordinary Shares	11,037	0.47%	11,037	0.47%
Blake Thomson Richardson	Joint registered holder as trustee of NAR Foundation	Ordinary Shares	5,714	0.24%	5,714	0.24%
	Joint registered holder as trustee of NAR Investment Trust	Ordinary Shares	50,286	2.14%	50,286	2.14%
	Shareholder and Director of Tangaroa Ventures Limited	Ordinary Shares	7,924	0.34%	7,924	0.34%
Christopher Murray Humphreys	Registered holder and beneficial owner	Ordinary Shares	366	0.02%	366	0.02%
	Shareholder and Director of LWCM Limited	Ordinary Shares	214	0.01%	214	0.01%

¹ Independent director Teresa Betty does not hold any shares in Punakaiki Fund.

² As there is no minimum amount of Shares being offered under the Offer, the relevant percentage interest held after completion of the Offer are based on no Shares being issued under the Offer. The percentages may change depending on whether or not the shareholders above are issued further Shares, and on the total amount of Shares issued in the Offer.



Interests of Directors and Managers

The table below sets out the total of the remuneration and the value of the other benefits of each director of Punakaiki Fund received in FY2020.

Punakaiki Fund Limited – Director Remuneration and Benefits¹			
Name	Directors Fees	Out of Pocket Costs	LWCM Fees
	FY2020	FY2020	FY2020
Graeme Lance Turner Wiggs	-	-	\$1,696,152 ^{2,3}
Michael John Bennetts	\$20,000	-	-
John Charles Berry	\$16,500 ³	-	-
Amanda Rhean Simpson	\$16,500 ³	\$248 ³	-
Teressa Betty	-	-	-
Blake Thomson Richardson	\$15,000	-	-

¹ Independent director Teressa Betty was not a director of Punakaiki Fund during FY2020.

² This amount includes both Administration Fees, Management Fees and Brokerage Fees.

³ This amount includes GST

The amount paid in FY2020 represents Michael Bennetts, Mandy Simpson, Blake Richardson and John Berry being directors of Punakaiki Fund for all of this period. Those directors that received director fees and reimbursement for expenses incurred by the directors in the performance of their duties as a Punakaiki Fund director only, did not receive any other remuneration from Punakaiki Fund. Lance Wiggs does not receive directors' fees from Punakaiki Fund. Mandy Simpson retired the end of FY2020 and Teressa Betty was appointed in September 2020 (FY2021). Directors' fees for FY2021 are capped at a total of \$80,000.

No director of Punakaiki Fund, with the exception of Lance Wiggs, is a director of a Portfolio Company. In their roles as principals of the Manager, Lance Wiggs is a director of eight Portfolio Companies and Chris Humphreys is a director of one Portfolio Company. No director fees are currently paid by any Portfolio Company to either Lance Wiggs or Chris Humphreys, although both are reimbursed for their reasonably incurred related expenses.

Lance Wiggs' LWCM fees reflect the payment of all Management Fees, Administration Fees and brokerage fees to the Manager (LWCM), where Lance Wiggs is both a director and a shareholder. It does not include any unpaid Performance Fees. While LWCM's costs are not reported to Punakaiki Fund Limited, the intent of the brokerage fees is to cover the costs of fund raising, including payment to external brokers and the intent of the Management Fee is to cover the costs of LWCM's work in managing Punakaiki Fund.

The amount of these payments in FY2021 will vary with the amount of capital that Punakaiki Fund raises in FY2021, any changes in the value of the Portfolio Companies, any dividends received by Punakaiki Fund and the costs incurred to operate Punakaiki Fund. The table below gives example of the fees that would be paid to LWCM as Manager given different scenarios.

Scenario	Funds Raised	Fees
Base	\$5 million Raised	\$150,000 Brokerage
	\$60 million Accounting Net Asset Value	\$287,500 Management Fee per quarter plus GST
High	\$15 million raised	\$450,000 Brokerage
	\$70 million Accounting Net Asset Value	\$325,000 Management Fee per quarter plus GST

Punakaiki Fund does not have any employees.

There are no other material governance disclosures.



3. Purpose of the Offer

Planned Use of Funds – ~50% Old, 50% New

The purpose of this Offer is to raise money to enable us to:

- Invest further in companies in which Punakaiki Fund has already invested; and
- Invest in high-growth companies within our investment mandate in which Punakaiki Fund has not previously invested.

Our ambition is to place half of the funds raised into existing portfolio companies, and half into new companies. This may change in the future depending on the opportunities available and the performance of companies. Punakaiki Fund has no current contracted commitments to make new investments at this time but is in ongoing discussion with a number of companies regarding possible investment.

By deploying the funds raised from this Offer in this manner, we believe we will be able to:

- Improve the long-term value of our holdings in existing Portfolio Companies with follow-on investments, which are aimed at increasing the value of our investments by improving the prospects of each Portfolio Company; and
- Continue to increase the diversity and performance of our portfolio by making investments into new companies within our mandate.

We do not expect that we will need to allocate any funds from this offer to meeting the operating costs of Punakaiki Fund for the next twelve months, as we have sufficient cash assets and anticipated cash flows to meet these costs.

Investments into Portfolio Companies

Punakaiki Fund does not currently have any arrangements to acquire additional shares in any of its Portfolio Companies, although we do usually hold pro-rata pre-emptive rights to further invest in Portfolio Companies should those companies seek to raise capital.

Investments into New Companies

As well as opportunities to further invest with the existing Portfolio Companies, Punakaiki Fund may invest in other high-growth companies within our mandate. We have access via LWCM to a number of new investment opportunities outside of the existing portfolio.

Further information regarding Punakaiki Fund's existing investments can be found in Section 2 of this PDS.

Minimum Amount to be Raised

There is no minimum amount which is required to be raised under this Offer.

Offer Not Underwritten

This Offer is not underwritten by any party.



4. Key Dates and Offer Process

Key Dates

The intended key dates for the Offer are:

PDS lodged	26 November 2020
Replacement PDS lodged	2 December 2020
Offer Opens	4 December 2020
Offer Closes	17 December 2020
Allotment of Shares from Offer	On or before 21 December 2020

This timetable is indicative only and the dates may change. Punakaiki Fund reserves the right to vary, extend or shorten these dates at any time before the Offer Closes, and to withdraw the Offer at any time before the allotment of Shares.



5. Terms of the Offer

Key Terms of the Offer

The table below sets out the terms of the Offer.

What is the Offer?	<p>The Offer is an offer of new ordinary Shares in Punakaiki Fund.</p> <p>Further information in respect of the Shares can be found in Section 6, Key Features of the Shares, on page 43 and in Punakaiki Fund's constitution, which can be found in the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008).</p>
Key Dates	<p>This Offer opens on 4 December 2020 and closes on 17 December 2020.</p> <p>See Section 4, Key Dates and Offer Process, on page 37 for information about the key dates of the Offer.</p>
Price	<p>The Offer price is \$25.50 per Share.</p> <p>Brokerage of 3.0% is included in the \$25.50 Share price. No other brokerage or commission is payable by you under the Offer, and once you pay for your Shares you have no obligation to pay any further amounts to Punakaiki Fund.</p> <p>The price of \$25.50 per Share has been set by Punakaiki Fund based on the Investor Net Asset Value of Punakaiki Fund on 20 November 2020. The assumptions used by Punakaiki Fund to price this Offer are set out below under the title Offer Price Basis.</p>
Applications	<p>An Application is an offer by you to subscribe for Shares on the terms and conditions set out in this PDS (including any replacement of it), the Disclose Register (at www.business.govt.nz/disclose under Punakaiki Fund's offer number OFR13008) and the Application Form. By submitting an Application Form, you irrevocably agree to purchase the Shares on those terms, including the Price.</p> <p>The minimum number of Shares you can apply for is 100 Shares (\$2,550). After this, you may apply for multiples of 100 Shares (\$2,550).</p>
Allotment of Shares	<p>Holding statements are expected to be sent to all successful Applicants prior to or on 21 December 2020.</p> <p>The share registry for Punakaiki Fund is maintained by LWCM. Punakaiki Fund may choose to use a share registrar in the future.</p>
Punakaiki Fund's Discretion Relating to the Offer	<p>The Offer may be withdrawn by Punakaiki Fund at any time before the allotment of Shares, at Punakaiki Fund's sole discretion.</p> <p>Punakaiki Fund reserves the right to close the Offer early, extend the Offer, reject any Application or accept any Application in part only, without providing any reason for doing so.</p>



Refunds	<p>If the Offer does not proceed for any other reason, all Application Monies will be refunded in full without interest no later than five Business Days after announcement of the decision not to proceed.</p> <p>Money received in respect of Applications which are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be paid to unsuccessful Applicants within five Business Days after the allocation of Shares or after an Application has been declined (as applicable). Interest will not be paid on any Application Monies refunded to Applicants.</p>
Transfer and Sale of Shares	<p>You may cash in your investment by selling your Shares. Any sale of Shares must comply with Punakaiki Fund's constitution and all applicable laws.</p> <p>At this time, there is no developed market for selling your Shares and you may not be able to sell your Shares when you want to or for a fair price.</p> <p>Further information on trading your Shares is set out in Section 6, Key Features of the Shares, under the title Trading your Shares on page 43.</p>
New Zealand Offer	The Offer under this PDS is not available to persons outside of New Zealand.

Offer Price Basis

The Price of the Shares under the Offer is based on:

- the value of Punakaiki Fund's investments on 20 November 2020;
- the value of Punakaiki Fund's net working capital (cash plus accounts receivable and prepayments, less accounts payable);
- a provision for the accrued Performance Fee liability to LWCM (but not yet payable), including both the cash component recorded as a liability and the Share component recorded as share-based payment reserve; and
- a 3% brokerage fee payable on this Offer to LWCM.

The calculation of the share price basis for this Offer is set out in the table below.

Punakaiki Fund Limited – Basis of Share Price

Value of Investments on 20 November, 2020	\$63,650,000
plus – Net Working Capital	\$1,438,815
less – accrued Performance Fee to LWCM	\$(4,712,661)
Investor Net Asset Value on 20 November, 2020	\$60,377,154
Number of ordinary Shares on issue	2,351,822
Fully Diluted Investor Net Asset Value per Share	\$25.67
Offer Cost (3% Brokerage payable to LWCM)	\$0.80
Share Price Basis for Offer	\$26.47

Based on these calculations the Punakaiki Fund Board has determined the Price per Share for this Offer to be \$25.50.

The price of the Offer represents a discount to the "Share Price Basis for Offer" set out in the table above of 3.7% and a discount to the "Fully Diluted Investor Net Asset Value per Share" set out in the table above of 0.7%.

The approach taken to value Punakaiki Fund's Portfolio Companies is set out in the following section.



The Share price has not been set through a book build with institutional investors. An independent valuation was used for Devoli, which represents over 25% of the value of Punakaiki Funds' investment assets. No other Portfolio Companies were independently valued for this valuation.

Fund Valuation Approach

The unaudited book value of Punakaiki Fund's investments as at 20 November 2020 as set out in the table above is a Director's valuation based on the fair value approach set out in the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines. The following factors have been used to form this view on fair value:

- **Quoted Investments:** Where shares in an investment are listed on an exchange (such as the ASX or the NZX) then the price of those shares on the last trade on the date of valuation is used to determine their value. Punakaiki Fund's holding of Family Zone performance shares was valued using a combination of this approach and an assessment of the probability of those shares' performance thresholds being met.
- **Impairment:** Where, in the directors' opinion, the value of a company is substantially less than its value implied by other methods then the investment value is written down. Hayload and Populate were valued in this manner and were completely written off.
- **Fair Value on Acquisition and Observable Transactions:** Where there has been a transaction in a company's shares which may or may not involve Punakaiki Fund, the transaction value may be used as an input in the determination of Fair Value. Under the December 2018 version of IPEV, a transaction can no longer be used as the sole basis for determining fair value. When the price of a recent transaction is available, Punakaiki Fund uses a calibration approach in which valuation information observed from the transaction is combined with the comparable companies approach as set out below in order to derive fair value. The investments that have been valued in this manner are NZ Artesian Water, Mindfull and Core Schedule.
- **Based on Comparable Companies:** Where, in the directors' opinion, there has been a material change in the value of an investment as a result of changes to that investment's financial operating metrics or movements in valuations of comparable companies listed on public markets then the company may be valued using the comparable companies approach. The valuations arising from these observed metrics may be adjusted as the directors see fit to reflect impairment of performance, a pending transaction or any other cause. The investments that have been primarily valued in this manner are Vend, Devoli, Onceit, Qubedocs, Timely, Raygun, Quantifi Photonics, Conqa, Redseed, Weirdly, Mobi2Go, Boardingware and Melon Health.

We note that the Punakaiki Fund Board may also engage independent valuations for individual Portfolio Companies and that some investments (especially those held for exit) may be valued using a discounted, probability-weighted or combined-valuation approaches.

For valuations based on, or informed by, comparable companies the Board used the following steps:

- **Observing the valuation metrics from comparable companies:** Identifying listed companies that are comparable to each of the Portfolio Companies (by industry, sector and business model) and then observing key valuation metrics such as enterprise value, revenues, EBITDA and growth rates for those comparable companies;
- **Deriving appropriate multiples on a case by case basis:** Valuation metrics for comparable companies more closely related to the Portfolio Company being valued receiving a greater weighting in respect of deriving appropriate multiples to value each Portfolio Company. When valuing Punakaiki Fund's SaaS Portfolio Companies, metrics from a large population (>50) of listed SaaS companies are statistically analysed in order to derive a base-line relationship between revenue multiples and growth rates which can be applied to all of Punakaiki Fund's SaaS investments;



- **Multiples are adjusted:**
 - **Adjustment factor:** Multiples applied to individual Portfolio Companies may be adjusted with a performance adjustment factor, to reflect the particular circumstances of the Portfolio Company (e.g. higher than average growth or a smaller addressable market);
 - **Illiquidity Discount:** Punakaiki Fund's investments are considered illiquid (compared to the listed comparable companies that multiples were observed from) which means they take a longer time to sell and there is greater uncertainty as to the price received as there may not be many purchasers for those investments;
 - **Small Company Discount:** Smaller companies are considered riskier than larger comparable companies as they may have limited financial resources to survive shocks and may rely on or be exposed to a small number of key staff, suppliers, customers or products that it offers to the market; and
 - **COVID-19 Adjustment:** Some companies may be permanently impacted (both negatively and positively) by the impacts of the COVID-19 pandemic.
- **Enterprise and Equity Values are derived:** Enterprise Values are derived by applying the adjusted multiple to the revenues or EBITDA (as the case may be) of the subject Portfolio Company. An unadjusted equity value is then derived by adding the Portfolio Company's cash, net working capital and the value of its non-operating (surplus) assets, and then deducting its debt and the cost of any short-term COVID-19 impacts from the Enterprise Value.
- **The unadjusted Equity Value to Punakaiki Fund is determined:** For each Portfolio Company, their unadjusted Equity Value is then multiplied by Punakaiki Fund's respective shareholding to calculate the prospective carrying value within Punakaiki Fund's portfolio.
- **Punakaiki Fund's Equity Value is adjusted for control:** Observed share prices (and multiples) for comparable companies reflect the trading of minority interests in those companies. Where Punakaiki Fund holds a larger shareholding in a Portfolio Company, a premium is added to reflect the additional control Punakaiki Fund has to influence decisions which may impact the value of a Portfolio Company.
- **Board Review and Sign-Off:** The valuation details are reviewed by Punakaiki Fund's Board in an iterative process, along with other information presented to the Board for each Portfolio Company. The final determination of the valuation for each Portfolio Company is the responsibility of the Punakaiki Fund Board.

When using comparable company multiples, the resulting valuations will be influenced by prevailing market conditions, including the performance and valuation of the comparable companies, and by the growth, revenue, and EBITDA performance of each Portfolio Company. This means that over the short-term, valuations based on comparable company multiples may be more volatile than when using other valuation approaches.

It should be noted that Punakaiki Fund does not attempt to separately value the intangible assets of its Portfolio Companies when determining their valuations.

Fund Valuation

The Punakaiki Fund Board assessed the valuation of all of Punakaiki Fund's non-cash investments on 20 November 2020 for the purposes of raising capital to be \$63.7 million and the total assets to be \$65.2 million. The Accounting Net Asset Value of Punakaiki Fund (the value of investments and cash holdings less liabilities, including the cash component of the Performance Fee) is \$63.8 million and the Investor Net Asset Value (the value of investments and cash holdings less liabilities including all of the Performance Fee) is \$60.4 million. Based on 2,351,822 ordinary Shares on issue on 20 November 2020, the Investor Net Asset Value per ordinary Share is \$25.67.

Individual valuations of investments are not disclosed due to the commercially sensitive nature of these valuations. Punakaiki Fund is also contracted to non-disclosure agreements with each company it has



invested into and is limited in the ability to distribute investment-specific information to Shareholders. The Punakaiki Fund Board receives at least quarterly overviews on the performance of each company in the portfolio. This includes overviews for quarterly Board meetings, the year-end valuation process and this Offer.

The assessed valuation of Punakaiki Fund's non-cash investments on 20 November 2020 represents a \$8.63 million increase from that assessed on 31 March 2020 (Punakaiki Fund's financial year-end). This change comprises new investments of \$1.17 million, net revaluations of \$8.01 million and proceeds from the disposal of EverEdge shares of \$0.55 million. The table below sets out the approaches used to value the Portfolio Companies for this Offer and on 31 March 2020 (Punakaiki Fund's financial year end).

Portfolio Company	31 March 2020 Approach ¹	Offer Approach ¹
Vend Limited	Comparable Revenue Multiples	Comparable Revenue Multiples
Devoli Limited	Independent Valuation	Independent Valuation
Onceit Limited	Comparable EBITDA Multiples	Comparable EBITDA Multiples
Timely Limited	Comparable Revenue Multiples	Comparable Revenue Multiples
Qubedocs Limited	Comparable Revenue Multiples	Comparable Revenue Multiples
Raygun Limited	Comparable Revenue Multiples	Comparable Revenue Multiples
Mobi2Go Limited	Comparable Revenue Multiples (Calibrated)	Comparable Revenue Multiples
QA Tech Limited (Conqa)	Comparable Revenue Multiples	Comparable Revenue Multiples
RedSeed Limited	Comparable Revenue Multiples	Comparable Revenue Multiples
Boardingware Limited	Comparable Revenue Multiples	Comparable Revenue Multiples
Melon Health Limited	Comparable Revenue Multiples	Comparable Revenue Multiples
Weirdly Limited	Comparable Revenue Multiples (Calibrated)	Comparable Revenue Multiples
Core Schedule Limited	Not applicable	Comparable Revenue Multiples (Calibrated)
NZAW Limited	Impaired	Impaired
Quantifi Photonics Limited	Comparable Revenue Multiples	Comparable Revenue Multiples
Mindfull Limited	Comparable EBITDA Multiples (Calibrated)	Comparable EBITDA Multiples (Calibrated)
EverEdge IP Global Limited	Comparable Revenue Multiples (Calibrated)	Discounted Cash Flow (Residual Debt)
TD Limited (ThisData)	Combined	Combined
Populate Limited	Impaired	Impaired
Hayload Limited	Impaired	Impaired
Family Zone Limited (acquired) ²	Quoted Investment	Quoted Investment

¹ Certain companies have been further discounted as a result of their operating metrics/performance

LWCM assisted the Board undertake these valuations. Further information regarding valuations can be found in Section 2, **Operation of Punakaiki Fund**, in the subsection titled **Valuation** on page 28.



6. Key Features of the Shares

Key Features of the Shares

Punakaiki Fund has only one class of Shares, ordinary Shares. Shareholders have the right to remove the Manager without penalty, by resolution providing more than 50% of all Shares on issue are voted to do so.

Potential returns from Shares

Any gains you receive from the sale of Shares are dependent on the price you receive for the Shares, rather than the Investor Net Asset Value per Share of Punakaiki Fund. These two values may not be the same for prolonged periods of time (e.g. the Shares may trade at a discount to the Investor Net Asset Value per Share) and this may affect your returns. In addition, there is no established market for trading your Shares and you may not be able to find a buyer when you want to sell (see “Trading your Shares” below).

The value of Portfolio Companies can also quickly change through major financial transactions, such as fund raising, an IPO or a trade sale. Portfolio Companies may also run out of funds, conduct fund raisings at lower than expected valuations or cease business, resulting in lower or nil valuations to Punakaiki Fund.

You are not promised any returns. The amount of returns payable to you cannot be quantified as at the date of this PDS. Neither LWCM, Punakaiki Fund, nor any other person guarantees the Shares or any returns.

Dividend Policy

The Board of Punakaiki Fund has adopted a policy that there will not be any dividend payments or other distributions made for the foreseeable future. Any surplus funds will be retained and applied to future investment opportunities available to Punakaiki Fund and/or to operational costs. Accordingly, until that policy changes, returns on Shares will be limited to any gains you make if you sell or dispose of your Shares.

It should be noted that any future dividends are not guaranteed, will be declared at the discretion of the directors, and will be declared only after Punakaiki Fund meets appropriate solvency requirements. Punakaiki Fund has not declared any dividends since it commenced operations.

Punakaiki Fund is the entity legally liable to pay you any dividends or other distributions declared on your Shares.

Trading Your Shares

As of the date of this PDS, Punakaiki Fund has not applied for quotation of the Shares on a stock exchange and does not intend to quote these Shares on a market licenced in New Zealand in the short-term.

Punakaiki Fund has established an informal internal order matching facility for matching buyers with sellers of Shares that is scheduled to occur once per quarter following the release of Punakaiki Fund’s quarterly report. This facility is not a licensed financial product market, is not an authorised securities exchange and is not regulated under the Financial Markets Conduct Act 2013. Investors will trade at their own risk, as the facility is not accompanied by the investor protections that accompany a stock exchange such as the NZX or ASX. Such protections relate to insider trading, continuous disclosure, directors’ and



officers' relevant interest disclosure, and substantial security holder disclosure. Punakaiki Fund cannot guarantee that this facility will always be available to Shareholders.

To date we have facilitated a number of trades between Shareholders. Factors that may affect the price at which Shares are traded include the demand for Shares versus supply, the buyers' opinion that the Investor Net Asset Value per share is fair (or otherwise) and the investment horizon of the buyer.

If you sell any of your Shares, the purchaser of those Shares will be legally liable to pay you the sale price of those Shares.

In our opinion our Shares, if listed, are likely to be more volatile than the overall market (as measured by indices such as the S&P 500/ASX 200/NZX 50 indices) due to the types of investments we hold. This means that for any given movement in the market, the price of the Shares is likely to move by a greater amount. However, in our opinion, the Shares are not likely to be as volatile as the shares of our individual Portfolio Companies (or similar companies) if the shares of those individual Portfolio Companies were listed. This relationship is likely to arise due to Punakaiki Fund holding a portfolio diversified across 14 different Core Portfolio Companies as opposed to being exposed to a single business.

Prior to any listing of the Shares, the volatility relationship between the price of the Shares and the overall market is likely to be reflected periodically each time we revalue our Portfolio Companies (formally once each year and informally each quarter or when we raise capital). As the Shares are not revalued more frequently and generally trade infrequently, the volatility of the price of the unlisted Shares may appear lower than listed markets prior to any listing of the Shares.

Under the Companies Act, your Shares could be cancelled by Punakaiki Fund through a reduction of capital, share buy-back or other form of capital reconstruction. Under certain circumstances, if your rights are affected by an action approved by a special resolution of Shareholders, you may require Punakaiki Fund to purchase your Shares.



7. Punakaiki Fund's Financial Information

Selected Financial Information

Selected statutory financial information as reported in our audited financial statements for FY2016, FY2017, FY2018, FY2019 and FY2020 are presented in this section and the table below.

This information is disclosed in New Zealand dollars and rounded to the nearest thousand.

Selected Financial Information

NZ\$ '000	FY2016	FY2017	FY2018	FY2019	FY2020
Financial Performance – Selected Information					
Interest Income	19	4	3	1	2
Change in Fair Value of Investments	3,668	5,563	(18)	7,115	4,958
Dividend Income	86	69	344	193	165
Other Operating Income	-	23	-	-	-
Revenues	3,773	5,659	329	7,309	5,125
Accrued Performance Fees	(644)	(978)	214	(1,294)	31
Management Fees	(251)	(420)	(635)	(810)	(991)
Administration Fees	-	-	-	-	(271)
Insurance	(24)	(13)	(35)	(42)	(46)
Consulting and Accounting Expenses	(19)	(73)	(44)	(70)	(32)
Audit Fees	(28)	(36)	(42)	(48)	(51)
Legal Expenses	(12)	(10)	(10)	-	-
Other	(10)	(23)	(26)	(40)	(66)
EBITDA¹	2,785	4,106	(249)	5,005	3,699
Income Tax Expense	-	-	-	-	-
Net Profit After Tax	2,785	4,106	(249)	5,005	3,699
<i>Dividends Paid by Punakaiki Fund – Ordinary Shares</i>	-	-	-	-	-
Financial Position – Selected Information					
<i>Current Assets</i>					
Cash and Cash Equivalents	1,437	2,843	735	1,032	2,903
Prepayments	-	16	26	23	30
Receivables	10	25	32	47	23
<i>Non-current Assets</i>					
Investments	16,570	25,540	34,160	46,170	55,020
Total Assets	18,017	28,424	34,953	47,272	57,976
<i>Current Liabilities</i>					
Accounts Payable	40	57	52	106	81
<i>Non-current Liabilities</i>					
Performance Fee Payable	290	564	504	866	857
Debt	-	-	-	-	-
Total Liabilities	330	621	556	972	938
Cash Flow – Selected Information					
Cash Flows from Operating Activities	(209)	(493)	(468)	(773)	(1,298)
Cash Flows from Investing Activities	(6,586)	(3,407)	(6,743)	(3,385)	(3,892)
Cash Flows from Financing Activities	7,688	5,306	5,103	4,455	7,061

The table above provides key financial information about Punakaiki Fund. Full financial statements are available on the offer register at www.business.govt.nz/disclose, offer number OFR13008. If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.



Financial Performance

Punakaiki Fund derives the majority of its revenues from the change in the recorded fair value of its investments in Portfolio Companies. Punakaiki Fund's policy and approach in respect of the valuation of its shareholdings in Portfolio Companies is set out in Section 5, **Terms of the Offer**, on page 38.

The majority of Punakaiki Fund's expenses relate to payments (both paid and accrued) to LWCM for management services. Management Fees are paid quarterly in advance and Performance Fees are accrued and will be paid when one of a number of triggering events occurs. Additional Management Fee and Performance Fee information can be found in Section 2, **Costs of Operating Punakaiki Fund**, on page 31.

Financial Position

Punakaiki Fund's main assets are its investments in Portfolio Companies and its cash holdings. The increase in the value of Punakaiki Fund's investment in Portfolio Companies is caused by Punakaiki Fund's additional investment in Portfolio Companies and in new businesses, and also from the revaluation of existing Portfolio Companies.

Punakaiki Fund's main liability is the accrued Performance Fee payable to LWCM. The Performance Fee is expected to be paid 28% as cash (which is recorded as a Performance Fee Payable) and 72% in new Punakaiki Fund Shares (which is recorded as a Share Based Payment Reserve). Based on the valuation on 20 November 2020, the accrued cash component of the Performance Fee is \$1.32 million and the accrued share component is \$3.39 million. Additional Performance Fee and brokerage fee information can be found in Section 2, **Costs of Operating Punakaiki Fund**, on page 31.

Cash Flow

Punakaiki Fund has had negative operating cash flows to date, relying primarily on the upward revaluation of its Portfolio Companies as well as dividends from its investments to generate GAAP profits.

Cash received from dividends is expected, in the next year, to remain insufficient to cover operating costs.

No Prospective Financial Information

There is no prospective financial information in this PDS. The Board has, following careful consideration and after due enquiry, concluded that the provision of prospective financial statements for the accounting period to 31 March 2021, and the subsequent accounting period to 31 March 2022, would be likely to mislead or deceive potential investors with regard to particulars that are material to the Offer. The Board believes that it is not practicable to formulate reasonable assumptions on which to base prospective financial statements.

The principal issue facing the Board in respect of forecast prospective financial information relates to not being able to accurately forecast the value of the investments in Portfolio Companies over a one- or two-year time frame. The values of several of the Portfolio Companies were reassessed (both up and down) for the purposes of pricing this Offer. However, as the Portfolio Companies are generally growing relatively quickly, and as public market valuations of comparable companies can change rapidly, we cannot reasonably forecast the value of our Portfolio Companies over the short and medium-term.

Several of the Portfolio Companies have received and are likely to continue to receive offers for investment or acquisition. These events can happen relatively quickly and can change the value of a Portfolio Company significantly.

In addition, Punakaiki Fund does not know the identity of new investments that Punakaiki Fund may make in the future, the amount and timing of Punakaiki Fund capital raising events is uncertain, and the ability of Punakaiki Fund to make additional investments into its Portfolio Companies is uncertain. All of these may result in altered performance of the Portfolio Companies, impacting valuation.



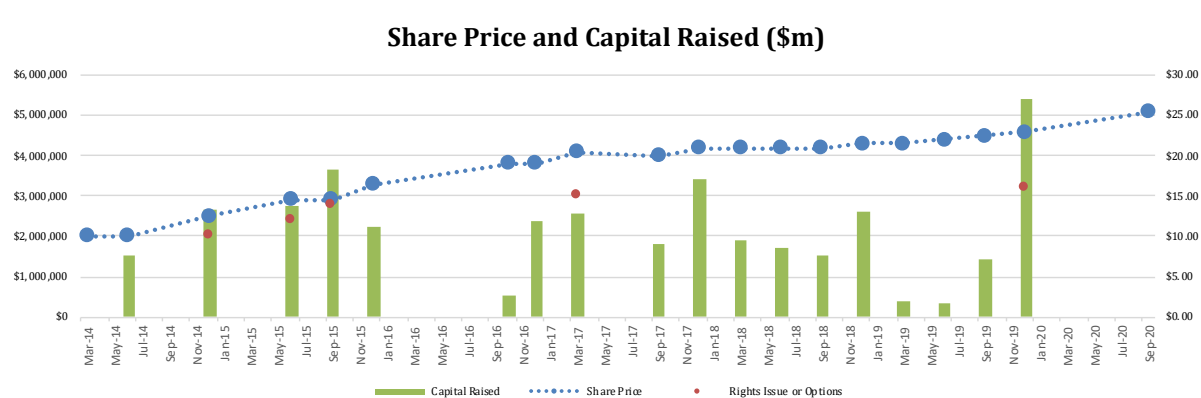
Given the inability to reliably determine reasonable assumptions for the periods covered by prospective financial information, the Board is of the view that any prospective financial statements would be likely to mislead or deceive potential investors in a material manner because actual revenues (including revaluation gains) or expenditure for that period could be materially different from that forecast.

Financial Information of Portfolio Companies

Punakaiki Fund is bound by confidentiality agreements and may not disclose valuations or key financial metrics for individual Portfolio Companies, except for selected metrics reported in aggregate. It should be noted that if some Portfolio Companies did allow us to disclose metrics this could indirectly reveal the metrics for other Portfolio Companies, and Punakaiki Fund would be in breach of confidentiality.

Previous Investment Rounds

Prior to this offer, Punakaiki Fund has received investment from twenty different capital raising events, including \$30.7 million from offers to Retail investors, \$4.0 million from offers to wholesale-only investors and \$4.1 million from share swap arrangements. The chart below summarises the funding by year.



Future Capital Raising Intentions

Punakaiki Fund intends to raise additional capital from time to time to allow for the continued investment in both new companies and existing companies in Punakaiki Fund's investment portfolio. New capital may also be used to meet the on-going costs of Punakaiki Fund. The frequency, size and structure of these capital raising events will depend on the following factors:

- The size and performance of Punakaiki Fund;
- The availability of investors, in particular larger and institutional investors;
- The price at which Punakaiki Fund is able to raise capital;
- The composition and expressed preferences of Punakaiki Fund's shareholder base; and
- The sentiment of the market, both in general across asset classes, and specifically towards venture capital/private equity-type investment.

Punakaiki Fund is likely to continue to seek additional capital between one and three times per annum, and surveys investors at least each year for feedback on fund raising options, including attitudes towards an initial public offering of Punakaiki Fund and closing the fund (ceasing to raise new capital and make investment, and overtime returning capital to shareholders).



8. Risks to Punakaiki Fund's Business and Plans

Risk Overview

You should regard your investment in Punakaiki Fund as a long-term commitment with no guarantee of any return or liquidity. This means you may not be able to sell your Shares when you want to, or you may be able to sell but not at a price you regard as fair. It also means you may not receive any dividends.

The directors expect that an investment in Punakaiki Fund is likely to exhibit higher volatility (a measure of risk) compared to an investment in a diversified portfolio of listed securities. The individual early-stage and growth investments we make carry higher risks than most other investment types. These risks drive the potential for rapid losses in the value of individual Portfolio Companies and in Punakaiki Fund itself. However, in addition to substantial losses, individual Portfolio Companies also have the potential to provide rapid gains to Punakaiki Fund from outperformance or a business sale event.

Investment in Punakaiki Fund is by its nature not suitable for all investors. We recommend you seek professional financial advice before making any investment decision.

Punakaiki Fund will endeavour to manage investment risk for each of its investments, but we do expect cases of partial and absolute loss affecting the overall value of Punakaiki Fund.

Material Risks

Risk	Loss of value due to the poor performance or failure of one or more Portfolio Companies
Nature of risk	Punakaiki Fund invests in early-stage and growth investments which carry higher risks than most other investment types. If one or more Portfolio Companies performs poorly or fails, then the value of the respective investment may be partially or completely lost. This will lower the value of our Assets and will negatively impact the Share value.
Magnitude and Likelihood	Punakaiki Fund believes that all of the 14 Core Portfolio Companies are able to reach a positive cashflow position (including through restructuring) without raising additional capital. However certain investments, representing under 1% of the investment portfolio, are at risk, with a potential Investor Net Asset Value impact of up to \$0.17 per Share.
Mitigation	When selecting investments for Punakaiki Fund, LWCM generally focuses on companies that LWCM believes should have enough funds to reach positive cash-flow before requiring new funds; however, each Portfolio Company's situation can change over time. LWCM has representatives or observers on the boards of Portfolio Companies representing over 80% of the investment assets, and can exercise a strong level of oversight and ongoing due diligence. LWCM monitors Portfolio Company progress towards sustainability and may choose to make investments or provide advice to ensure progress towards a Portfolio Company's financial sustainability continues. Punakaiki Fund's Board reviews, at least each quarter, the sustainability and performance of all of the Portfolio Companies. The Board regularly writes down the value of the Portfolio Companies which have performed below expectation or where there is a short to medium-term risk of failure, especially when this failure is tied to a Portfolio Company not being able to raise additional capital. Writing down, or impairing, the value of the investments lowers (but cannot eliminate) the risk of a sudden loss of value.



Risk	Exposure to investment concentration in the technology sector and to specific companies
Nature of Risk	<p>Punakaiki Fund invests in relatively small and high growth companies, has a portfolio that is concentrated in the technology and SaaS sectors, and is less diversified than major stock exchange indices. Moreover, over 60% of the current investment portfolio value is concentrated into five companies, the top three of which represent over 45% of Punakaiki Fund's investment assets. This sector and company concentration means that Punakaiki Fund's overall valuation may be more volatile than a larger portfolio of companies traded on public markets. If public equity markets change by a certain percentage over a certain period of time, then the value of many of Punakaiki Fund's investments may change by a larger percentage.</p>
Magnitude and Likelihood	<p>As an example as to how size concentration risk might play out, in the twelve-month period from 22 March 2019 to 20 March 2020 the S&P 500 Index fell 18%, but the S&P SmallCap 600 Growth Index fell 34%. This demonstrates how smaller and earlier stage companies can be more volatile than larger and more mature companies.</p>
Mitigation	<p>We maintain a very long-term perspective on investments, which means that over time volatility has less of an impact on Punakaiki Fund's valuation as Portfolio Company performance and market valuations are more likely to revert to their average levels.</p> <p>We have a policy of requiring Punakaiki Fund Board approval before any investment into a company that would, after the investment, represent over 20% of the investment portfolio valuation.</p> <p>We also place valuation caps on our SaaS investment valuations, which mutes our valuation volatility in the short-term.</p> <p>By holding investments in companies that grow revenue quickly, we are able to mitigate against share market movements that lower revenue valuation multiples over the medium to long-term. Punakaiki Fund also has a deliberate strategy to invest in a range of companies which provide indirect exposure to a diverse range of industries and business models. This approach helps mitigate, but does not remove, the technology and SaaS business model concentration, and reduce the overall volatility of Punakaiki Fund's valuation.</p> <p>In addition, we note that volatility operates in both directions – and the value of the underlying assets will generally rise (as well as fall) at a higher rate than the market. Punakaiki Fund maintains a very long-term perspective on investments, and while valuations of non-listed investments are periodically marked to market, over the long-run, short-term market gyrations are less material.</p>
Risk	Uncertainty about the valuation of private companies
Nature of Risk	<p>Punakaiki Fund invests in privately held, illiquid companies which are not traded on public markets. There is risk that the investments in those companies are valued incorrectly or with high levels of uncertainty, including risk from volatility in private market valuations and difficulty in providing meaningful forecasts.</p> <p>The importance of this risk is illustrated by Ernst & Young drawing attention to "Note 3.1.1 to the financial statements which describes the inherent uncertainty and difficulty in measuring the fair value of early stage unlisted investments" in their independent Auditor's Report on Punakaiki Fund's FY2020 financial statements.</p> <p>This uncertainty causes three different types of risk:</p> <ul style="list-style-type: none"> • The first is that Punakaiki Fund overpays for investments by valuing them too highly at the time of investment, leading to a later write-down in the value of the investment and thus the value of the portfolio;



	<ul style="list-style-type: none"> • The second is that the Board materially over-values an investment, due either to inadequate or incorrect information provided to or from LWCM or an independent valuer, or from incorrectly assessing the value versus comparable companies; and • The third is that of systematic overvaluing of some or all of the portfolio, due to incorrect application of the comparable company valuations or under-estimation of the adjustments or discounts applied for performance, liquidity, company size or control.
Magnitude and Likelihood	<p>Overvaluation of the investment with the highest value by 20% would cause the total investment assets to be overvalued by around 5%.</p> <p>A systematic overvaluation approach would result in a much higher overvaluation of the portfolio, however this should be difficult to achieve given the checks required by the Board.</p>
Mitigation	<p>Punakaiki Fund has an Investment Valuation Policy with a valuation approach consistent with the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines and uses revenue, revenue growth or EBITDA metrics versus comparable publicly traded companies in our valuations. We apply an adjustment factor to adjust these comparable companies’ metrics, almost always downwards, to reflect differences in relative growth rates, any limit to the size of a market a Portfolio Company addresses and differences in overall performance. We also apply a range of discounts and premiums to valuations to reflect (if applicable) a degree of control (premium), illiquidity (discount) or the small size of the business being valued (discount). In the FY2020 year-end valuation and for the valuation used for this Offer we also applied a factor reflecting the impact of the COVID-19 pandemic on individual Portfolio Companies. We also calibrate valuations to the last funding round undertaken by that Portfolio Company, noting that under the IPEV Guidelines it is not acceptable to simply accept the last-round valuation as fair value.</p> <p>The valuations are prepared and proposed by LWCM, reviewed by the Board (in which the directors have an active role in the process), and, for annual accounts, subjected to the audit process. The audit process would typically include a rigorous review of the valuation methodologies applied as well as of selected individual valuations. The auditors work with LWCM through this process, but also meet independently with Punakaiki Fund’s independent directors and any external valuers.</p> <p>The Board can and does commission independent valuations for material investments, and did so for one Portfolio Company for the FY2020 year-end and the September 2020 Quarter-end valuations. The Board is likely to continue to arrange independent valuations of Portfolio Companies in the future.</p>
Risk	Changes in value due to macroeconomic risk, including COVID-19 pandemic impacts
Explanation	Punakaiki Fund and its Portfolio Companies are exposed to economic, financial, technological and political risks. In 2020 the risks from the global environment include heightened global political and economic uncertainty, especially as the result of the impacts from the COVID-19 pandemic.
Magnitude and Likelihood	<p>All Portfolio Companies are exposed to impacts from global macroeconomic events, including supply or demand shocks, increased trade friction, and the ability to operate under a pandemic.</p> <p>The value of our Portfolio Companies may be impacted positively or negatively due to these macroeconomic factors, in some cases materially, by changing revenues, profitability and the market multiples used to value those companies. The magnitude and likelihood of these impact in the future is unknown at this time and represent a material risk to the value of your investment in Punakaiki Fund.</p>
Mitigation	We mitigate macroeconomic risks through our strategy to invest in a diverse range of industries and business models and by undertaking thorough due diligence prior to any investment. The result of our diversification strategy is that, to date, we have not experienced large changes in the value of Punakaiki Fund’s overall portfolio during the COVID-19 pandemic, although there have



been material valuation changes, both upwards and downwards, for a number of individual Portfolio Companies. It is our intention to maintain investment diversity within our portfolio going forward.

We will also consider the potential future impacts of the COVID-19 pandemic and other material global macroeconomic factors on all new investments that Punakaiki Fund makes.

Risk	Ongoing capital raisings (such as Share issues) do not meet Punakaiki Fund's needs or expectations.
Nature of Risk	Punakaiki Fund requires cash to meet its operating expenses and to make further investments. While Punakaiki Fund has relied almost solely on periodic issues of shares to raise this cash, the sale of Linewize, Influx, and the recent sale of EverEdge shares resulted in upfront and ongoing cash payments, with \$2 million received to date. We are also anticipating a payment deriving from the sale of the Mindfull Limited assets. We have received dividends, commencing in July 2015, each year from Onceit, totalling \$1 million in total to date. So far no other Portfolio Company has paid dividends and the remaining Portfolio Companies are unlisted long-term investments and cannot be relied on to be sold quickly at a price reflecting their fair value.
Magnitude and Likelihood	If Punakaiki Fund does not have sufficient cash it cannot meet operating expenses such as Management Fees. This may mean that Punakaiki Fund fails and the Investor Net Asset Value per Share falls significantly.
Mitigation	Punakaiki Fund has a record of successfully raising new capital periodically and has raised \$34.7 million in cash to date and intends to continue to raise new funds as conditions allow. We have received \$3.0 million in dividend and exit distributions from Portfolio Companies and expect to receive more in the future. Punakaiki Fund has also implemented a policy to reserve sufficient funds immediately following a material capital raising event (including this Offer) to meet net operating costs for a 12-month period. Over time, Punakaiki Fund expects that as some of the Portfolio Companies grow and mature, they should pay dividends to Punakaiki Fund, which will assist in meeting its ongoing costs.
Risk	The loss or the poor performance of key people
Explanation	LWCM is a boutique manager meaning it has a small team (comprising Lance Wiggs, Chris Humphreys, Nadine Hill, Anum Malik, Yawen (Yvonne) Gao with part time support from Rohan MacMahon, Dr Jez Weston, Olo Brown, Vincent Heeringa and Alex Fala. Punakaiki Fund relies on LWCM, and specifically the abilities of Lance and Chris, to both make good investments on its behalf and to help many of the companies to increase their value. The loss or poor performance of these people may have a long-term negative impact on the value of Punakaiki Fund's Assets.
Magnitude and Likelihood	The key effects on Punakaiki Fund of either Lance or Chris being incapacitated are a significantly reduced ability to find and make new investments, lower rigour in the investment process, lower ability to provide assistance to companies and higher administration burden on the remaining staff. The value of our Assets, which is based on investments in companies, should be largely unaffected, although the price a willing buyer is prepared to pay for Punakaiki Fund Shares may fall.
Mitigation	In the event of poor performance of LWCM's principals, including due to the inability to perform duties through poor performance or for cause, the Board has the ability to remove LWCM (either via the Management Agreement (for cause) or by way of shareholder vote, in both cases without penalty) and could appoint a new manager to manage the on-going holding of Punakaiki Fund's existing investments.



Materiality

The risks set out in this section are not exhaustive and only reflect the risks which the Board considers to be material, and those that are likely to significantly increase the risk to Punakaiki Fund's financial position, financial performance and plans.

Personal Circumstances

These risks and this PDS in general do not take into account your own personal circumstances, financial position or investment requirements. Before making a decision to apply for Shares, you should consult your financial adviser.



9. Tax

Tax

Tax can have significant consequences for investments and can affect your return from the Shares.

If you have any queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences.



10. Where You Can Find More Information

Disclose Register

Further information relating to Punakaiki Fund and the Shares (for example, Punakaiki Fund's constitution and financial statements) is available on the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008). A copy of the information on the Disclose Register is available on request to the Registrar of Financial Service Providers.

Companies Office

Further information relating to Punakaiki Fund is also available on the public register of the Companies Office. This information can be accessed on the Companies Office website at www.business.govt.nz/companies under Punakaiki Fund's company number (4395942).

Website

Various policy documents and other information on Punakaiki Fund can be found on Punakaiki Fund's website at www.punakaikifund.co.nz.

Shareholder Communications

Each year an annual report is produced to disclose the investments made during the year, the status of all of the companies we have invested in and assessments of the value of our Assets, the Investor Net Asset Value and the Accounting Net Asset Value of Punakaiki Fund. The annual report will be delivered to Shareholders electronically at least four weeks before each annual shareholders' meeting, which is held before the end of September each year. Along with the more formal activities at each annual meeting, we review of our current investments and may invite selected investee companies to present to Shareholders attending the meeting (either in person or by video link). Representatives from these companies may also be available to discuss any queries you might have.

Each quarter we report to Shareholders on the investment portfolio and provide a general update on progress. Specifically we report, where possible, on new investments that have been made during the period and on any major changes in the status of investee companies that have impacted the overall value of Punakaiki Fund. Ad hoc updates are also issued when we make significant investments, or when investments achieve significant milestones.

While we will endeavour to keep costs down and efficiency high by using electronic means to communicate, we also provide written copies of material to any investors who request this service.

Information Charges

The information that Punakaiki Fund provides as noted above will be supplied electronically at no charge.



11. How to Apply

Before You Apply

If you are considering purchasing Shares in Punakaiki Fund under the Offer outlined in this PDS, we believe it will be prudent for you to undertake the following steps prior to submitting your Application.

- Read this PDS;
- Read the additional information available on the Disclose Register at www.business.govt.nz/disclose under Punakaiki Fund's offer number (OFR13008); and
- Take financial, taxation and other advice from an expert.

Investment in Punakaiki Fund is by its nature not suitable for all investors. We recommend you seek professional financial advice before making any decision to invest in the Shares.

How to Apply for Shares in the Offer

Apply on-line (Preferred): punakaikifund.co.nz/Invest2020

From 4 December 2020 until 11:59pm on 17 December 2020. Existing investors will receive a unique link.

New investors will need to provide Drivers' License or Passport details for identity and address verification. Please complete the application even if the system is unable to verify these details (for example it may not work well if you have recently changed address) and we will get in touch to assist with the completion of the application process.

Apply using the Application Form at the end of this PDS

Application must be dated and arrive between 4 December 2020 until 11:59pm on 17 December 2020.

Mail to: P.O Box 106655, Auckland City, 1143

Deliver to: Level 6, 2 Kitchener Street, Auckland.

Payment

Punakaiki Fund's BNZ Account: 02-1257-0039394-002

Please make payment for the full number of shares you have applied for by one-time direct credit

Alternatively, you may pay by bank draft or by a cheque drawn on a New Zealand branch of a New Zealand registered bank (made out in favour of "Punakaiki Fund Limited" and crossed "Not Transferable").

Applications can only be accepted after full payment is received, and you have provided any necessary documents required by us under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and the Common Reporting Standards/FATCA (if required). Where we cannot verify your details, including in the online process, we will get in touch to assist.

If you require any further information or assistance with the application process, please contact LWCM: Yvonne Gao (yvonne@lwcm.co.nz, +64 (0)21 088 70826), Chris Humphreys (chris@lwcm.co.nz, +64 (0)27 622 7803) or Lance Wiggs (lance@lwcm.co.nz, +64 (0)21 526 239).



12. Contact Information

Punakaiki Fund

Punakaiki Fund Limited
Level 6
2 Kitchener Street
Auckland
New Zealand 1010

Lance Wiggs
lance@lwcm.co.nz
+64 (0)21 526 239

LWCM

LWCM Limited
Level 6
2 Kitchener Street
Auckland
New Zealand 1010

Lance Wiggs
lance@lwcm.co.nz
+64 (0)21 526 239

Chris Humphreys
chris@lwcm.co.nz
+64 (0)27 622 7803

Share Registrar

Punakaiki Fund's Share Register is administered by LWCM.

LWCM Limited
Level 6
2 Kitchener Street
Auckland
New Zealand 1010

Yvonne Gao
yvonne@lwcm.co.nz
+64 (0)21 088 70826

Chris Humphreys
chris@lwcm.co.nz
+64 (0)27 622 7803



Glossary of Terms

Term	Definition
\$	New Zealand dollar
A\$	Australian dollar
Accounting Net Asset Value	The fair market value of the assets less the liabilities of Punakaiki Fund as determined by the Board after consultation with LWCM and in some instances, other external parties. The Accounting Net Asset Value incorporates only the cash component of the contingent Performance Fee and not the full Performance Fee. The Accounting Net Asset Value is used to calculate the quarterly Management Fee. It is not a GAAP measure
Administration Fee	A quarterly payment to LWCM to compensate it for additional administrative work that it undertakes on behalf of Punakaiki Fund outside of the scope of the Management Agreement
Applicant(s)	A person(s) who submits an Application Form(s) under the Offer
Application Form	The form required to apply for Shares in Punakaiki Fund as set out in this Product Disclosure Statement. A copy of the Application Form can be obtained by emailing chris@lwcm.co.nz or lance@lwcm.co.nz or online at punakaikifund.co.nz/Invest2020
Application Monies	The funds required to accompany an Application in order for Shares to be purchased
Application(s)	Completed Application Forms returned to Punakaiki Fund along with full payment
ARR	Annualised Recurring Revenue
Assets	All of Punakaiki Fund's assets, before the deduction of any liabilities
ASX	Australian Stock Exchange
Board	The board of directors of Punakaiki Fund
Closing Date	17 December 2020 or such other date as determined by Punakaiki Fund
Companies Act	Companies Act 1993
Conqa	The trading name of one of Punakaiki Fund's Portfolio Companies. Conqa's registered name is QA Tech Limited
Core (Portfolio Companies)	14 Portfolio Companies that represent 97% of the value of the investment assets. These are Vend, Devoli, Onceit, Timely, Quantifi Photonics, Raygun, Mobi2Go, Conqa, RedSeed, Boardingware, Melon Health, Weirdly, Qubedocs and Core Schedule. Excluded are investment assets that are sold, held for sale, impaired to zero and/or are not technology companies.
COVID-19	Coronavirus Disease 2019
Disclose Register	The register that contains information about the Offer. This information can be found at www.business.govt.nz/disclose under Punakaiki Fund's offer number OFR13008
Discounted Cash Flow	A method of valuation that uses estimated future free cash flows from a business, and discounts those cash flows to arrive at an estimated value for the business
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EverEdge	EverEdgeIP Global Limited, a former Portfolio Company that was sold in August 2020
FATCA	Foreign Account Tax Compliance Act – a United States law requiring the reporting of taxation information for United States account holders to the Internal Revenue Service
Family Zone	The ASX-listed company that acquired Linewize. Further information on Family Zone can be found at Family Zone's website



Term	Definition
FY2016, FY2017, FY2018, FY2019, FY2020, FY2021, FY2022	Financial Years ending 31 March 2016, 31 March 2017, 31 March 2018, 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 respectively
FZO	The ASX ticker code for Family Zone
GAAP	Generally Accepted Accounting Principles
GICS Industries	The Global Industry Classification Standard (GICS) is a standardised classification system for equities. The GICS hierarchy begins with 11 sectors and is followed by 24 industry groups, 69 industries and 158 sub-industries
Gross IRR	The internal rate of return generated by investments in Portfolio Companies. It excludes Punakaiki Fund's operating costs such as Management Fees
GST	Goods and Services Tax
High Water Mark	The highest Investor Net Asset Value per Share for which a Performance Fee has been previously paid. No subsequent Performance Fee is payable until the Investor Net Asset Value per Share exceeds the High-Water Mark and the Performance Fee will only be paid in relation to increases above the previous High-Water Mark. This ensures that LWCM is not paid a Performance Fee for gains that make up for previous periods of poor performance
ICT	Information and Communication Technologies
Investor Net Asset Value	The fair market value of the assets less both the liabilities of Punakaiki Fund and the share-based component of the accrued Performance Fee, as determined by the Board after consultation with LWCM and in some instances, other external parties. The Investor Net Asset Value is used to determine the pricing of this Offer. It is not a GAAP measure.
IPEV	International Private Equity and Venture Capital Valuation Guidelines (December 2018 edition)
IPO	Initial Public Offering
Linewize	The group of Portfolio Companies comprising Linewize Limited and Linewize Services Limited, which have been sold to Family Zone
LWCM or Manager	LWCM Limited, the investment manager of Punakaiki Fund
Management Agreement	The agreement dated 25 March 2014 between Punakaiki Fund and LWCM relating to sourcing and managing investments for Punakaiki Fund
Management Fee	The management fee paid to LWCM under the Management Agreement
Market Value	The fair market value of the equity of Punakaiki Fund. If Punakaiki Fund is not listed on a stock exchange (which is currently the case), then the Market Value is the Investor Net Asset Value. Should (in the future) Punakaiki Fund become listed on a stock exchange, the Market Value will then be based on the Share offer price when initially quoted on that exchange, and after that on the volume weighted average Share price for the 30 days prior to the end of the financial year; or immediately following a return of capital to Shareholders, the value of the capital return together with the Investor Net Asset Value. On termination of the Management Agreement, the Market Value is the higher of the market capitalisation based on the volume weighted average Share price for the 30 days prior to the end of the financial year and the Investor Net Asset Value
NZ Artesian Water	New Zealand Artesian Water Limited – one of Punakaiki Fund's Portfolio Companies
NZAW	New Zealand Artesian Water Limited – one of Punakaiki Fund's Portfolio Companies
NZX	NZX Limited, the operator of the New Zealand Stock Exchange
Offer	The offer of Shares under this Product Disclosure Statement
PDS	This replacement Product Disclosure Statement (issued in replacement of a product disclosure statement dated 26 November 2020)



Term	Definition
Performance Fee	Amounts payable to LWCM tied to the positive performance of Punakaiki Fund as set out in the Management Agreement and on page 29 of this Product Disclosure Statement
Portfolio Company(s)	A business in which Punakaiki Fund has invested. There are 20 Portfolio Companies as at the date of this Product Disclosure Statement. These are all investments in a single company, which may or may not have subsidiaries
Price	\$25.50 — the price at which Shares may be bought under the Offer
Punakaiki Fund	Punakaiki Fund Limited
SaaS	Software as a service, a software delivery model in which software and data are hosted by a vendor or service provider and made available over a network (typically the Internet)
Series A	Series A financing refers to an investment in a privately held, start-up company after it has shown progress in building its business model and demonstrates the potential to grow and generate revenue. Initially, start-up companies rely on small investors for seed capital to begin operations.
Series B	Series B financing is the second round of funding for a business through investment including private equity investors and venture capitalists.
Share	A fully paid ordinary share in Punakaiki Fund. Shares issued under this Offer rank equally with each other and also equally with all existing shares in Punakaiki Fund
Shareholder	Holder of one or more Shares in Punakaiki Fund
Tax Identification Number	An identifying number used for tax purposes. In New Zealand, an individual's Tax Identification Number is their IRD number



Punakaiki Fund Application Form

This Application Form is to apply for fully paid ordinary Shares in Punakaiki Fund Limited. Before completing this Application Form, you should read the Punakaiki Fund replacement Product Disclosure Statement ("PDS") dated 2 December 2020, issued in replacement of the product disclosure statement dated 26 November 2020; along with the Application Instructions and Terms which follow this Application Form. This Application Form constitutes an Offer to purchase the Shares described in the PDS. The full amount of the purchase price for the Shares is due upon application. The Closing Date for the Offer is 17 December 2020 (or such earlier or later date as Punakaiki Fund may determine). For instructions on how to complete and deliver this form, see the accompanying Application Instructions and Terms.

A: APPLICATION DETAILS AND INFORMATION – PLEASE PRINT IN BLOCK LETTERS

Individuals should fill out this section if applying as an individual(s). Company directors, trustees, any person who has effective control if the applicant is a company or a trust, and any person who owns more than 25% if the applicant is a company or trust should fill out this section and sign this Application Form.

Applicant Details (Authorised Person)

First Name(s): _____ Family Name: _____ Date of Birth: ____/____/____
Email Address: _____ Telephone: _____
Residential Address: _____
(Must not be a P.O. Box and Private Bag address)

New Zealand Drivers Licence

Number (5a)

Card Version (5b)

OR

New Zealand Passport

Number

Expiry Date

Tax Status (If you are a tax resident in NZ and another country please complete both boxes. If you have foreign tax residency in more than one country, let us know)

<input type="checkbox"/> New Zealand Tax Resident (complete this box) IRD Number: _____	<input type="checkbox"/> Offshore Tax Resident (complete this box) Country of Foreign Tax Residency: _____ Tax Identification Number: _____ If you cannot provide a Tax Identification Number, please indicate why: <input type="checkbox"/> My country of tax residence does not issue TINs <input type="checkbox"/> My country of tax residence does not require TIN to be disclosed
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Applicant 2 Details

First Name(s): _____ Family Name: _____ Date of Birth: ____/____/____
Email Address: _____ I want to receive email updates ☐ Telephone: _____
Residential Address: _____
(Must not be a P.O. Box and Private Bag address)

New Zealand Drivers Licence

Number (5a)

Card Version (5b)

OR

New Zealand Passport

Number

Expiry Date

Tax Status (If you are a tax resident in NZ and another country please complete both boxes. If you have foreign tax residency in more than one country, let us know)

<input type="checkbox"/> New Zealand Tax Resident (complete this box) IRD Number: _____	<input type="checkbox"/> Offshore Tax Resident (complete this box) Country of Foreign Tax Residency: _____ Tax Identification Number: _____ If you cannot provide a Tax Identification Number, please indicate why: <input type="checkbox"/> My country of tax residence does not issue TINs <input type="checkbox"/> My country of tax residence does not require TIN to be disclosed
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Applicant 3 Details

First Name(s): _____ Family Name: _____ Date of Birth: ____/____/____
Email Address: _____ I want to receive email updates ☐ Telephone: _____
Residential Address: _____
(Must not be a P.O. Box and Private Bag address)

New Zealand Drivers Licence **OR** **New Zealand Passport**
Number (5a) Card Version (5b) Number Expiry Date

Tax Status (If you are a tax resident in NZ and another country please complete both boxes. If you have foreign tax residency in more than one country, let us know)

<input type="checkbox"/> New Zealand Tax Resident (complete this box) IRD Number: _____	<input type="checkbox"/> Offshore Tax Resident (complete this box) Country of Foreign Tax Residency: _____ Tax Identification Number: _____ If you cannot provide a Tax Identification Number, please indicate why: <input type="checkbox"/> My country of tax residence does not issue TINs <input type="checkbox"/> My country of tax residence does not require TIN to be disclosed
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Applicant 4 Details

First Name(s): _____ Family Name: _____ Date of Birth: ____/____/____
Email Address: _____ I want to receive email updates ☐ Telephone: _____
Residential Address: _____
(Must not be a P.O. Box and Private Bag address)

New Zealand Drivers Licence **OR** **New Zealand Passport**
Number (5a) Card Version (5b) Number Expiry Date

Tax Status (If you are a tax resident in NZ and another country please complete both boxes. If you have foreign tax residency in more than one country, let us know)

<input type="checkbox"/> New Zealand Tax Resident (complete this box) IRD Number: _____	<input type="checkbox"/> Offshore Tax Resident (complete this box) Country of Foreign Tax Residency: _____ Tax Identification Number: _____ If you cannot provide a Tax Identification Number, please indicate why: <input type="checkbox"/> My country of tax residence does not issue TINs <input type="checkbox"/> My country of tax residence does not require TIN to be disclosed
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For Companies

Complete this section if you are applying on behalf of a Company. All company directors, any person who has effective control of the company and any company shareholder who owns more than 25% if the applicant is a company (either directly or indirectly) will need to complete the applicant details on the previous page and sign this Application Form.

Company Name: _____ Trading Name (if different): _____ Company Number: _____

Registered Office Address: _____
(Must not be a P.O. Box and Private Bag address)

Jurisdiction of Incorporation: _____ Business or Industry: _____

Source of wealth: ☐ Income/savings ☐ Proceeds from sale of property/properties ☐ Proceeds from sale of business ☐ Inheritance/gift
☐ Other (please specify) _____

Tax Status (If you are a tax resident in NZ and another country please complete both boxes. If you have foreign tax residency in more than one country, let us know)

<input type="checkbox"/> New Zealand Tax Resident (complete this box) IRD Number: _____	<input type="checkbox"/> Offshore Tax Resident (complete this box) Country of Foreign Tax Residency: _____ Tax Identification Number: _____ If you cannot provide a Tax Identification Number, please indicate why: <input type="checkbox"/> My country of tax residence does not issue TINs <input type="checkbox"/> My country of tax residence does not require TIN to be disclosed
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For Trusts

Complete this section if you are applying on behalf of a Trust. All trustees, any person who has effective control of the trust (such as settlors and appointors) and any beneficiary or other person who has more than a 25% interest in the trust (either directly or indirectly) will need to complete the applicant details on the previous page and sign this Application Form.

Trust Name: _____ Country of Establishment: _____ Date of Establishment: ____/____/____

Trust Address: _____ Type of Trust: _____
(Must not be a P.O. Box and Private Bag address) (e.g. family, charitable)

Source of wealth: ☐ Income/savings ☐ Proceeds from sale of property/properties ☐ Proceeds from sale of business ☐ Inheritance/gift
☐ Other (please specify) _____

Trust Deed: ☐ A copy of the Trust's deed has been attached to this Application Form. **(this must be provided)**

Tax Status (If you are a tax resident in NZ and another country please complete both boxes. If you have foreign tax residency in more than one country, let us know)

<input type="checkbox"/> New Zealand Tax Resident (complete this box) IRD Number: _____	<input type="checkbox"/> Offshore Tax Resident (complete this box) Country of Foreign Tax Residency: _____ Tax Identification Number: _____ If you cannot provide a Tax Identification Number, please indicate why: <input type="checkbox"/> My country of tax residence does not issue TINs <input type="checkbox"/> My country of tax residence does not require TIN to be disclosed
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B: SUBSCRIPTION AMOUNT

The price is NZ\$25.50 per Share. Applications must be for a minimum of 100 Shares (NZ\$2,550) and, thereafter, in multiples of 100 Shares (NZ\$2,550). Punakaiki Fund Limited may accept or reject all or part of this application without giving reason.

Number of Shares applied for: _____ × \$25.50 Price per Share = NZ\$ _____

Please choose ONE of the PAYMENT options below. Please tick the box next to your selected option.

- ☐ **OPTION 1:** I will make a bank transfer of funds to Punakaiki Fund Limited's bank account: **02-1257-0039394-002**
- ☐ **OPTION 2:** Please find attached my payment by cheque or bank draft made out to Punakaiki Fund Limited

C: COMMON SHAREHOLDER NUMBER (CSN)

If you currently have a Common Shareholder Number (CSN), please enter it here: _____

D: ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM

Punakaiki Fund will undertake electronic verification of applicants' names, addresses and dates of birth in order to meet the customer due diligence requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009. For the purpose of verifying your identity, by signing this application form you consent to the personal information that you have provided being used with and, where necessary, being disclosed to Centrix Group Limited (and you authorise Centrix to use any information that they hold in their credit reporting bureau about you to compare the information that you have provided), the Companies Office, Land Information New Zealand, the NZTA (for the purpose of checking the Driver Licence record and/or MOTO database), the Department of Internal Affairs (for the purpose of checking the Passport Office and/or Births, Deaths and Marriages and/or the Citizenship Office) and the White Pages.

E: SIGNATURE(S) OF APPLICANT(S)

I/We hereby acknowledge that I/we have received and read the PDS, the Application Instructions and Terms and this Application Form and apply for the number of fully paid ordinary Shares as set out above and agree to accept such Shares (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the PDS, the Application Instructions and Terms and this Application Form.

Signature 1 _____ Signature 2 _____ Signature 3 _____ Signature 4 _____



Punakaiki Fund Application Instructions and Terms

You should read the Punakaiki Fund Limited Product Disclosure Statement and take financial advice before applying for Shares in Punakaiki Fund.

General

Applications for Shares may be lodged by the end of the Closing Date, being 17 December 2020 or such other date as Punakaiki Fund may determine at its sole discretion. Applications must be for a minimum amount of 100 Shares (\$2,550) and in multiples of 100 Shares (\$2,550) thereafter.

The return of this Application Form will constitute your offer to purchase or subscribe for Shares.

Applications must be completed in full and presented with all necessary documents. An Application may be rejected if any details are not entered, is otherwise incorrectly completed or is not accompanied by all necessary documents. Punakaiki Fund reserves the right to treat any Application as valid or to decline any Application, in whole or in part, at its sole discretion and without giving any reasons. Our decision as to whether to reject the Application, or to treat it as valid (and then how to construe, amend or complete the Application Form) will be final. The decision on the number of Shares to be allocated to you shall also be final. You will not, however, be treated as having agreed to purchase a greater number of Shares than which you have applied for.

By submitting an Application Form, you agree:

- to purchase and subscribe for the number of Shares you specify; and
- to become a Shareholder of Punakaiki Fund and to be bound by Punakaiki Fund's constitution (as applicable from time to time).

No person accepts any liability or responsibility if you attempt to sell or otherwise deal with the Shares before you receive confirmation of the number of total Shares you have been allotted.

Personal information provided by you will be held by Punakaiki Fund or at such other place as is notified upon request. This information will be used for the purpose of managing your investment. You have the right to access and correct any personal information about you under the Privacy Act 1993.

No Guarantee

No person guarantees the Shares offered under this Product Disclosure Document.

Authorised Person

The applicant whose details are completed in the Application Form under the sub-heading "Applicant Details (Authorised Person)" (the first part of the application form), is deemed to hold the authority to manage any Shares allotted under this Offer. This means that the contact details provided by this applicant will be used to contact the shareholder for matters such as shareholder votes and to exercise any other rights bestowed by the ownership of those Shares. This applicant will also receive all periodic shareholder communications, reports and updates from Punakaiki Fund. Other co-applicants may receive these reports and updates by checking the "I want to receive email updates" checkbox when completing their details in the Application Form.



Anti-money Laundering and Counter Financing of Terrorism

Punakaiki Fund is required to comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and is required to verify the identities of investors.

Punakaiki Fund will use electronic identity verification to verify the identity of individuals applying for Shares in order to meet its customer due diligence requirements under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009. In order to undertake this electronic identity verification process, Punakaiki Fund requires details from either your New Zealand Drivers Licence or your New Zealand Passport, and will query databases held by some or all of the following entities to confirm these details:

- Centrix Group Limited;
- Land Information New Zealand;
- The NZTA;
- The Department of Internal Affairs; and/or
- The White Pages.

Applicants must provide Punakaiki Fund permission to query these databases. By signing the Application Form, Applicants will be deemed to have provided these permissions.

If electronic identity verification is unable to verify the identity of an individual, then Punakaiki Fund will require copies of the following documents (certified by an appropriate person):

- A. Evidence of your identity and date of birth, by providing a certified copy of one of the following:
 - i. Your Passport; or
 - ii. Your driver licence (or 18+ card) and a certified copy of a birth certificate or citizenship certificate.
- B. Evidence of your residential address, by providing an original or certified copy of one of the following (which is less than 3 months old):
 - i. bank statement;
 - ii. power bill;
 - iii. home phone bill; or
 - iv. Inland Revenue statement.

Companies

If the Applicant is a **Company**, then all directors, anyone who has effective control of the company and anyone who directly or indirectly owns 25% or more of the shares of the company will need to complete and sign the Application Form (as if applying as an individual).

Depending on the nature and jurisdiction of the Company, we may also require additional information including evidence of the Company's source of wealth beyond what is required in the Application Form.

Trusts

If the Applicant is a **Trust**, then all trustees, anyone who has effective control of the trust (such as settlers or any person with the power to appoint trustees) and anyone who directly or indirectly owns or benefits from 25% or more of the trust will need to complete and sign the Application Form (as if applying as an individual). You will also need to provide Punakaiki Fund with the following documents:

- A. A copy of the trust deed; and
- B. Copies of any deeds of amendment.

We may also require additional information including evidence of the Trust's source of wealth beyond what is required in the Application Form.



If Punakaiki Fund is unable to adequately complete its customer due diligence processes for your Application, we will not be able to allot the Shares, Rights Issue Shares or Shortfall Shares for which you have applied.

Common Reporting Standard/FATCA

Punakaiki Fund is required to comply with the due diligence requirements of the Common Reporting Standard as supervised by Inland Revenue and FATCA. As a Reporting New Zealand Financial Institution, Punakaiki Fund will collect information regarding an Applicant's tax residency and Tax Identification Number(s) (in New Zealand this is an Applicant's IRD number) as part of the Application process. This information may be shared with Inland Revenue as required.

Applications

You can apply for Shares by using the Application Form attached within this PDS. The Application Form must be received by Punakaiki Fund no later than 11:59 p.m. on 17 December 2020.

The completed Application Form should be delivered to Punakaiki Fund using one of the following methods:

Scanned via Email: yvonne@lwcm.co.nz

or

Printed by Post: Punakaiki Fund Limited
P.O. Box 106655
Auckland City 1143

or

Printed in Person: Delivered in person to Yvonne Gao or Lance Wiggs at:
Level 6
2 Kitchener Street
Auckland

Application Payment

Please make payment by direct credit to Punakaiki Fund's BNZ bank account: **02-1257-0039394-002**

OR

Space is provided on the form for Applicants to elect to make payment by cheque or bank draft payable to "Punakaiki Fund Limited" and crossed "Not Transferable".

Payment must be in New Zealand currency based on NZ\$25.50 per Share.

Applications for Shares must be for a minimum of 100 Shares (NZ\$2,550) and, thereafter, in multiples of 100 Shares (NZ\$2,550). Punakaiki Fund may accept or reject all or part of any Application without giving reason.

All application monies received by Punakaiki Fund will be held in a separate account and on trust by Punakaiki Fund until such time as either Shares are allotted or the application monies are returned to the Applicant.

