



PUNAKAIKI FUND

INVESTING IN GROWTH STAGE COMPANIES

Information Memorandum

11 December 2015

Before you do anything else, READ THIS...

The information provided in this Information Memorandum is confidential and must not be disclosed to any other party or used for any purpose other than assessing the opportunity presented herein. This Investment Memorandum is supplied to you subject to the conditions outlined on this page and in Appendix One.

This document contains details of the Offer to apply for shares in Punakaiki Fund Limited. The Offer is an offer of Ordinary Shares that is only capable of acceptance by persons who are permitted to receive a non-regulated offer of financial products under Schedule 1 of the Financial Markets Conduct Act 2013 (the Offer).

No application will be accepted by Punakaiki Fund under the Offer unless it meets the requirements of clauses 3, 4 or 5 of Schedule 1 of the Financial Markets Conduct Act 2013.

Neither this document nor any other Offer materials constitute an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation. No action has been taken that would permit a public offering in any jurisdiction where action for that purpose would be required.

It is anticipated that the Offer will remain open until 23 December 2015, although may close earlier or be extended at the discretion of the Punakaiki Fund Board.

AND THIS...

An investment in Punakaiki Fund should be considered a **long-term investment**, carrying the **risk of loss of a substantial part of the investment**. Given that Punakaiki Fund invests in multiple companies, we believe that the risk of total loss is low, while the risk of some loss is moderate to high.

AND ALSO THIS...

(if you plan on investing more than NZ\$750,000)

The law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is \$750,000 or more. As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for this investment.

Investments of this kind are not suitable for retail investors.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

THIS IS *NOT* AN OFFER TO THE PUBLIC



Offer at a Glance

Fund Details

Investing in technology, internet (e.g. SaaS) and design-led companies in New Zealand with long-term investment philosophy.

\$14.3m of assets with investments in 13 companies: Raygun, Timely, Influx, Vibe Communications, Onceit, Weirdly, Boardingware, Melon Health, RedSeed, ThisData, EverEdgeIP Global, Vend and Mobi2Go.

Board of Directors chaired by Mike Bennetts (Z Energy), with John Berry (Pathfinder Asset Management), Bryan Hutchins (Real Journeys) and Lance Wiggs.

Managed by Lance Wiggs Capital Management, with principals Lance Wiggs and Chris Humphreys, who bring deep experience in high growth companies, early stage investing, business and finance.

A strong track record of capital gains for Punakaiki Fund investors with IRRs from 37.2% (June 2015 investors) to over 52% (April 2014 investors who exercised options).

Investment details

Private placement to Exempt Investors only.

Minimum investment of \$33,000 or 2,000 Shares at \$16.50.

One September 2016 Option will be issued with each Share purchased, with an exercise price of \$19.00 each. These options may be traded independently of the Shares.



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Letter from the Chairman

Dear Investor,

On behalf of the Punakaiki Fund Board of Directors, I am pleased to present Punakaiki Fund to you.

Punakaiki Fund is one of the most active early-stage investors in New Zealand and has grown quickly to reach assets of \$14.3 million in its first 20 months of operations.

Today, Punakaiki Fund has an enviable portfolio of 13 companies based across New Zealand, exporting around the world and that are at the forefront of New Zealand's transformation to a technology-based economy. The Board is extremely happy with the performance of Punakaiki Fund's portfolio to date and its significant potential going forward.

At this stage in its evolution, it is appropriate to put a Board of directors in place, and I am very happy to take on the role of Chair.

The long-term focus for this Board is to apply the right governance to help the fund grow and reach its targeted IPO within three to four years, while continuing to deliver strong returns to investors. Three things we want to be relentless about are risk management, making sure we are investing in the right companies for the right reasons, and appropriately determining net asset values. The last point is particularly important given the frequency of our fundraising, which includes, in this instance, the use of an option. We adopt the International Private Equity and Venture Capital (IPEV) Valuation Guidelines when undertaking our valuations, and believe that using this methodology consistently reduces the risk to shareholders of inappropriate values.

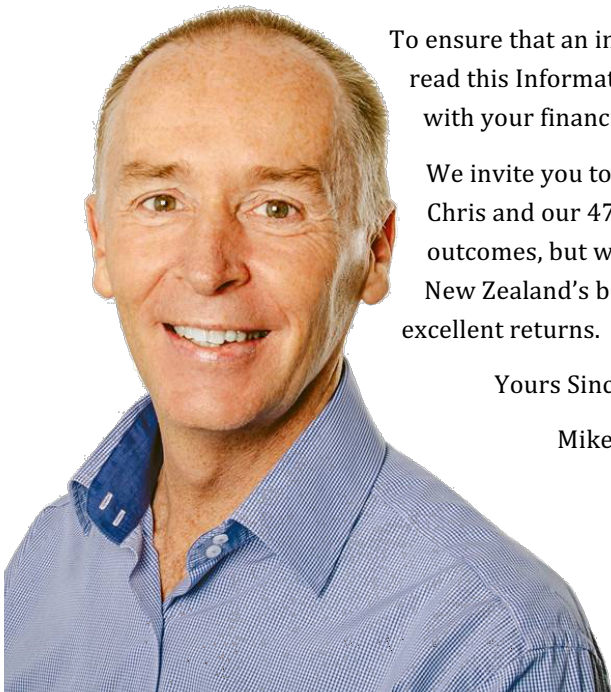
While Punakaiki Fund holds some of the very best high-growth companies in New Zealand, these and other companies in our sights need more capital in order to realise their potential, scale their business and build their export sales even further. For this reason, we now offer you the opportunity to invest in Punakaiki Fund. New Zealand is faced with a large funding gap for high quality, high-growth technology companies, and while Punakaiki Fund is not a total solution for this problem, it has already helped change the landscape towards a better future. We certainly find that there is no shortage of attractive investment opportunities available to the fund and the capital that we raise from this Offer will be applied to investing in the very best of these.

To ensure that an investment meets your specific objectives, we recommend that you read this Information Memorandum carefully and, before making a decision, consult with your financial and other professional advisers

We invite you to invest in Punakaiki Fund and join with myself, the Board, Lance, Chris and our 472 other investors. As with any investment, we cannot guarantee the outcomes, but we do believe if we stick to our approach and continue to support New Zealand's best high-growth companies, we have the potential to deliver excellent returns.

Yours Sincerely

Mike Bennetts



Letter from the Manager

Dear Investor,

An opportunity to invest

Punakaiki Fund now has a Board of experienced directors, 20 completed investment transactions into 13 companies and assets of \$14.3 million, primarily consisting of shareholdings in companies which we believe comprise the best early-stage and high-growth portfolio available to investors in New Zealand. The 13 companies have a combined annualised revenue run rate of over \$40 million and aggregate annual revenue increase of 94% to the end of September 2015 (75% when weighted by Punakaiki Fund's shareholding). They are real companies, employing over 320 staff between them, and all except one have six or more employees. Some are profitable, most can choose to be profitable but are investing in growth, and one has even paid us dividends in 2015 (twice). Most importantly, they each have a compelling investment case based on compelling experiences for end users and long-term growth. Most have been winners or finalists in the Deloitte Fast50, Hi-Tech Awards or BNZ Webstock Start-up Alley.

Punakaiki Fund investors are seeing very high returns

We have delivered for our investors so far. Our April 2014 investors who exercised their options are showing an annualised IRR of 49.1% to the end of November 2015. The December 2014 investors who exercised their options are showing a 43.0% IRR, and our June 2015 Private and Crowd Funding investors are already showing an annualised IRR of 30.6% (although we note that this in particular is a very short measurement period and not necessarily meaningful in the context of potential long-term returns). These extremely high returns are based on changes in the Net Asset Value per share, now \$16.17 (including brokerage), and that share price itself is based on the rising Net Asset Value of our portfolio (after fees), which in turn reflects completed or pending investment transactions from the ultra-high growth and high quality of the companies that we have invested into. As patient, long-term investors, we are willing to wait for companies to grow and not push for early exits or proof of value, so we expect there is more to come. We believe that the largest gains come to those who are willing to hold for the long-term and are willing to accept a conservative approach to valuation for companies that have not had a recent investment transaction. It is worth repeating that all of the reported shareholder returns are after the effect of our management and contingent performance fees. Past performance does not, of course, guarantee future success either, though it is hard to see some of these companies lose growth momentum for a while.

The Offer

This Offer, set by the Board of Directors at \$16.50 per Share, including a tradable \$19 September 2016 Option, is priced to be fair to existing investors and attractive to new investors. We have set the minimum investment at 2,000 shares, or \$33,000 and this Offer is open to Exempt Investors only.

We do not have an overall target for this Offer, but we continue to believe that we can place any amount of money into very high-quality high growth companies in this market, and we have a very high quality investment pipeline.

We continue to be founder centric, and to focus on investments that are not available to other early stage investment funds and groups. We believe we offer rare access for all investors to very high-quality early-stage companies, and diversity from other early stage investments that investors may have access to.

There are more details on the calculation of the Share price for this Offer on page 33.



Management and Governance- Changes at the top

We are delighted to welcome our new Chair, Mike Bennetts, CEO of Z Energy, and our other new directors Pathfinder fund manager John Berry and Real Journey's Bryan Hutchins. We recommend to the companies we invest in to make sure their Board is able to challenge, guide and coach their senior team, and our Board is doing just that with us.

The fund continues to be managed by Chris Humphreys and myself, and we are, in almost all circumstances, the investment decision makers. We are frugal with it - we often see founders who start by working from home, cafes and wherever they can, and similarly Chris and I have worked from the same sorts of places in the last three years until moving into an office in Auckland in November. How low are our expenses? We charge 2% of funds under management, which at our Net Asset Value of \$14.3 million is currently just \$286,000+GST per year. We believe in investing what we say we invest, and do not charge fees for investing, pass on expenses from our lawyers or accept commission on investments made by others. We may accept payment for directorships, but do not currently do so for any of the companies. We do charge 3% brokerage to pay for the costs of raising funds, which we increasingly pass on. The performance fees for LWCM are subject to a high water mark, and payment is not triggered until Punakaiki Fund's shares are quoted on a recognised exchange such as the NZX.

We work hard to maintain our low expense ratios, as with a relatively small fund we have to be very frugal and efficient to make the numbers work for investors.

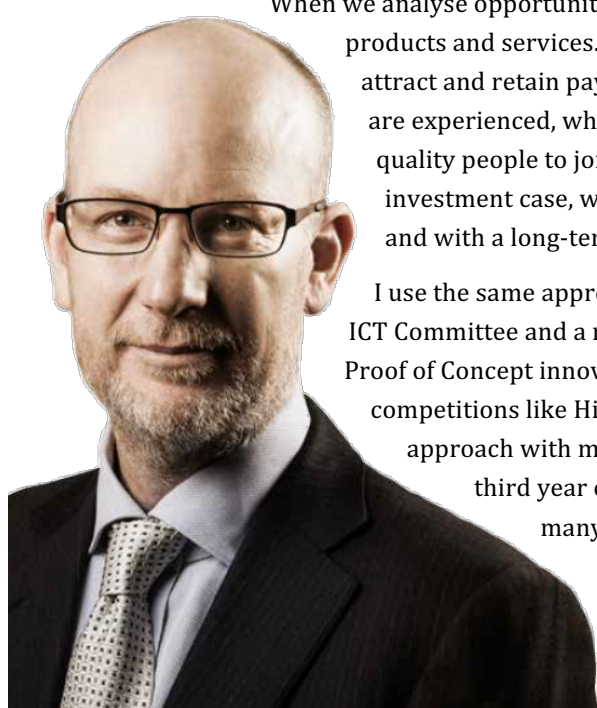
Our Investment Approach

We invest in privately held companies, we reinvest where appropriate and we anticipate holding our investments for the long term. Our focus is on high growth New Zealand companies in the internet, technology and design sectors, because that is where we believe New Zealand can have a competitive advantage, and it is where we have demonstrated superior access to opportunities.

We believe our founder-centric approach is the wisest in the long-term, as it will grant us privileged access to the best investments and thus superior long-term returns. Being founder-centric primarily means trusting the founders and placing our emphasis on helping the founders grow great businesses. We try to be easy to work with, to make quick investment decisions and focus on helping founders and leadership teams make better decisions, rather than trying to tell them what to do, or we step well back and allow the company to grow without interference.

When we analyse opportunities, we first look for end users who are being delighted by a business' products and services. We then look for growing revenue curves that show the ability to attract and retain paying customers. We look for the best founders and teams, people who are experienced, who learn, who are smart and who can attract a series of even higher quality people to join them on their start-up journey. Finally, we look for a solid financial investment case, which is validated by previous evidence, and then invest on fair terms and with a long-term perspective.

I use the same approach in my work with Return on Science – where I am Chair of the ICT Committee and a member of the Physical Sciences Committee, with work done judging Proof of Concept innovation competitions at Otago University and with judging of competitions like Hi-Tech Awards and BNZ Webstock Start-up Alley. I also use a similar approach with my work as an NZTE Better by Capital provider, where I am in the third year of work, having worked directly with over 70 companies and met many more across the country through investment readiness workshops.



Confidentiality

We believe in over-sharing with our investors, but it is each company's prerogative on whether or not we can share anything, and confidentiality provisions usually bind us in our investment contracts. For this round of fund-raising, we have not shared too many facts and figures – but we now offer investors the additional comfort and security of a very senior Board of directors who sign off on valuations. We have also committed to an FY2016 audit by Ernst & Young and will continue our frequent updates to shareholders on progress. We share anything material with our shareholders soon after it happens, and deliver quarterly reports, which are now also signed-off by the Board. While you will be bound by non-disclosure clauses, we will always assume that competitors or potential competitors to our investee companies are on our shareholder register.

Structure

Punakaiki Fund Limited is the entity that holds the investments, and which is issuing new Shares in the Offer. It is managed by LWCM (a company owned by Lance Wiggs and Chris Humphreys) in a similar approach to Infratil Limited (managed by HRL Morrison & Co) and Maui Capital Aqua Fund and Maui Capital Indigo Fund (each managed by Maui Capital).

Punakaiki Fund does not have the typical general partner/limited partner structure seen in venture capital funds. The key advantage is that we can have a much longer investment horizon and intend to provide future liquidity to investors by quoting Punakaiki Fund's Shares on a recognised exchange in three to four years.

Our Investments

We have invested in a diverse set of great companies. Vend, our largest investment is a mature yet rapidly growing company taking its point of sale software to the world, and is a very well known entity with many investors who were also early investors in Xero. Timely provides appointment booking services to the health and beauty industry; beauty salons, hairdressers, spas, clinics and personal trainers, and like Vend has relentless growth. Raygun.io, Raygun's signature product, captures and sorts billions of software errors and allows programmers to understand what is going wrong with their software, while Raygun Pulse lets programmers see what end users are doing with their applications. Influx helps small gyms manage their classes and staff. Melon Health helps people living with chronic disease live a better life and has been supported by Techstars, Mayo Clinic and others in 2015. Weirdly helps employers find better staff and for recruits to enjoy the recruitment process, while RedSeed combines technology, great video production and retail sales expertise to help their customers increase sales through better retail sales staff training. EverEdgeIP are world experts in identifying, managing and extracting value from intangible assets. Mobi2Go can deliver 20% uplift in same-store sales to restaurants by offering simple online ordering through a restaurant chain's own website. Vibe Communications uses software to deliver heavy-duty telecommunication solutions, and Onceit delivers fashion to your door. ThisData provides peace of mind by monitoring the complex array of SaaS applications that a company's staff and contractors are using. Boardingware helps boarding masters, parents and students manage leave and pastoral care across the world. There is also one other new investment to finalise which we will disclose in due course.

In respect of scale, Vend stands alone – a sizeable high growth company that is tightly held.

Our next two large companies, Vibe Communications and Onceit, are substantial yet fast-growing businesses, delivering combined revenues at an annualised rate of well over \$15 million per year based on sales for September 2015. They are both profitable and they are both growing strongly. Onceit has even paid two dividends this year – representing a 10% gross return on our investment.



Raygun, Timely, EverEdgeIP, Mobi2Go, Melon Health and RedSeed are well-established businesses with strong customer support. Their combined revenue run rate is under \$10 million but growing quickly.

Boardingware, Weirdly, Influx, and ThisData are all much earlier stage companies, and while they have revenues, the amounts are relatively small. The combined revenue run-rate for these companies is under \$500,000 per year.

Final Words

We had a very successful offer to investors in June – one of only two companies to hit the legal maximum of \$2 million permitted for crowd funding offers, and we raised a total of \$4.7 million from the combination of our crowd funding offer, private offer and exercising of our June 2015 options. We have now committed those funds, and seek further funds to invest in both our existing portfolio and companies new to Punakaiki Fund.

We remain committed to listing on a recognised exchange, such as the NZX, within the next three to four years.

This is not an investment for those looking to make a quick trade – it is long term, illiquid and subject to the vagaries of the economy, tech sector valuations and our own abilities to continue to invest in great companies.

We look forward to investing, with you, in what we hope will include some of the next generation of billion-dollar companies.

Yours Sincerely

Lance Wiggs

Lance Wiggs Capital Management Limited



Key Information

This section provides a summary of the key information relating to Punakaiki Fund. The remainder of this Information Memorandum contains important information and you should read all of it along with undertaking your own research into Punakaiki Fund before making an investment decision.

What is Punakaiki Fund?

Punakaiki Fund was first funded in April 2014 to make investments into early and growth stage New Zealand-based technology, Internet and design-led businesses, at which time we raised \$1.5m from eligible investors. We have since raised a total of \$9.9m via two subsequent private offers, the exercise of three series of options and a crowd-funding offer. To date, Punakaiki Fund has invested \$8.4m in cash in 13 businesses, via 20 separate investment rounds. We intend to make one more investment before the end of December 2015, resulting in an average of one investment per month since the fund started.

Our philosophy is to invest early, reinvest where merited and be a long-term investor. We seek to make investments in companies that can demonstrate the ability to:

- generate early revenues to validate their business model;
- follow an attractive revenue (and profit) growth curve;
- create a sustainable competitive advantage through the use of Internet, technology and/or design;
- focus on creating value for the end users of their products and services; and
- deliver long-term sustainable growth across a range of measureable indicators.

Punakaiki Fund has invested in and intends to continue to invest in predominantly early-stage, fast-growing internet, technology and design-led businesses. In particular, Punakaiki Fund finds SaaS business models attractive, although it has a wide investment mandate and will invest in other attractive opportunities on a case-by-case basis and has wide discretion to do so.

Punakaiki Fund's manager is Lance Wiggs Capital Management Limited (LWCM), owned by Lance Wiggs and Chris Humphreys. Lance and Chris provide a combination of finance and business experience in the technology, Internet and design-led sectors. Lance has co-founded or invested in over 15 private companies and he brings experience from McKinsey, Trade Me, Better by Design, Better by Capital along with many early-stage companies. Chris has significant corporate finance experience, including modelling and due diligence through to structuring and advising on many large New Zealand corporate finance deals.



What assets does Punakaiki Fund currently own?

Punakaiki Fund holds the following investments, in ten companies:

- Timely (4.66% shareholding);
- Raygun (5.26% shareholding);
- Vibe Communications (22.82% shareholding);
- Influx (25.18% shareholding);
- Melon Health (13.86% shareholding¹);
- Onceit (25.62% shareholding);
- Weirdly (29.46% shareholding);
- Boardingware (28.57% shareholding);
- RedSeed (12.00% shareholding);
- ThisData (10.64% shareholding);
- EverEdge IP Global (4.78% shareholding);
- Vend (2.15% shareholding); and
- Mobi2Go (5.49%² shareholding).



Some of the team at Timely

These companies are discussed in more detail later in this document.

What is the investment on offer?

Ordinary fully paid Shares in Punakaiki Fund at a price of \$16.50 per Share. Each Share confers an equal right to dividends and other distributions made by Punakaiki Fund and carries the right to cast a vote at meetings of Shareholders.

For each new Share issued under this Offer, one September 2016 Option will also be issued. The September 2016 Option may be exercised for \$19.00 before 16 September 2016.

There is no minimum amount that must be raised by the Offer.

What is the minimum number of Shares I can buy?

The minimum number of Shares you can apply for is 2,000 Shares (\$33,000). After this, you may apply for multiples of 500 Shares (\$8,250).

If you are an existing Punakaiki Fund shareholder and are an Exempt Investor, you can apply for a minimum of 1,000 shares (\$16,500). After this, you may apply for multiples of 500 Shares (\$8,250).

What are the important dates?

The opening date of this Offer is Friday, 11th December, 2015. The closing date of this Offer is Wednesday, 23rd December 2015.

Punakaiki Fund reserves the right to amend, extend, shorten and/or withdraw the Offer at any time before the closing date. Punakaiki Fund can reject any Application, or accept any Application in part only, without providing any reason for doing so. If this happens, the applicable subscription monies will be refunded to you. You will not be paid interest on any refunded subscription monies.

¹ After dilution from Melon Health's Employee Share Ownership Plan and options issued to director Brian Leighs.

² The 5.49% holding in Mobi2Go is the first part of a two-tranche investment. Conditional on raising an additional minimum amount of new capital by 31 March 2016, Punakaiki Fund will double its investment in Mobi2Go.



How can I apply for Shares?

You can apply for Shares in the Offer by filling out an Application Form and returning it, making payment for the Shares, providing any necessary documentation setting out your eligibility to investment in Punakaiki Fund under the Financial Markets Conduct Act 2013 and any necessary documents required under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (if required). An Application Form is available on request from lance@lwcm.co.nz.

Who is allowed to invest in Punakaiki Fund?

Those persons applying to participate in the Offer must be Exempt Investors. Exempt Investors include “wholesale investors”, “eligible investors”, “close business associates” and “relatives” as defined under the Financial Markets Conduct Act 2013 (“FMCA”), and persons who are investing more than \$750,000. Please refer to the Frequently Asked Questions on page 46 for more information on who is considered an Exempt Investor.

Those existing shareholders of Punakaiki Fund who invested through Punakaiki Fund’s June 2015 crowd funding round may not participate in the Offer unless they are certified as an Exempt investor.

What are the charges?

You are not required to pay any charges or fees to LWCM or Punakaiki Fund in relation to a Capital Raising other than brokerage, which is included in the Price for each Share you subscribe for.

The costs of the Offer will be assumed by LWCM, who will be paid, as brokerage, 3% of all capital raised under the Offer. This brokerage arrangement between Punakaiki Fund and LWCM is an on-going arrangement and applies to all capital raising events undertaken by Punakaiki Fund.

What are the other 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 and performance fees to LWCM.

Punakaiki Fund will pay LWCM a Management Fee equivalent to 2% of Punakaiki Fund’s Net Asset Value per annum, plus GST. If the Net Asset Value exceeds \$50 million then fees applicable to the portion of the 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 and is calculated using the Net Asset Value at the beginning of that quarter.

A Performance Fee will also be payable to LWCM where it exceeds a predetermined level of performance and when certain events occur. The Performance Fee is 20% of the increase in the Market Value of Punakaiki Fund, subject to that increase in Market Value being above a benchmark growth rate of 10% per annum and is subject to a High Water Mark. The Performance Fee will be paid by the issue of Shares and cash. An example of how the Performance Fee is calculated is included on page 41.

The other main operating costs of Punakaiki Fund are Directors Fees (currently set at \$15,000 in aggregate per annum), insurance (currently \$23,920 per annum), audit services (estimated between \$25,000 and \$30,000 per annum), accounting services (the preparation of annual financial statements and day to day requirements) and any external due diligence services used (the professional external vetting of investment opportunities). In the future, there are also likely to be up-front and on-going fees and compliance costs associated with any listing on a recognised exchange and employing the services of an external share registrar, although Punakaiki Fund’s desire to undertake these actions will be balanced with its ability to reasonably bear these expenses.

How can I sell my Shares?



Punakaiki Fund offers an internal order matching service for Shareholders. However, this service does not guarantee the ability for you to sell, or to receive a fair price for, your Shares. If shareholders want us to, we intend to list on the NZX or a similar exchange in due course once Punakaiki Fund has attained an appropriate size and the costs and benefits to it of doing so are appropriate.

What type of risk is involved?

You should regard your investment in Punakaiki Fund as a long-term commitment with no guarantee of any return or liquidity. The Directors expect that an investment in Punakaiki Fund is likely to exhibit different volatility (a measure of risk) compared to an investment in a diversified portfolio of listed securities. The effect of the earlier stage of investing will generally create higher volatility while the effect of investing in unlisted securities will generally create lower volatility, and these two effects may or may not act at the same time.

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.



Board of Directors

At Punakaiki Fund's Annual General Meeting of shareholders held on 30 September 2015, Mike Bennetts, John Berry and Bryan Hutchins were appointed to the Punakaiki Fund Board of Directors by way of a shareholder vote. They joined Lance Wiggs, who had previously held the position of sole director of Punakaiki Fund from the period of raising its initial capital in April 2014 through to the additional director appointments.

Mike Bennetts, John Berry and Bryan Hutchins are all considered non-executive directors, rather than independent directors, as they all hold a material number of Shares in Punakaiki Fund.

Current Board

Mike Bennetts (Chair)

Mike is the CEO of Z Energy, one of New Zealand's largest retail and wholesale fuel businesses. He became the CEO of Z Energy after 25 years with BP in a variety of downstream roles in New Zealand, China, South Africa, the UK and Singapore. Mike is also a director of New Zealand Refining Company Limited. Mike has a BBS and Postgraduate Diploma in Corporate Management; and is a member of the Institute of Directors in New Zealand.

A trust associated with Mike is Punakaiki Fund's third largest shareholder, holding 40,000 ordinary shares or 4.62% of Punakaiki Fund's issued ordinary shares.

John Berry

John is the co-founder and Executive Director of Pathfinder Asset Management. Pathfinder Asset Management was founded in 2009 and has over \$100 million in funds under management. John has over 24 years market experience, having previously held roles 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.

John & Angela Berry jointly hold 7,200 ordinary shares or 0.83% of Punakaiki Fund's issued ordinary shares and are Punakaiki Fund's 23rd largest shareholder.

Bryan Hutchins

Bryan Hutchins is a director of Real Journeys and the Fiordland Lobster Company. Bryan became a director of Real Journeys following 25 years as CEO of the company. He is also a trustee of The Leslie Hutchins Conservation Foundation.

Bryan is Punakaiki Fund's second largest shareholder, holding 55,400 ordinary shares or 6.40% of Punakaiki Fund's issued ordinary shares.

Lance Wiggs

Lance's profile is set out on page 16.

Lance is Punakaiki Fund's largest shareholder, holding 61,970 ordinary shares or 7.16% of Punakaiki Fund's issued ordinary shares.



About the Manager

About Lance Wiggs

Lance has co-founded or personally invested in over 15 companies, and brings experience from McKinsey, Trade Me and many early-stage companies. He has long been involved in high-growth sectors of the economy.

Before founding Punakaiki Fund, Lance invested in over 15 private companies in Australasia. His active private investments include:

- **Pocketsmith**, a SaaS personal financial manager featuring cash flow forecasts and Xero integration for passing on business expenses; an upgrade for many from Mint.com;
- **200 Square**, a NZ-wide real estate agency that uses a proprietary SaaS system to lower prices to sellers;
- **Authentic Tours**, trading as **My Tours**, a SaaS product that allows tourist operators and museums to create walking tour applications for all popular mobile devices;
- **Lingopal**, an Australian developer of nearly 100 iPhone and Android translation applications;
- **Taggle**, an Australian water metering company using innovative radio technology;
- **Define Instruments**, a designer, manufacturer and exporter of control systems and panel meters; and
- **LTW Wiggs**, which in turn has a shareholding with Performance Labs, which has a platform to drive the next generation of fitness products and accepted venture capital funding from Intel Capital.

Lance is a Director of Boardingware, Melon Health, RedSeed, Vibe Communications, EverEdgeIP, Influx, Weirdly (all Punakaiki Fund investments), along with Pocketsmith, 200 Square, Authentic Tours, Lingopal, LTW Wiggs and Define Instruments. He is not permitted to make any further private investments in Punakaiki Fund's target market without the approval of the Board. The only exception to this is for new investments in companies in which Lance already has a shareholding.

Lance's prior personal investment and founding activity includes:

- Co-Founder, investor and paid consultant with **Pacific Fibre**, a company formed to build a fibre optic cable between Australia, New Zealand and the USA. Pacific Fibre ceased operations after failing to raise the required funding;
- Co-Founder of **Groupy Deals**, a group deal site that launched a week before Grab One, and where the assets were later sold to Yellow and then to Daily Do;
- Co-Founder of **All About the Story**, which built and marketed a web marketplace to match quality writers with editors. It ceased operations after failing to prove a sustainable market;
- Co-Founder of **SafePlus**, a SaaS product to improve safety outcomes through training and testing. This was closed down after the passing of a key co-founder;
- Investor in **Valuecruncher**, a SaaS provider of a company valuation tool. Lance negotiated, on behalf of Pocketsmith, for Pocketsmith to buy Valuecruncher in late 2013; and



- Founder of **Powerkiwi**, a retailer of electricity on Powershop.co.nz. Powerkiwi ranked second in the Deloitte Fast 50 for 2012, and has now ceased operations after a negotiated agreement with Powershop.

Lance was the investment-banking advisor for Trade Me on its sale to Fairfax Media, and has advised a large number of local early stage companies. 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, where he was a member of the Audit Committee.

Lance is in his third year of contracting to NZTE's Better by Capital programme, where he has helped over 70 companies of all stages become more investable through intensive workshops. He was formerly a practitioner with the New Zealand Trade and Enterprise's Better by Design programme. Lance has an MBA from Yale University (Strategy, Finance) and a Bachelor of Technology (Product Development) from Massey University.

About Chris Humphreys

Chris brings significant corporate finance experience and rigour to the team. He performed financial modelling, due diligence, deal structuring and deal advisory work for clients while at PwC, where he was an associate director. He is an entrepreneur in his own right with interests in the South Island.

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.

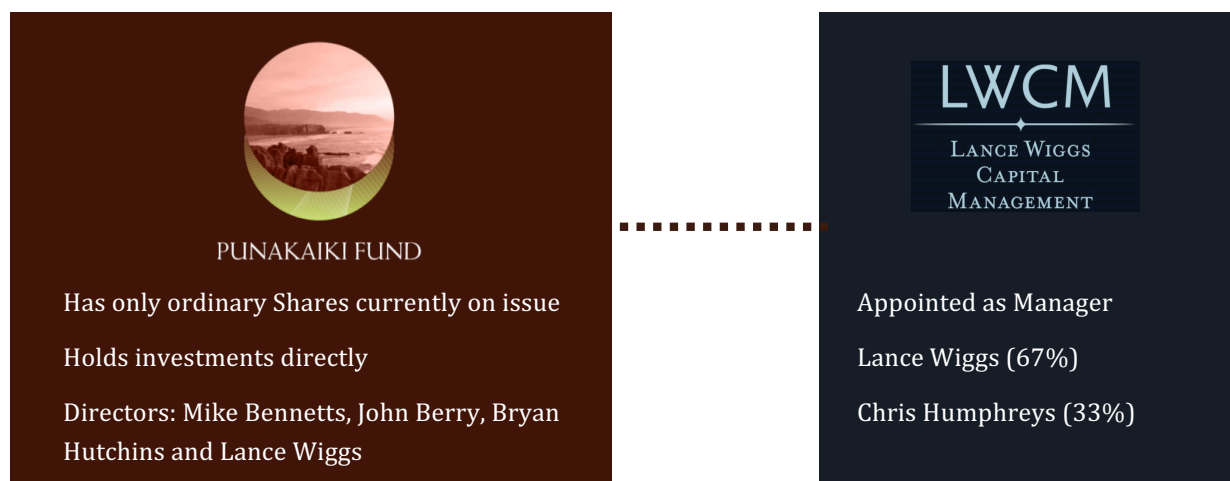
Lance and Chris met at Pacific Fibre, a company that Lance co-founded with several notable New Zealanders to build a US\$300 million fibre optic cable between Australia, New Zealand and the USA. Following the conclusion of Pacific Fibre, Lance approached Chris about forming LWCM, with the intention of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

Punakaiki Fund Structure

Investors will subscribe for Shares in Punakaiki Fund Limited, which in turn has a management contract with LWCM.

Our structure of separating the fund and the manager gives us the flexibility to extend traditional company investor protections as Punakaiki Fund grows such as having a predominantly non-executive Board and an auditor, and to later seek a listing on a recognised exchange such as the NZX. In our view, this also allows us to manage costs in a more transparent manner and to provide the ability to change the fund manager in the future if required.

The Punakaiki Fund Structure is set out below:



INVESTING IN OUR FUTURE

We are full time professional investors and advisors, strong in investing fundamentals and in advising early stage companies.

We aim to be the investor of choice for New Zealand's leading high-growth companies.

Our ambition is to deliver lasting returns to investors with the best risk-adjusted returns in our sector, and we have the patience to deliver long-term returns.

Timely

Shareholding:

4.66%

Date of First Investment:

June 2014

Timely provides appointment-booking services to beauty salons, hairdressers, spas, consultants and personal trainers, and are a SaaS company in the spirit of Xero and Vend. The company was founded by Ryan Baker and Andrew Schofield in December 2011 and since then has grown significantly, now boasting 27 staff spread across a number of different locations including its headquarters in Dunedin.

Punakaiki Fund led Timely's second external investment round, investing for an initial 4.71% stake in the company. This investment was matched by a professional private investor who was also an early investor in Xero and Vend. In August 2014, former Trade Me Chief Operating Officer Mike "MOD" O'Donnell invested and, along with first-round investor Rowan Simpson, joined the two main founders on the Timely Board. In April 2015, Timely purchased its United Kingdom distributor in a small cash and shares deal. These transactions diluted Punakaiki Fund's interest in Timely slightly to 4.66%.

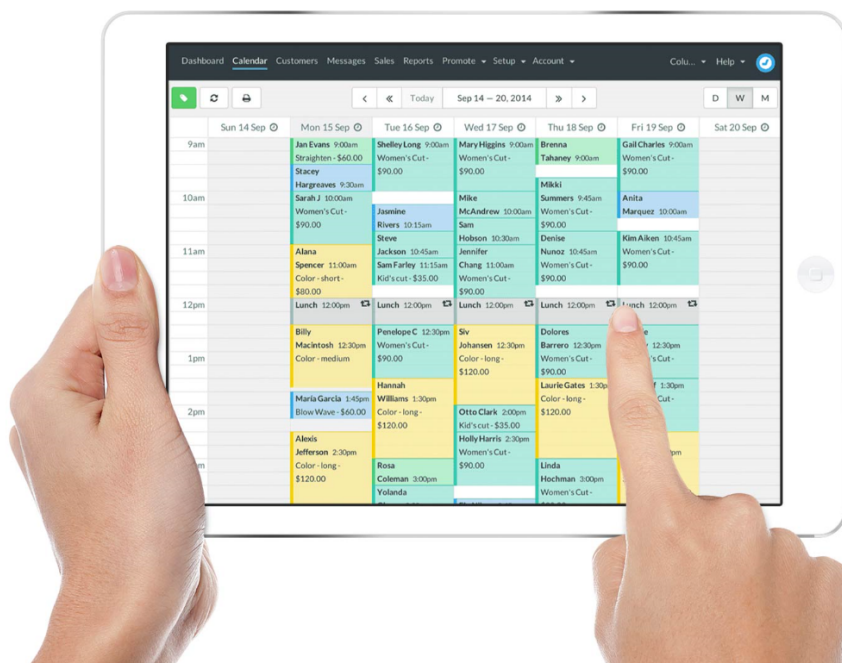
Since Punakaiki Fund's investment, Timely has continued to grow strongly and achieve significant milestones including:

- Showing continued strong revenue growth and more than tripling monthly revenues;
- Receiving a Highly Commended award in the Start-up category in the New Zealand Hi-Tech Awards in both 2014 and 2015;
- Winning the Deloitte Fast 50 Rising Star Award (Otago and Lower South Island) in both 2014 and 2015;
- Winning the Emerging Business Award at the OBIZ awards; and
- Being exclusively selected by the NZ Association of Registered Beauty Therapists to promote to their members.

Timely is a very highly regarded company amongst the early stage community, with second-time round founders, a high performing team and a focus on simplicity and usability for their end users.

www.gettimely.com

timely



Punakaiki Fund Lin

Vibe Communications

Shareholding:

22.82%

Date of First Investment:

June 2014

Vibe Communications (Vibe) is an Auckland based ISP (Internet Service Provider) that provides wholesale and corporate telecommunication services to businesses in New Zealand, Australia, Asia and the USA. They have a strong technical reputation and use their networking, development & procurement and deal-making skills to provide high quality, automated services to other carriers, ISPs and ICT service providers. They are sometimes compared to an early version of Australia's Vocus Communications, which is now listed on ASX Limited (the operator of the Australian Securities Exchange), but are branching out into new areas. Vibe's "just make it work" approach to deliver customers high quality, high speed connections has seen the company grow quickly in recent years, and we expect this growth to continue.

Punakaiki Fund was the first external investor in Vibe, originally investing for a 20.00% stake in April 2014. Punakaiki Fund subsequently purchased another 5% of shares. In June 2015, Vibe Communications purchased an Australian group of companies (RackCentral) for a share and cash deal, issuing 5% of new equity to do so. Punakaiki Fund's interest is currently 22.82%.

Vibe has continued to grow strongly since Punakaiki Fund's investment. Highlights since our investment include:

- Placing 34th in the 2014 Deloitte Fast 50 and 189th in the 2014 Deloitte Technology Fast 500 Asia Pacific index (with 252% revenue growth over the previous two years) and just missing out on the top 50 in 2015 but placing 186th in the 2015 Deloitte Technology Fast 500 Asia Pacific index (with 186% revenue growth);
- Significant network upgrades through the purchase of equipment;
- Acquiring RackCentral and CloudIO, providers of hosting and cloud services, with clients including BHP Billiton, Coca-Cola and CA Technologies;; and
- Introducing IntelliPath, a product that allows inter-data centre connections to be established within minutes, and signing a deal with a large Australian telecommunications player.

Vibe (along with Onceit and Vend) is one of the most substantial companies in our portfolio, with revenues similar to all the other companies (excluding Onceit and Vend) combined, and with strong profitability. Their funding demands are largely for capital equipment, which they need to build out their robust network and for the global expansion of IntelliPath.

www.vibecommunications.co.nz

vibe
communications

simpler. better. **faster.**

AUCKLAND

Owning our own network sets us miles apart from our peers and means we dictate the quality, speeds, resiliency and scalability.

Vibe, it's time to move



Raygun

Shareholding:

5.26%

Date of First Investment:

April 2014

Raygun Limited (Raygun) is a Wellington based developer of well-regarded developer tools for the Microsoft platform. It was founded by John-Daniel Trask and Jeremy Boyd in 2007. Things started to accelerate in 2013 with the launch of their Raygun.io product, a dev-ops tool that automatically tracks errors and crashes in applications across a wide range of platforms including PCs, the web and mobile devices. Due to the popularity, the company was renamed from Mindscape to Raygun this year. It helps companies find errors faster, and fix them more quickly, by aggregating errors and telling them the exact line of code where the software error occurred.

Punakaiki Fund invested in Raygun's first external investment round, which had actually closed prior to Punakaiki Fund completing its own initial capital raising. The round was reopened for Punakaiki, and we invested for a 5.26% stake in the company, becoming Raygun's largest external investor. We joined Mike O'Donnell, Ben Kepes, Nick Lewis and 12 other new shareholders in the round, which was reported as providing Raygun with \$1.4m of new capital. Mike O'Donnell (also the independent Director of Timely) is the independent director of Raygun.

Raygun is continuing along a strong growth trajectory, including:

- Raygun.io's monthly revenue more than quintupling from when Punakaiki Fund made its initial investment;
- The development and recent release of Raygun Pulse, which is a new approach to real user monitoring;
- Winning the Hi-Tech Innovative Software Product of the Year category in 2014 and the Hi-Tech Start-up Company of the Year in 2015;
- Being awarded a substantial grant from Callaghan Innovation;
- Established offices and hiring in the United States; and
- Raygun.io processing its ten billionth error.

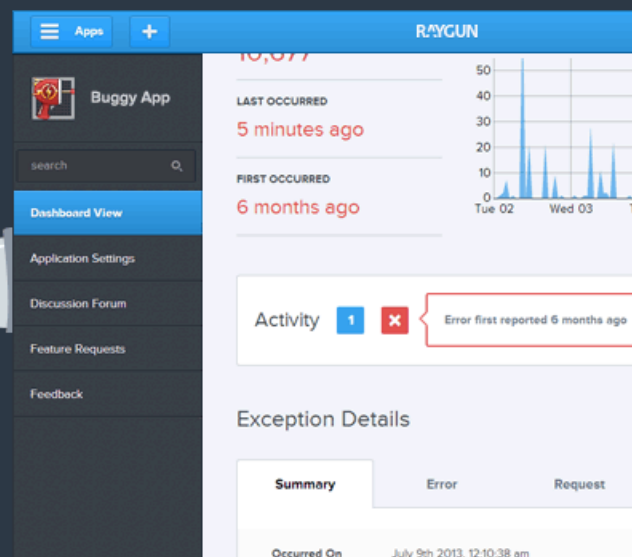
www.raygun.com



The Raygun team winning (again) at the 2015 New Zealand Hi-Tech Awards.

RAYGUN

Exceptional error reporting
for your software.



Shareholding:

18.33%

Date of First Investment:

June 2014

InfluxHQ Limited (Influx) was founded as a Wellington based provider of software for CrossFit gym owner-operators to run their gyms. CrossFit gyms vary greatly in size and frequency of classes. They are demanding customers with the content of classes changing from class to class and day to day. Influx solves this problem by providing all-of-business software that can be easily used by the gym owners on a smart phone or tablet without the need for specialist technical knowledge.

Influx has now extended their offering to larger and traditional gyms offering group fitness classes, and has positioned themselves as the "Simplest Fitness Business Software".

Influx was co-founded by Scott Mayo, who worked on Influx for a year and a half before our investment, and brings years of experience from developing software for Les Mills International - the world's leading provider of gym programs.

Punakaiki Fund initially acquired 18.33% of the company as part of a "friends and family" round, with the remaining shares in the company not held by the Mayo's acquired by their relatives. In July 2015, Punakaiki Fund reinvested, increasing its shareholding to 25.18%

Influx is still at a very early stage of its growth path, however recent highlights include:

- A significant increase in paid customer numbers (pushing past 50);
- Signing a deal with Wellington City Council, signalling Influx's extension into non-CrossFit gyms and larger gyms;
- Securing their first Australian client in December, with a second Australian client currently trialling Influx; and
- Securing agreements with Influx's integrated payment providers for a transaction referral fees payable to Influx for all transactions entered through Influx providing an additional revenue stream.

Influx is in a period of consolidation where the focus is on improving the software and adding necessary functionality. Punakaiki Fund continues to support Influx, and we are prepared for a period of static or even declining revenues and customer numbers until this work is complete and sales again becomes a key focus. We expect to have a clearer picture as to the on-going value proposition of Influx to the Punakaiki Fund portfolio by the end of the March 2016 quarter.

www.influxhq.com



Works on any device

Influx goes with you where you want to use it. Run your gym from a tablet, phone, desktop or laptop.

Melon Health

Shareholding:

13.86%

Date of First Investment:

February 2015

Melon Health is a patient-centric platform as a service business, providing patients (the end users), medical professionals and supporters with web and mobile applications. The service, which integrates with other patient care applications, helps with tracking, remote monitoring, behaviour change and provides peer and professional support to patients. In particular, the service helps patients with chronic diseases, which can be controlled but not cured. These diseases account for 75% of dollars spent on healthcare, so reducing costs and improving patient outcomes is the challenge Melon Health is taking on and delivering. It is a huge challenge, but Melon Health is showing results and the potential is large.

The paying customers are very large businesses and government organisations that operate in the medical/health/life science sector. These are large sales that take significant time, professionalism and credibility to land. Melon Health's customers so far include two of the world's largest pharmaceutical companies, an insurance company, health promotion agencies, a medical research institute and a cancer diagnostic company. As such, this is a much lumpier revenue business than some of the others we have invested in, but the larger deal sizes that Melon Health is targeting make it worthwhile. It is also important to note that generally speaking, Punakaiki Fund would normally steer away from the medical field, due to the high development costs and risks, but Melon Health's platform is software, not a device, and so is compliant with all of the key regulators like the FDA.

Punakaiki Fund led Melon Health's most recent external investment round, investing for an initial 13.86% stake in the company (after dilution from the implementation of Melon Health's Employee Share Ownership Plan and Techstars' investment). This round was also participated in by K1W1. This investment will allow Melon Health to run medical trials to statistically demonstrate the efficacy of the service as well as expand its US reach.

Melon Health has demonstrated how impressive its products are and continues to demonstrate traction in its market, including:

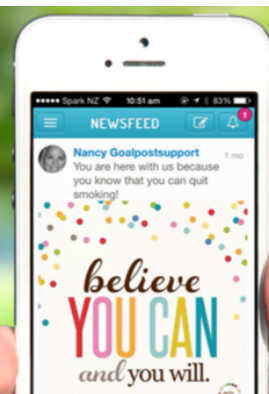
- Being selected for a partnership program at the Mayo Clinic and progressing trials with three departments at the Mayo Clinic: Diabetes, Connected Care and Population Health;
- Its mobile application Code Blue being the Grand Prize Winner of the 2014 Mobileys Awards;
- Winning the Inaugural Healthtech Award for Best Start-up opportunity;
- Being selected as a finalist in the Health Technologies category for the first-ever SXSWV2V Venture competition (based in the US);
- Being named among Entrepreneur Magazine's 100 brilliant companies of 2013; and
- Participating in Techstars' Sprint Accelerator in Kansas City, KS.

www.melonhealth.com



Helping people
help themselves.

Improving care and reducing costs with
innovative, scalable and cost-effective mobile
health solutions.



Shareholding: 29.46% **Date of First Investment:** February 2015

Weirdly helps companies that actively recruit people to find better applicants, and reduces the effort required to manage those applicants. While there are a number of recruitment management systems that already exist, Weirdly adds a cultural fit layer to the front end of the process where instead of launching directly into the application and resume/c.v. sending process, job candidates first are posed a series of questions through Weirdly.

The questions, such as "Crocs or jandals" for a fashion retailer, help filter candidates into those who are more or less likely to fit in (if you work in fashion in New Zealand then jandals are, apparently, acceptable summer footwear). Results to date show about a third of applicants are self-filtering out of the process without submitting the survey and the remaining applicants are easy to group and sort by cultural fit, with the normal recruitment processes taking over thereafter.

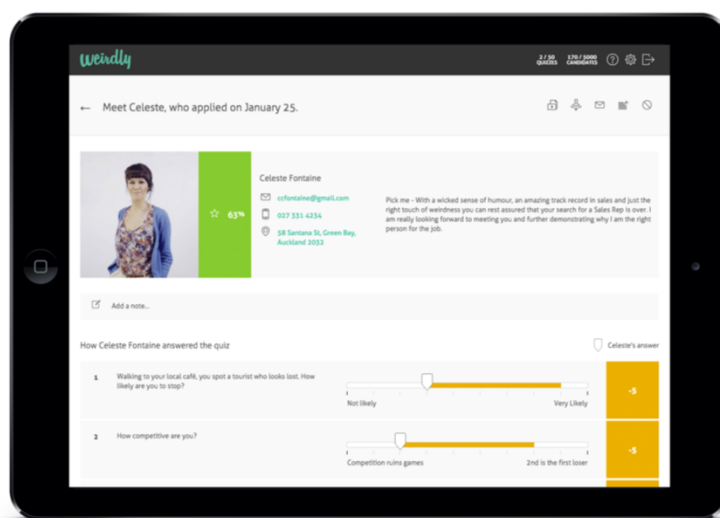
The product is well put together, the process is simple and fun for recruiter and applicant alike and the demand from recruiters is strong.

There are four founders, led by CEO Dale Clareburt, who with Simon Martin has transitioned to Weirdly from a recruitment agency that they founded, bringing deep knowledge and industry connections. Keren Phillips, responsible for marketing and Hayden Raw, head of product, were part of a design and digital strategy agency. All four founders now work full time in Weirdly.

Weirdly was introduced to Punakaiki Fund by Kirsti Grant, the previous Head of Talent for Vend and now Co founder of Hop Ventures and part-time recruiter at Mobi2Go (another Punakaiki Fund investment). Kirsti previously set up a social recruitment agency, and before that was at jobs.co.nz, Finda, and Trade Me Jobs. Kirsti has recruited well over 150 people in the almost two years that she was at Vend, where she was a determined user of the Weirdly product. She has researched, understands and uses the tools available in the space and is very well connected to other recruiters in New Zealand, the USA and elsewhere. Kristi joined the Weirdly board concurrently with Punakaiki Fund taking its initial 18.6% shareholding in the business. Punakaiki reinvested in Weirdly in September 2015, lifting its shareholding to 29.46%.

During 2015, Weirdly won the Emerging New Zealand Innovator category of the 2015 New Zealand Innovators Awards, and was also a finalist in the Information Communications Technology and Cloud Solutions category.

www.weirdlyhub.com



Weirdly



Boardingware

Shareholding: 28.57%

Date of First Investment: February 2015

Boardingware helps boarding schools manage their students' movements and pastoral care, replacing stacks of paper, email trails and other cumbersome systems. It allows students, boarding masters and parents to easily request, approve and track absences, such as weekend leave. It also records events, discipline issues and positive feedback on students, making those reports a lot easier to compile.

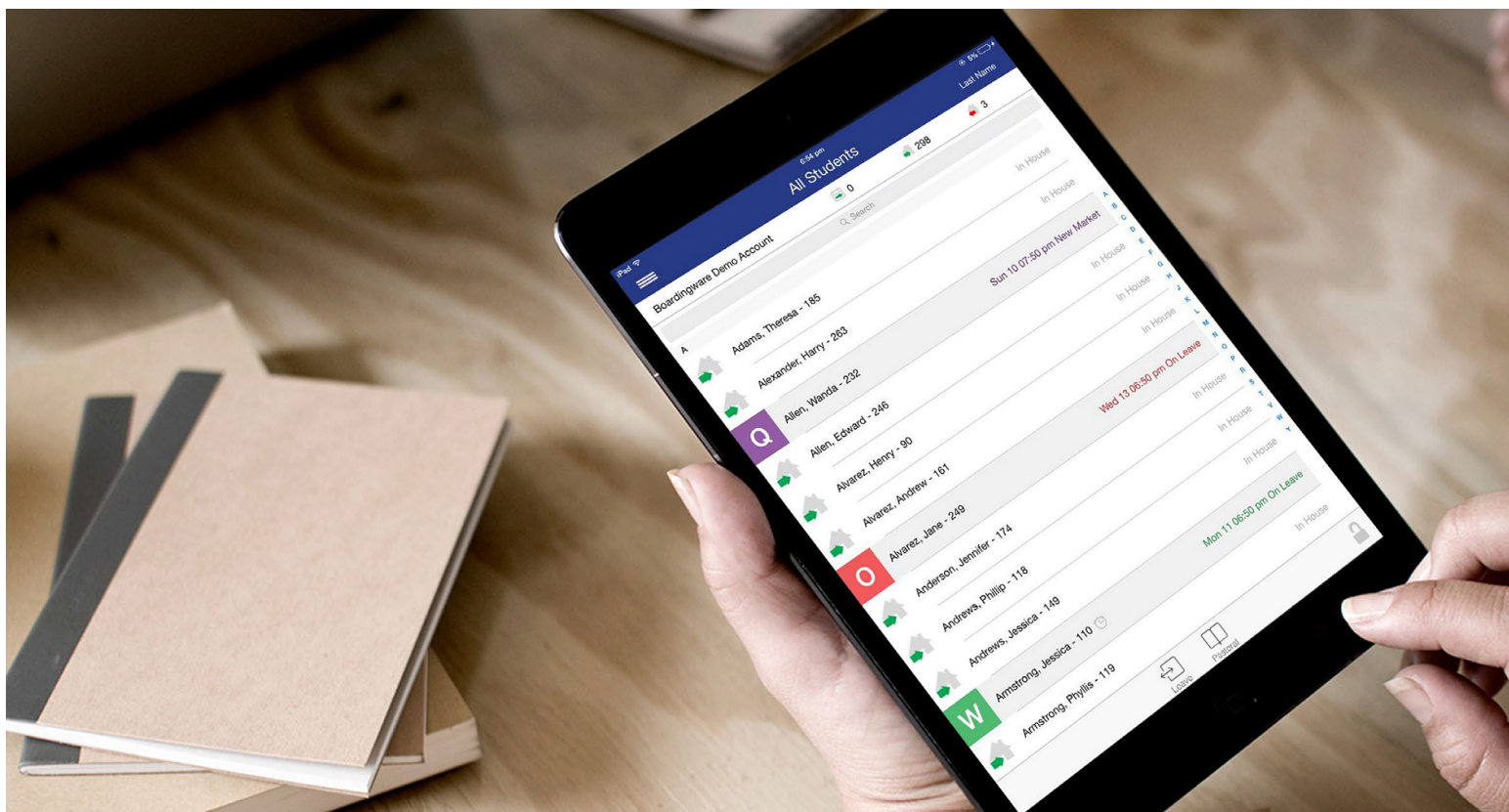
Created by Paul Organ and Kurt Meyer (Kurt was a boarder at an Auckland school), the SaaS application is narrowly targeted at a global niche. Paul and Kurt understand the boarding master, student and parent requirements very well, and are seen as the authentic insiders when they call on schools.

The global niche for boarding schools is pretty narrow, but it is certainly large enough to build a significant business. However while Boardingware is doing so, two other opportunities are waiting. Firstly schools have already asked to use (and two are already doing so) the application for all of their day students as well. Boardingware charges a lower amount per student per month for this service, but the number of day students is generally a lot larger than the number of boarders. There are also significantly more non-boarding schools than boarding schools. Boardingware has also been fielding numerous requests to adjust their application for the retirement home space, which is also growing strongly.

Punakaiki Fund acquired a 16.67% shareholding in the company in Boardingware's first external round in February 2015 and followed this with an additional investment in July 2015, increasing its shareholding to 28.57%.

www.boardingware.com

Boardingware



Shareholding: 25.63% **Date of First Investment:** February 2015

Onceit is an on-line daily 'deal' site operating selling high end New Zealand designer fashion at wholesale prices. Onceit is well known to many in their primary target market - women between 18 and 35 in New Zealand - and they have had over 275,000 members, of which 78,000 were active in October 2015.

The company sells goods to customers through daily sales, taking money up front, sending the orders to suppliers at the end of each sale and paying the suppliers on normal business terms. This business model means that the company has the ability to grow without seeking external working capital. A key advantage that Onceit has is its ability to look after merchants, with the higher quality designers enjoying the exclusivity and brand protection that comes with Onceit not selling lower end goods.

Onceit's growth has been very strong and they placed 7th in the 2013 Deloitte Fast 50 and 48th in the 2014 Fast 50.

Punakaiki Fund purchased its initial 15.63% shareholding in the form of existing shares from the three founders; Jay Goodey, Keri Henare and Craig Boxell. In September 2015, Punakaiki Fund increased this to 25.63% when it exercised an option it held over additional existing shares. Jay is the CEO, has the eye for fashion and deals and runs the business from an office in Newmarket and a warehouse in Avondale.

During the year, Punakaiki Fund received two dividends from Onceit, totalling \$79,688 plus imputation credits, representing a gross yield of well over 10% on Punakaiki Fund's investment, all while Onceit continues to grow strongly.

www.onceit.co.nz

ONCEIT



Ray-Ban Sunglasses



Mixed Denim Final Sale



Zabbana Bags



Banksy Prints and more



RedSeed

Shareholding:

12.00%

Date of First Investment:

March 2015

RedSeed helps large retailers and suppliers train their staff by combining professionally created custom training videos with a SaaS Learning Management System. The engagement of the trainee and the coach in a customised feedback loop positively changes behaviour and sales culture. They are experts at helping increase sales performance of staff members, and their clients include The Briscoe Group, Warehouse Stationery, 2degrees, Icebreaker and RD1 and a number of other NZX-listed companies. RedSeed has also recently closed a major sales and service training contract with a large multinational with over 100,000 staff (not all of which are customer facing). RedSeed's online centric approach and proprietary knowledge reduces the amount of administration and improves consistency of training inputs, yet puts the coaches and the company in control.



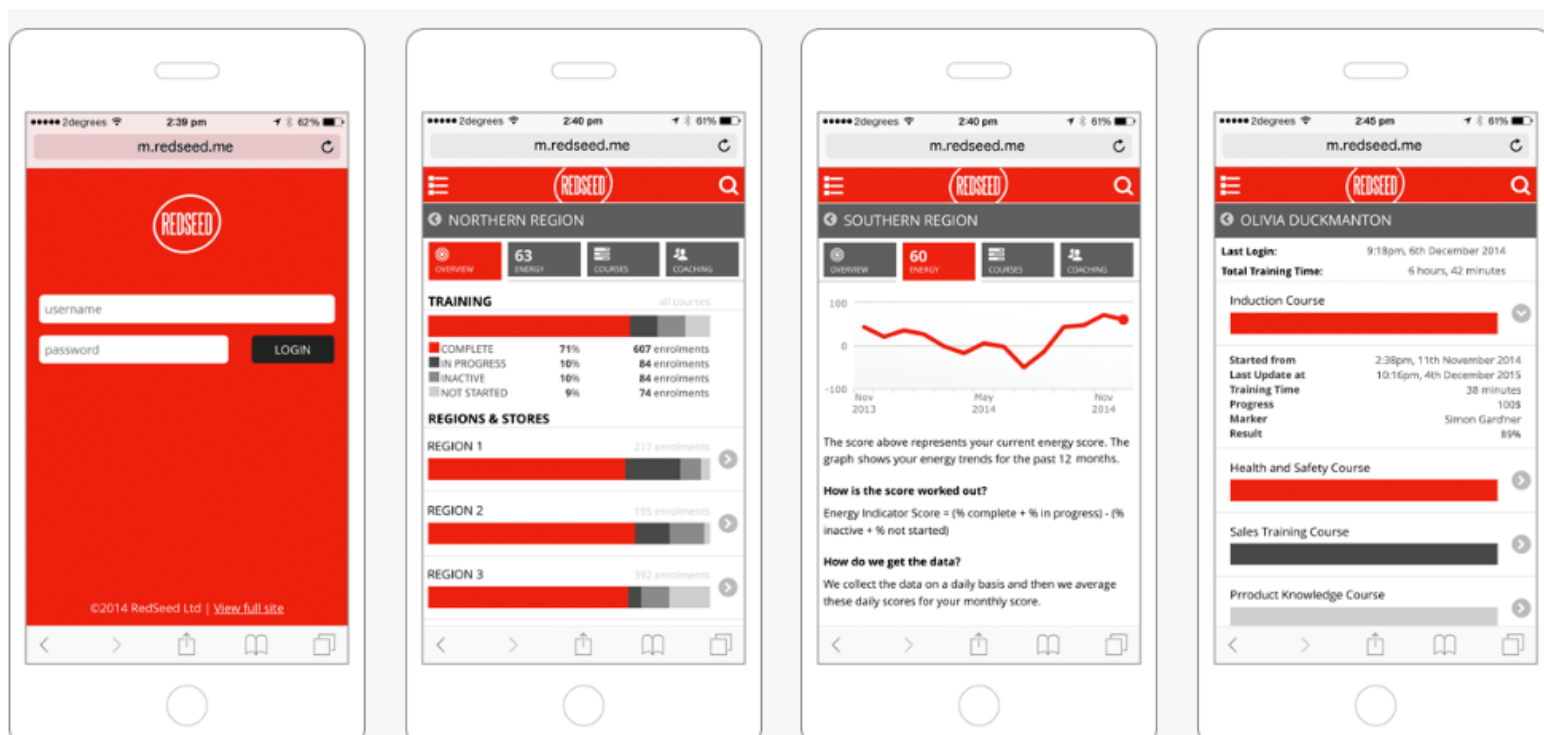
RedSeed have long-term relationships with their clients, with an estimated 63% share of the local market for large retailers. With the operational side of the business able to scale relatively easily, the main challenge at hand is expanding their international sales capacity. Punakaiki Fund's investment is being used primarily to help RedSeed enter the Australian and US markets, where there is significant latent demand from retailers of all sizes for RedSeed's services.

RedSeed are also working on enabling some of their training to deliver NZQA-endorsed qualifications.

The primary founder, Anya Anderson, owns around half of the company, and along with co-founder Glen Duffield, still leads the business today. Lance first met Anya and Glen in his role as a NZ Hi-tech Awards judge two years ago, where they were finalists in the start-up category in both 2013 and, alongside Timely, 2014.

Punakaiki Fund purchased 12% of the company in a two-tranche investment in March 2015 and July 2015.

www.redseed.training



ThisData

Shareholding:

10.64%

Date of First Investment:

April 2015

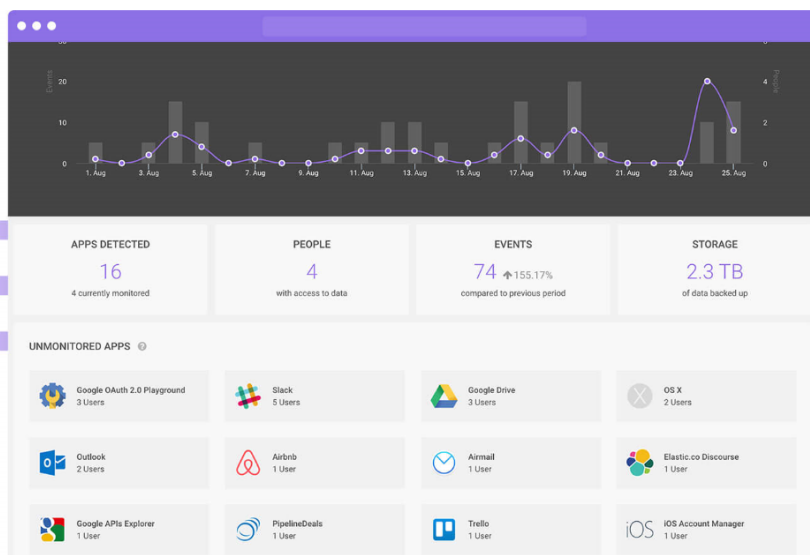
ThisData is a data protection and cyber security company. The company began by offering a cloud-based backup service and have recently added data loss prevention, cloud audit and shadow IT discovery features that make them an invaluable security tool for companies that rely on cloud based applications and services. ThisData is the only company outside of the US that is breaking into the fast emerging Cloud Access Security Broker space which addresses cyber threats and hacking, which costs companies over \$500 billion globally per year.

ThisData works by connecting to the cloud apps in a user's organisation and allows the user to build an audit log of the people who use those apps and any related events that occur. This allows the user to quickly identify the people who have access to their data, what they are doing with it, and identify what are the most commonly used apps. ThisData can then help to flag potentially harmful Shadow IT risks and discover any unsanctioned cloud apps that are in use, including whether a person's behaviour is compromising the integrity of the organisations data security. ThisData also provides the ability to backup cloud data and restore this data if required. The recently refocused ThisData service was launched in September 2015 with good levels of interest to date.

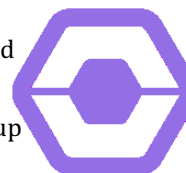
ThisData was founded by Rich Chetwynd and Nicole Fougere, who are also the founders of Litmos, a learning management system for enterprise clients. Litmos was subsequently sold to NASDAQ listed CallidusCloud, and following the sale, Rich and Nicole moved to San Francisco where they helped to dramatically expand Litmos over the next two years. During that time, they gained experience in how to successfully market and sell SaaS products to the US enterprise market before returning to New Zealand to work on a new start-up. The result was ThisData, which was started in April 2014, and took on investment from a very strong group of investors and advisors in June 2014.

Punakaiki Fund invested in ThisData during its April 2015 capital raising round, with Punakaiki Fund's investment resulting in a 10.6% shareholding. Other investors in the round were principally the same investors in the June 2014 round. Following this round, Rich and Nicole retained a 48.21% shareholding in the company.

www.thisdata.com



ThisData



EverEdgeIP Global

Shareholding:

4.78%

Date of First Investment:

July 2015

EverEdgeIP is an intangible asset specialist providing advisory and transaction services to corporations and government agencies. They help identify, manage and generate value from intangible assets, and have more top 300 IP strategists than any other firm globally. They have grown significantly since the fundraising in June, when they had already completed over 800 engagements.

Since our investment, they have significantly grown their client base in the UK, Australia and the US, and won their first clients in Singapore. EverEdgeIP currently has presences in the UK, US and Australia. The team has grown from 11 to 27, double the size of the closest competitor, and they remain the only multi-national player in the space. EverEdge has also delivered Better by IP programs to over 50 companies in the Callaghan Innovation IP program and has high feedback ratings from clients.

Their intangible property advice goes well beyond patents, and includes brand, content, data, confidential information and new technology. EverEdgeIP operate separately from law and patent attorney firms and focuses on providing independent advice around how to commercialise intangible property and how this ties into broader business strategies rather than the mechanics of filing patents. The consulting work also includes outsourced management of intellectual property portfolios and research for investors, and the company is rapidly expanding to serve demand.

The second arm of their business is transaction services, where EverEdgeIP acts as a broker for entities to buy and sell intellectual property. These deals are potentially very large for the clients, and EverEdgeIP is generally compensated through commission. EverEdgeIP are intent on leading the global market in this rapidly expanding space.

These offshore EverEdgeIP offices use a partnership model, which allows EverEdgeIP to rapidly expand using very senior local principals.

Punakaiki Fund invested in EverEdgeIP Global during its July 2015 capital raising round, with Punakaiki Fund's investment resulting in a 4.78% shareholding. Other investors in EverEdgeIP Global include Bruce Sheppard, Sir David Levene's Lewis Holdings, Simon Poidevin (from Australia's Bell Potter) and Sir Ralph Norris. Founder Paul Adams retains a 61.3% shareholding.

www.everedgeip.com

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Information ▾



Intellectual Property Advisory Services

Vend

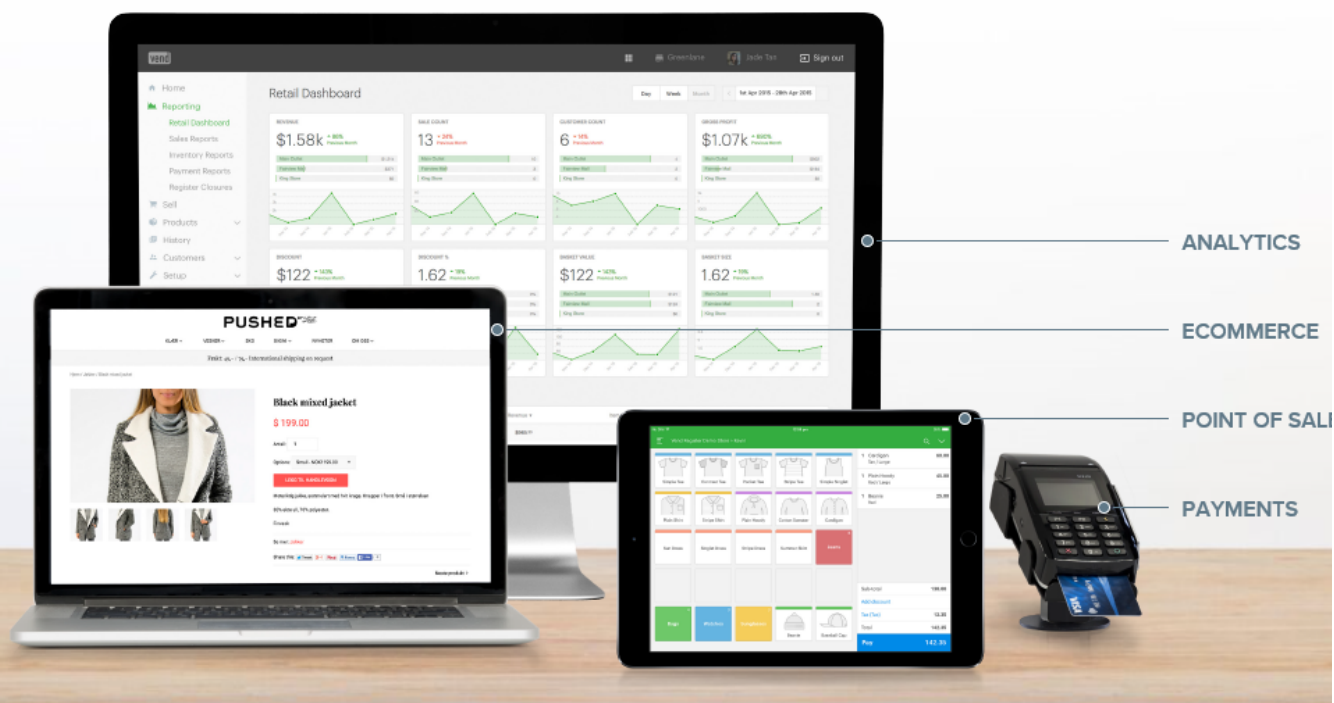
Shareholding: 2.15% **Date of First Investment:** August 2015

Vend provides cloud-based point-of-sale and retail management software that powers multi-channel commerce for small and medium retailers. Vend's software includes ecommerce, inventory management, customer loyalty and analytics, and integrates with payments, accounting and other business applications. Vend is trusted by retailers in over 140 countries and is used in more than 15,000 stores worldwide. Founded in 2010, Vend has offices in Auckland (HQ), Melbourne, San Francisco, Toronto, London and Wellington.

The company has grown rapidly, passing the major milestone of NZ\$1 million in monthly revenues in June 2015, an increase of over 100% from the year earlier. Vend has achieved much in its short history, including high placings in the Deloitte Fast 50 (4th in 2014 and 7th in 2015) and winning Hi-Tech and other awards. It is often mentioned alongside Xero in discussions about the new generation of New Zealand software success stories. We continue to believe Vend is an exemplar of the sort of company that Punakaiki Fund targets for investment.

Recently Vend restructured and raised additional capital. This gave Punakaiki Fund the opportunity to invest at what we consider to be a good price and as part of this investment, Punakaiki Fund also acquired Lance Wiggs' shares in Vend in exchange for Punakaiki Fund shares. This transaction was put to a shareholder vote, with well over the limit of 75% of each of the shares and the shareholders voting in favour. Punakaiki Fund now holds 2.15% of Vend joining other shareholders such as Point Nine Capital, Square Peg Capital, David Wilson, Sam Morgan, Milford Asset Management, Valar Ventures (Peter Thiel), Rowan Simpson and Craig Winkler.

www.vendhq.com



Mobi2Go

Shareholding:

5.49%

Date of First Investment:

October 2015

Mobi2Go helps food service businesses sell more by adding an ordering function to their marketing website. Customers can order their food and beverages online and either pick up in person at the restaurant, or, in some cases, arrange delivery. Mobi2Go integrates with many POS systems and generally sends the order directly to the kitchen. The customer can then turn up at the restaurant and pick up their food (which has their name on it), having already paid for it on-line. Mobi2Go both saves time for the customer and increases same-store sales, often by 20% within three to six months of launching, without the need to add front of house staff for the restaurant.



Mobi2Go is expanding rapidly and has customers in Australasia, Europe (especially Ireland) and the United States, with offices in Wellington and Melbourne. Customer numbers are climbing rapidly as Mobi2Go signs up both new chains and individual restaurants. To date, Mobi2Go:

- has processed over \$160 million of orders;
- is currently generating over \$6 million in monthly revenues for clients;
- has processed over 4.5 million orders from 1.1 million customers;
- receives 80% of orders from return customers and 42% of orders from customers that have ordered more than 10 times; and
- has had 18% of all New Zealanders use the platform to order.

CEO Tarik Mallett comes from a hospitality background. He worked in his parents' cafes in his teenage years, before starting his professional career as a Manager in the cyber crime team at PwC and then founding Mobi2Go in 2011. Since then, Tarik and the small, frugal but very professional Mobi2Go team have put together systematic processes for product development and selling, and following Punakaiki Fund's investment have greater capacity to expand into their markets both locally and offshore.

Punakaiki Fund invested in October 2015, taking an initial 5.49% shareholding as the first tranche of its investment. Conditional on Punakaiki Fund raising a minimum amount of new capital prior to 31 March 2016, Punakaiki will double its investment and lift its shareholding commensurately. Concurrently with the initial investment, John-Daniel Trask (CEO of Raygun, another Punakaiki Fund investment) was appointed as an independent director to Mobi2Go's board.

www.mobi2go.com

Seamless Website Ordering

Create a webpage for your restaurant

Add online ordering to your existing website

Let customers order from your Facebook page



Financial Information

This section also sets out financial information applicable to Punakaiki Fund and the Offers.

1. Financial Position

Punakaiki Fund's unaudited financial position as at 30 November 2015 is summarised in the table below. The information in the table below is based on Punakaiki Fund's 2015 Financial Statements as compiled by Deloitte Private and an estimated position as at 30 November 2015 as estimated by Lance Wiggs Capital Management and approved by the Board.

Punakaiki Fund Limited - Unaudited Financial Position

\$NZ	31 March 2014	31 March 2015	30 November 2015
Current Assets			
Cash and Bank Balances	(5)	543,518	1,043,797
Non-current Assets			
Investments	-	5,592,220	13,275,319
Total Assets	(5)	6,135,738	14,319,116
Liabilities			
Accounts Payable	-	109,527	208,894
Equity			
Retained Earnings	(5)	1,690,072	3,291,340
Share Capital	-	4,054,497	10,281,726
Share Based Payment Reserve	-	281,641	537,156
Total Equity and Liabilities	(5)	6,135,738	14,319,116

Notes:

- Share Capital of \$10.282m represents \$10.589m of share capital raised to 30 November 2015, less Brokerage Fees of \$0.307m paid to LWCM.

2. Fund Valuation

The book value of Punakaiki Fund's investments as at 30 November 2015 as set out in the table above is a Director's valuation based on a fair value approach as 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:

- Fair value on acquisition:** Where, in the Directors' opinion, there has been no material movement in an investments value, or where the investment has been made recently, the value at which Punakaiki Fund invested is the basis for the fair value. This is primarily due to the investment being negotiated between two unrelated parties (Punakaiki Fund and the entity in which Punakaiki Fund invested). The investments which has been valued in this manner are Influx, Melon Health, Weirdly, Boardingware, ThisData, RedSeed, EverEdgeIP Global, Vend and Mobi2Go;
- Observed Transactions:** Where there has been a recent transaction with an informed and unrelated investor subsequent to Punakaiki Fund's initial investment, the value implied from this transaction will be applied to or at least inform the value of the investment. The investments that have been valued in this manner are Raygun and Onceit; and



- **Director Valuation:** Where, in the Directors' opinion, there has been a material change in the value of an investment as a result of material changes to that investment's financial operating metrics, or a pending transaction or any other cause then the Directors will revalue that investment to a current market value as assessed appropriate by the Directors. The investments that have been valued in this manner are Timely and Vibe Communications.

During the process of determining these valuations, valuation advice and guidance has been provided by LWCM. While this advice is integral to the valuation of Punakaiki Fund's investments, the final determination of these valuations for these Offers is the responsibility of the Punakaiki Fund Board of Directors.

The Punakaiki Fund Board of Directors assessed the valuation of all of Punakaiki Fund's non-cash investments as at 30 November 2015 for the purposes of raising capital to be \$13.275m. The Net Asset Value of Punakaiki Fund (the value of investments plus the cash holdings less liabilities) was \$14.110m.

Based on 865,616 ordinary Shares on issue at 30 November 2015, the Asset Value per ordinary Share is \$16.54 This amount includes the value of all of Punakaiki Fund's investments and cash holdings, but does not include either the cash or share component of the accrued Performance Fee obligation to LWCM), and are calculated in line with applicable accounting standards. When the Performance Fee obligation is included, the value per share is \$15.68.

Due to the commercially sensitive nature of the valuations of individual investments, these have not been disclosed. The ability of Punakaiki Fund to limit the distribution of investment-specific information to shareholders or more broadly is an important aspect of maintaining a good relationship with the investee-companies and others in which Punakaiki Fund may invest.

3. Offer Price Basis

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

- the Net Asset Value per Share of Punakaiki Fund as at 30 November 2015 (excluding the cash component of the accrued Performance Fee liability to LWCM);
- 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; and
- a 3% brokerage fee payable on this Offer to LWCM.

Punakaiki Fund Limited - Basis of Share Price

Value of Investments and Cash at 30 November 2015	\$14,319,116
less - Allowance for performance fee payable to LWCM	<u>\$(746,050)</u>
Notional Value Attributable to Shareholders as at 30 November 2015	\$13,573,066
Number of ordinary shares on issue	865,616
Fully Diluted Notional Value Attributable to Shareholders per Share	\$15.68
Offer Cost (3% Brokerage payable to LWCM)	<u>\$0.48</u>
Share Price Basis for Offer	\$16.17

Based on these calculations, and providing for the value delivered by the issue of the September 2016 Options, the Punakaiki Fund Board of Directors have determined the Price per Share (which includes one September 2016 \$19.00 option for every Share issued) for this Offer to be \$16.50.

4. Planned Use of Funds



The proceeds of the Offer will be used to:

- Invest in high growth companies which Punakaiki Fund has not previously invested;
- Invest in companies which Punakaiki Fund has already invested; and
- Meet the operating costs of Punakaiki Fund, including Management Fees, Brokerage Fees, Performance Fees (if any) and accounting, audit, insurance and director costs and other costs as incurred from time to time.

Of the \$9.86 million raised by Punakaiki Fund to date and the \$0.72 million of Punakaiki Fund Shares issued to Lance Wiggs in order to settle part of the Vend investment (total \$10.59 million), approximately:

- \$6.12 million (57.8%) has been invested in new equity in investments new to Punakaiki Fund;
- \$1.77 million (16.8%) has been invested in existing equity (i.e. purchased from existing shareholders in those companies) in investments new to Punakaiki Fund;
- \$0.80 million (7.6%) has been invested in new equity in existing investments of Punakaiki Fund (i.e. follow on investments where Punakaiki Fund has previously invested in newly issued shares);
- \$0.38 million (3.6%) has been invested in existing equity in existing investments of Punakaiki Fund (i.e. follow on investments where Punakaiki Fund has previously purchased existing shares from shareholders);
- \$0.45 million (4.2%) has been used to cover the expenses of Punakaiki Fund; and
- \$1.06 million (10.0%) is retained as cash.

It is expected that as Punakaiki Fund's portfolio of investments expands, a greater amount will be invested in companies in which Punakaiki Fund already has a shareholding. Over the next year, it is estimated that between 20% and 50% of the investments made by Punakaiki Fund will be in these 'follow on' type investment rounds, although this estimate is subject to change. It should be noted that Punakaiki Fund is currently obligated to invest a further amount in Mobi2Go (subject only to conditions relating to Punakaiki Fund raising additional capital).

5. Previous Investment Rounds

Prior to this offer, Punakaiki Fund has received investment from six different capital raising events:

- In April 2014, Punakaiki Fund raised \$1.525m by issuing 152,500 ordinary Shares at \$10.00 each. Attached to each Share issued was one option with a strike price of \$10.00 and an expiry date of 30 November 2014 and one option with a strike price of \$12.00 and an expiry date of 30 June 2015;
- In November 2014, Punakaiki Fund received \$1.500m from the exercise of 150,000 November 2014 options, representing a 98.4% exercise rate;
- In December 2014, Punakaiki Fund raised \$1.155m by issuing 92,400 ordinary Shares at \$12.50 each. Attached to each Share issued was one option with a strike price of \$14.00 and an expiry date of 30 September 2015;
- In June 2015, Punakaiki Fund received \$1.83m from the exercise of 152,500 June 2015 options, representing a 100% exercise rate;
- In June 2015, Punakaiki Fund raised \$2.912m by issuing 200,831 ordinary Shares at \$14.50 each. 62,900 of these Shares were issued to investors in a private offer to Exempt investors and 137,931 of these Shares were issued to investors in a crowd funding offer; and
- In September 2015, Punakaiki Fund received \$0.942m from the exercise of 67,315 June 2015 options, representing a 72.9% exercise rate.



In addition to the capital raising events detailed above, Punakaiki Fund also issued 100 ordinary Shares at no cost to LWCM when Punakaiki Fund was incorporated in 2013 and issued 49,970 ordinary Shares to Lance Wiggs to settle the acquisition of Lance Wiggs' Vend shares.

6. 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. The frequency and size of these capital raising events will depend on the following factors:

- The size of Punakaiki Fund;
- The size and number of investment opportunities available to Punakaiki Fund;
- The amount which Punakaiki Fund is able to raise in any single capital raising event;
- The price at which Punakaiki Fund is able to raise capital;
- The composition of Punakaiki Fund's shareholder base;
- The sentiment of the market, both in general and towards venture capital/private equity-type investment;
- The sentiment of the market towards Punakaiki Fund; and
- The number and exercise price of options outstanding over Punakaiki Fund Shares.

Based on existing market conditions, the size of Punakaiki Fund and the number of opportunities currently available to Punakaiki Fund, Punakaiki Fund is likely to continue to seek additional capital between one and two times per annum (exclusive of any option exercise events).

7. Capital Structure

Prior to the completion of the Offer, Punakaiki Fund had 865,616 ordinary Shares on issue.

The table below sets out the pro forma capital structure for scenarios where Punakaiki Fund successfully raises \$1.0m, \$2.0m and \$3.0m in new equity capital.

Punakaiki Fund Limited - Capital Structure (number of Shares)				
	As at 30 November 2015	Pro forma \$1m Capital Raise	Pro forma \$2m Capital Raise	Pro forma \$3m Capital Raise
Ordinary Shares	865,616	926,222	986,828	1,047,434
September 2016 \$19 Options		60,606	121,212	181,818
Total	865,616	986,828	1,108,040	1,229,252



8. Shareholders

Set out in the table below is a list of Punakaiki Fund's twenty largest shareholder and their respective holdings of Punakaiki Fund securities at as 30 November 2015.

Punakaiki Fund Limited - Top Twenty Shareholders - 30 November 2015		
Shareholder	Ordinary Shares	% of Class
Graeme Lance Turner Wiggs	61,970	7.16%
Bryan Simpson Hutchins	55,400	6.40%
Michael John Bennetts & Karen Allanah-Maree Bennetts	40,000	4.62%
Phizzy Limited	25,000	2.89%
James Bremner Trust Nominees Limited	20,000	2.31%
Krassimir Nikolov Modkov	20,000	2.31%
Mark John Boyle	18,000	2.08%
Clarence Mervyn Hislop	15,800	1.83%
Ikey Investments Limited	15,000	1.73%
Malcolm John Wade	15,000	1.73%
John Joseph Mooney & Elvere Nina Mooney	12,000	1.39%
David Paul Dippie, Joanne Elizabeth Dippie & Bramwell Grossman Trustees L	11,500	1.33%
Tina Louise Helg	11,000	1.27%
David Dromer	10,970	1.27%
Graham William McEwan, Fiona Jane McEwan & David Walthall	9,600	1.11%
Kerry Bruce Burke & Rachael Amelia Burke	9,000	1.04%
Todd Reynal Stevens	8,500	0.98%
Craig MacFarlane Elliffe, Sharyn Julie Elliffe & Ross David McKinley	8,500	0.98%
Philip Wyatt Wood, Heather Fiona Golder & Barry McCormick Campbell	8,200	0.95%
John Daniel Barnett, Alastair Roderick Lawrence & Tamar Munch	7,500	0.87%
Total Top 20 Shareholders	382,940	44.24%
Remaining Shareholders	482,676	55.76%
Total	865,616	100.00%



About Punakaiki Fund

Punakaiki Fund operates under a company structure. The Board is responsible for governance, oversight and approving Punakaiki Fund's largest investments. LWCM, as the investment manager, is responsible for seeking, assessing, making and monitoring investments. This section also sets out other information that is applicable to owning Shares in Punakaiki Fund.

1. Punakaiki Fund Structure

Punakaiki Fund is structured as a limited liability company, registered with the Companies Office and governed by a constitution and the Companies Act. Punakaiki Fund is structured in this way in order to:

- protect investors by allowing for non-executive Board oversight;
- allow Shareholders to sell their Shares from time-to-time and to facilitate any future listing on a recognised exchange;
- provide the flexibility for Punakaiki Fund to raise new capital in the future; and
- allow Shareholders to remove LWCM as manager where over 50% of Shares on issue are voted in favour of doing so.

LWCM is contracted to Punakaiki Fund to undertake investment management of Punakaiki Fund's assets.

2. The Role of the Board

The Board of Directors of Punakaiki Fund comprises Mike Bennetts (Chair), John Berry, Bryan Hutchins and Lance Wiggs. Additional directors may be appointed to the Punakaiki Fund Board going forward, however it is the intention is the keep the size of the board appropriate to the size of Punakaiki Fund.

Responsibilities

The key responsibilities of the Board include:

- monitoring and periodically reviewing the investment objectives, risk management, strategy, policies and philosophy of Punakaiki Fund as required;
- considering and accepting or rejecting Non-qualified Investment recommendations made by LWCM;
- considering and accepting or rejecting divestment recommendations made by LWCM;
- monitoring LWCM's and Punakaiki Fund's performance;
- monitoring expenditure by Punakaiki Fund and ensuring that all expenditure is made on a prudent and appropriate basis;
- revaluing the assets of Punakaiki Fund from time-to-time;
- establishing policies and procedures concerning the disclosure of important information to Shareholders and, if appropriate, to wider audiences;
- receiving and approving quarterly and annual Shareholder reports;
- facilitating Punakaiki Fund's annual meeting of Shareholders and ensuring all of Punakaiki Fund's other statutory requirements are met; and
- considering potential investments in companies with any shareholding owned by Lance Wiggs.



Meetings

The Board will formally meet at least four times during each financial year to review performance and carry out its other duties. The Board will hold additional meetings as required to consider Non-qualified Investments, divestments and other matters.

Remuneration

Punakaiki Fund shareholders have approved a director fee pool of \$20,000 per annum. The Board has fixed directors' fees at \$5,000 for each of Mike Bennetts, John Berry and Bryan Hutchins. Lance Wiggs will not receive director fees. All directors are also entitled to be paid for all reasonable travel, accommodation and other expenses that they incur when carrying out their Board duties.

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 five.

Limitations

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.

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, as further described under "Material Contracts" on the following pages of this section. Punakaiki Fund has also effected Directors & Officers and Statutory Liability insurance for directors pursuant to the Companies Act and Punakaiki Fund's constitution. These insurances have been in place by LWCM and extend to Punakaiki Fund as a managed entity of LWCM.

3. Management Agreement

Under the Management Agreement, LWCM has been appointed by Punakaiki Fund to be the exclusive provider of investment management and certain administrative services to Punakaiki Fund. LWCM has been given broad powers to deal with and manage the assets of Punakaiki Fund, including the ability to authorise investments below the thresholds set out under "Non-qualified Investments and Divestments Approval Process" below.

The key terms of the Management Agreement are set out below.



Term

The Management Agreement is for an initial period of ten years, which commenced on 25 March 2014. The Management Agreement will be extended for subsequent terms beyond this initial period provided the Board is reasonably satisfied with the performance of LWCM.

LWCM's Powers

LWCM has broad power to manage Punakaiki Fund's investments and to do all other things considered necessary in relation to the investments (including exercising voting rights in respect of the investee companies).

The Board retains the ability to approve or reject any recommendation from LWCM to acquire Non-qualified Investments or sell or otherwise dispose of shares in a company that Punakaiki Fund has invested.

LWCM's Investment Mandate

LWCM's mandated investment focus is on companies carrying on business in New Zealand. In particular, LWCM is to focus on growth opportunities with a long-term investment horizon. However, LWCM has the discretion to seek investments in any business or in any jurisdiction as it sees fit, subject to the "Non-qualified Investments and Divestments Approval Process" set out below.

Co-investment

LWCM is not restricted from making co-investments on behalf of Punakaiki Fund with other investors. When co-investments occur, there is a clear preference to partner with investors that are able to bring additional expertise, networks and who have similar investment philosophies to that of Punakaiki Fund.

Termination

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 would 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 then 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 and amounts due up until the date of termination.

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.

Fees

LWCM receives a Management Fee for services provided to Punakaiki Fund under the Management Agreement. In addition to the Management Fee, Punakaiki Fund will pay a Performance Fee to LWCM where a predetermined level of performance is exceeded. LWCM is also paid brokerage in connection with capital raised by Punakaiki Fund.



Management Fee

The Management Fee is payable to LWCM to select and manage Punakaiki Fund's investments. The annual Management Fee is calculated as follows:

- If the Net Asset Value of Punakaiki Fund is under \$50 million, then the fee is calculated as 2% of the Net Asset Value of Punakaiki Fund, plus GST.
- If the Net Asset Value of Punakaiki Fund is over \$50 million, then the Management Fees charged on the portion of the Net Asset Value over \$50 million is calculated at a reduced rate of 1.5%.

The Net Asset Value is the fair market valuation of the assets less the liabilities of Punakaiki Fund as determined by the Board after consultation with LWCM. This will be periodically revalued and independently validated if required by the Board.

The Management Fee will be paid by Punakaiki Fund to LWCM quarterly, in advance, calculated based on the Punakaiki Fund's Net Asset Value at the beginning of that quarter.

Performance Fee

The Performance Fee is payable to LWCM to reward it when the Market Value of Punakaiki Fund (i.e. after the deduction of Management Fees and other costs) increases above a benchmark growth rate. The benchmark growth rate is 10% per year and is cumulative, meaning that the value of the Performance Fee benchmark increases by 10% each year.

The benchmark growth rate is applied to each tranche of Shares issued by Punakaiki Fund. A tranche of Shares is a group of Shares that are issued at the same time and for the same price, along with any Shares issued that relate to Performance Fees paid for that tranche. Tranches of Shares issued by Punakaiki Fund will have the 10% benchmark growth rate applied from the issue date and to the issue price of those Shares.

The Performance Fee only becomes payable if the benchmark growth rate is met, the Market Value is higher than it was when the previous Performance Fee was calculated (if any – "the High Water Mark") and:

- there is a material return of capital to Shareholders; or
- Punakaiki Fund becomes listed on a registered stock exchange; or
- once Punakaiki Fund is listed on a registered stock exchange, at the end of Punakaiki Fund's financial year; or
- where the Board considers non-payment would be inequitable to LWCM; or
- the Management Agreement is terminated or expires.

The Performance Fee will be paid by Punakaiki Fund as a combination of new Shares to be issued in Punakaiki Fund as part of the Share tranche they relate to, 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.

An example of how the Performance Fee is calculated is set out below.



PERFORMANCE FEE EXAMPLE, BASED ON AN INITIAL VALUE OF \$10 MILLION AND A SINGLE TRANCHE OF SHARES

Punakaiki Fund Value	Calculation of Performance Fee	Gains/ Losses after Performance Fee	Total Performance Fee
\$8 million after 2 years	The Year 2 Market Value is beneath the initial value of \$10 million.	\$2 million loss (20% loss)	\$0
\$11 million after 2 years	The Year 2 Market Value is beneath the two year 10% benchmark (\$12.1 million).	\$1 million (10% gain)	\$0
\$15 million after 2 years	The Year 2 Market Value is above the two year 10% benchmark (\$12.1 million). The 20% Performance Fee applies to the \$5 million increase in value.	\$4 million (40% gain)	\$1 million of which \$0.72 million is Shares*
\$30 million after 5 years	The Year 5 value is above the five year 10% benchmark (\$16.1 million). The 20% Performance Fee applies to the \$20 million increase in value.	\$16 million (160% gain)	\$4 million of which \$2.88 million is Shares*
\$15 million after 2 years then \$18 million after 2 more years	The Year 2 value is above the two year 10% benchmark (\$12.1 million). The 20% Performance Fee applies to the \$5 million increase in value.	\$4 million (40% gain)	\$1 million of which \$0.72 million is Shares*
	The Year 4 Market Value is above the four-year 10% benchmark (\$14.6 million) and the High Water Mark (\$15 million). The 20% Performance Fee applies to the \$3 million increase in value since the last Performance Fee was paid.	Total 4-year gain: \$6.4 million (64% gain)	\$0.6 million of which \$0.43 million is Shares* 4-year total: \$1.6 million

**New Shares issued in Punakaiki Fund*

Brokerage Fee

Under the Management Agreement, Punakaiki Fund will pay LWCM a brokerage fee of 3% of all Shares issued by Punakaiki Fund. The brokerage fee is to be paid on all Shares issued as a result of cash issues (including this Capital Raising), the exercise of options (such as for the September 2016 Options), rights issues or other issues for cash or equivalent.

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 certain brokers, fund raising platforms and paying for advisors and other sundry Capital Raising 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.



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 prior Shareholder approval or the agreement of the independent Directors of Punakaiki Fund. In respect of existing equity shareholdings owned by Lance Wiggs, Punakaiki Fund may acquire these shareholdings pursuant to the following conditions:

- Payment for the shareholdings will only be with new Shares and Options (if Options are on issue at the time of the transaction in Punakaiki Fund);
- The value of each shareholding will be based on the valuation implied by the successful material raising of capital by those companies from third parties on an arms-length basis;
- The shareholdings may only be acquired if Punakaiki Fund also invests in new shares issued by those companies; and
- Punakaiki Fund may only consider investing in shareholdings held by Lance Wiggs as of the date of this Information Memorandum.

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, 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.

Ancillary Expenses of Punakaiki Fund

LWCM is reimbursed by Punakaiki Fund for all direct costs and other out of pocket expenses reasonably incurred by them on behalf of Punakaiki Fund. These costs include, but are not limited to, external due diligence and other costs incurred when examining investment opportunities and any other external costs incurred relating to the purchase, management or sale of an investment. LWCM endeavours to keep these costs very low, although we expect these costs to rise in FY2016 as a result of incurring director's fees, anti-money laundering and financial audits, and the costs associated with an external share registrar, if required.

In addition, Punakaiki Fund is responsible for its own costs in respect of services outside the scope of the Management Agreement including financial accounting, reporting and valuation fees and expenses.

4. Material Contracts

Punakaiki Fund has entered into the following material contracts:

- A Management Agreement between Punakaiki Fund and LWCM, dated 25 March 2014. Under the Management Agreement, LWCM was appointed as the sole and exclusive provider of investment management and certain administration services to Punakaiki Fund; and
- A Deed of Indemnity and Insurance granted by Punakaiki Fund in favour of each Director of Punakaiki Fund, dated 19 August 2013. Under the Deed of Indemnity and Insurance, Punakaiki Fund indemnifies the directors in respect of, and agrees to insure the directors against, liabilities which the directors may incur as a result of any claim or proceedings brought or threatened against them in their capacity as a director. The indemnity is subject to limitations (for example, criminal liability or liability resulting from a failure to act in good faith and in the best interests of Punakaiki Fund).



Punakaiki Fund also enters into investment agreements from time to time in relation to new and existing investments.

Punakaiki Fund has an agreement in place to double its investment in Mobi2Go Limited, increasing Punakaiki Fund's shareholding commensurately in MObi2Go from its existing shareholding of 5.49%. This agreement is conditional only on Punakaiki Fund raising a certain amount of new capital by March 2016.

5. Fund Valuation

The companies Punakaiki Fund invests in are revalued from time-to-time, to assist with:

- determining Punakaiki Fund's Net Asset Value in order to calculate the Management Fee and certain Performance Fees (if any) payments due to LWCM;
- providing valuation guidance to Shareholders; and
- determining the price at which any new Shares in Punakaiki Fund should be issued.

In the event that a revaluation of the investments is undertaken, the Board will be able to exercise full discretion and will reserve the right to:

- value certain investments at historical cost when, in the Board's opinion, the magnitude of any value uplift is difficult to ascertain or the change in value is not meaningful;
- ascribe a zero value to certain investments where, in the opinion of the Board, the investment is unlikely to return any value to Punakaiki Fund;
- consider but not necessarily accept valuation opinions and guidance developed by LWCM; and
- contract the services of third-party professional valuers.

During the process of determining these valuations, valuation advice and guidance will be provided by LWCM and may be provided by independent expert advisors and will be aligned with the International Private Equity and Venture Capital (IPEV) Valuation Guidelines whenever possible. While this advice is likely to be 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 Punakaiki Fund Board of Directors.

6. Non-qualified Investments and Divestments

The Management Agreement requires that LWCM seeks Punakaiki Fund Board approval for the following transactions:

- Any single or tranch investment which totals more than the higher of \$2 million or 20% of Punakaiki Fund's Net Asset Value;
- Any investment in an entity not carrying on its business in New Zealand; or
- Any divestment, where LWCM has discretion over the divestment decision.

In these cases, the Punakaiki Fund Board is not expected to act as an Investment Committee, but is to only check that the work of LWCM in investigating the investment and the logic for the investment decision is appropriate and in keeping with Punakaiki Fund's investment philosophy.

Investment Board Appointments

The directors of Punakaiki Fund and the directors or staff of LWCM are not restricted from becoming directors on the boards of companies in which Punakaiki Fund has invested. Where these companies pay fees to these board appointees, the appointee shall, with Punakaiki Fund Board approval, be entitled to retain these fees.



7. Returns

Your returns on Shares may be by way of:

- dividends paid and other distributions which may be made in respect of your Shares;
- any gains you make if you sell or dispose of your Shares for a price that is greater than the price you paid for them, taking account of transaction costs and taxes where applicable (although the market price of your Shares may also decline, making them worth less than the amount you paid for them); and
- any gains you make if you sell or dispose of any unattached Options for a price that is greater than the price you paid for them, taking account of transaction costs and taxes where applicable (although the market price of your Options may also decline, and the Options will be worthless after their expiry date unless exercised).

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. Accordingly, until that policy changes, returns on Shares will be limited to any gains you make if you sell or dispose of your Shares or Options.

Punakaiki Fund is the entity legally liable to pay you any dividends or other distributions declared on your Shares. If you sell any of your Shares or Options, the purchaser of those Shares or Options will be legally liable to pay you the sale price of those Shares or Options.

Key Factors that Determine Returns

The key factors that determine returns are:

- investment performance;
- fees and expenses; and
- tax.

Returns are affected by LWCM's actions, choices and strategies as the investment manager. The performance of the investments is influenced by many factors and depends on the nature of each investment. The past performance of Punakaiki Fund is not a guarantee or indication of future returns.

Fees and expenses are paid out of the assets of Punakaiki Fund. This means that the amount of any fees or expenses paid by Punakaiki Fund will also affect your returns.

Tax affects the returns you receive. For tax advice relating to your specific circumstances, we recommend you consult a professional tax advisor before applying for the Shares.

Guarantee of Securities

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

8. Selling Shares and Options

You may cash in your investment by selling your Shares or Options. Any sale of Shares or Options must comply with Punakaiki Fund's constitution and all applicable laws.



As of the date of this Information Memorandum, Punakaiki Fund has not applied for quotation of the Shares or Options on a recognised exchange, and nor do we have a sponsor to facilitate this. While we intend to seek a listing in due course, if this has not happened before April 2018 then under Punakaiki Fund's constitution Shareholders will be given an opportunity at the following annual general meeting of shareholders and from time-to-time thereafter to vote on requiring Punakaiki Fund to seek a listing on a registered exchange. The outcome of this vote will guide but will not bind the Punakaiki Fund Board. Therefore, the ability of the Shares to, in future, be quoted or traded cannot be guaranteed.

Punakaiki Fund has established an internal and informal order matching facility for matching buyers with sellers of Shares and Options. This facility is not a registered exchange, is not an authorised securities exchange and is not regulated under the Securities Markets Act 1988 or 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 registered exchange such as the NZX. Such protections relate to insider trading, continuous disclosure, directors' and officers' relevant interest disclosure, and substantial security holder disclosure.

In our opinion, a liquid market for the sale of Shares is unlikely to develop until Punakaiki Fund is listed on a recognised exchange such as the NZX. We have set up the performance fee structure to align LWCM with this investor benefit of listing.

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.

9. Shareholder Communications

Each year an annual report will be produced to disclose the investments made during the year, the status of all of the companies we have invested in and assessment of the Net Asset Value of Punakaiki Fund. The annual report will be delivered to you electronically at least four weeks before each annual general meeting. We intend to have the annual report ready by the end of June, and to hold the annual general meeting in August of each year. Along with the more formal activities at each annual general meeting, we will hold a review of our current investments and may invite selected investee companies to present to you. Representatives from these companies may also be available to discuss any queries you might have.

Each quarter, if not more frequently, we will report to you on the investment portfolio and provide a general update on progress. Specifically we will 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 may also be 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 will also mail written copies of material to investors who request this service. We anticipate very few people will have this requirement.

10. Notification and Registration of Holdings

The share registry for Punakaiki Fund will initially be maintained by LWCM. Holding statements will be sent to all successful Applicants by LWCM after the Capital Raising has closed. Punakaiki Fund may choose to use a share registrar in the future.



Frequently Asked Questions

Can I buy more Punakaiki Fund Shares later?

From time to time Punakaiki Fund will raise additional capital. We may extend these offers to investors outside of the shareholder base, but we will generally make the offers available to existing shareholders unless the law (particularly in relation to non-Exempt Investors) prevents us from doing so. Nothing commits you to make any further investment in Punakaiki Fund and investors do not have pre-emptive rights to future Punakaiki Fund share issues.

As the September 2016 Options approach expiry, shareholders may seek to sell their Options. These Options will be available to other Punakaiki Fund shareholders to purchase and exercise (subject to any legal restrictions for investors who are not Exempt Investors).

Will future capital raisings by Punakaiki Fund dilute away any returns I might otherwise receive?

This depends on whether you participate in those future capital raisings, how high the offered Share (including any Options) price is compared to the intrinsic value of the Shares and Options already on issue, and how well the investments perform to which the capital raised is applied. While the Board of Punakaiki Fund will endeavour to price all future capital raisings as close as possible to the intrinsic value of the Shares, there is a risk that if you do not participate in future capital raisings that your returns may be diluted.

How risky is this investment?

We are focussing our investments on companies with real revenues and growth. The larger Punakaiki Fund is, the larger the deal sizes will be, and therefore we should be able to lower the risk attached to each deal due to larger companies generally being considered lower risk than smaller companies. A larger fund will also give us the ability to make more investments, form a portfolio of investments with greater diversity and thus spread the risk and lower the volatility of our returns.

An investment in Punakaiki should be considered a long-term investment that carries the risk of the loss of a substantial part of the investment. Given that Punakaiki Fund invests in multiple companies, we believe that the risk of total loss is low, while the risk of some loss is moderate to high.

Who are Punakaiki Fund's competitors?

In the broadest sense of the term, Punakaiki Fund faces competition for investments from angel groups, large individual investors, venture capital funds, private equity funds and, in limited instances, institutional and corporate investors. The majority of these groups are domestic, but some are based offshore. Some of these groups are co-funded by the New Zealand Venture Investment Fund or are invested alongside by the Seed Capital Investment Fund.

Punakaiki Fund is currently most similar, from a founder perspective, to high net worth individuals who invest in a similar manner to Punakaiki Fund. Examples of these types of investors include entrepreneurs who have generated significant wealth from the sale of a business. Punakaiki Fund has and intends to continue to invest alongside selected investors of this type, and will generally but not always avoid investing alongside large numbers of other investors.



Overall, we see that the investor ecosystem is still relatively small versus the investment opportunities available to Punakaiki Fund, and have continuously experienced far more quality investment opportunities than we are able to fund.

How can I sell my Shares and Options?

Punakaiki Fund has established an internal and informal order matching facility for matching buyers with sellers of Shares and Options. While this gives a potential way to sell your Shares and Options, in our opinion, a liquid market for the sale of Shares is unlikely to develop until we list on a recognised exchange. An investment in Punakaiki Fund should be considered a long-term investment and you should be prepared to hold your Shares for a number of years.

We do intend to list on a recognised exchange in due course, and it is in LWCM's interests to do so.

Why does LWCM receive 3% brokerage on capital raised?

There are two reasons for this. The first reason is to cap the exposure of Punakaiki Fund to excessive capital raising costs, in keeping with our aim to minimise its fixed and operating costs. The second reason is to compensate LWCM for the costs and effort that it expends to raise funds for Punakaiki Fund (a task outside of LWCM's core management mandate). The brokerage fee is applied to all capital raised by Punakaiki Fund as LWCM will usually expend significant effort in respect of all capital raising events. For instance, during a rights issue or option exercise event, along with administering capital raising with existing shareholders (sending out entitlement notices, monitoring entitlement uptakes and issuing new shares), LWCM will also be involved in finding new investors with which to place unsubscribed rights or unexercised options in order to ensure that a high or full take-up of the capital raising occurs.

The Management and Performance fees seem expensive – are they?

The "two and twenty" fee structure is a standard fee structure for venture capital and private equity managers, reflecting the high degree of hands-on involvement before and after each deal. The equivalent roles of Lance and Chris in a large venture capital firm would have a combined compensation measured in multiples of the anticipated 2% fee (before expenses) on a \$10 million fund. We also note that the 2% fee is lower than the effective fee paid by at least one well-known venture capital fund in New Zealand.

Given that the Management Fee is initially relatively small, how much effort does the Manager put into managing Punakaiki Fund?

LWCM applies an appropriate level of effort to sourcing and managing Punakaiki Fund's investments. Lance Wiggs spends a significant amount of his time on Punakaiki Fund's business. He also spends considerable time on related activities, including Better by Capital, the Return on Science Investment Committee and directorships of early stage companies. Chris spends the majority of his time working on Punakaiki Fund's business.

Will any investments Punakaiki Fund acquires from Lance Wiggs represent good value?

We will be setting the value of any shareholdings acquired from Lance Wiggs at the same price that the target companies are raising capital from arms-length, third party investors. We believe this approach means that it is more likely that in these shareholdings being acquired at a market value. To ensure that the acquisition of the shareholdings do not result in cash being stripped from the Punakaiki Fund, any acquisition of the shareholdings from Lance Wiggs will be settled with new Punakaiki Fund Shares and Options, and all such conflicted transactions will require the approval of Punakaiki Fund's Board of Directors.



Who has access to Punakaiki Fund's bank accounts?

As LWCM's principals, both Lance Wiggs and Chris Humphreys have co-signing rights to Punakaiki Fund's bank accounts.

What is an "Exempt" Investor?

Those persons applying to participate in the Offer must be Exempt Investors. Exempt Investors include "wholesale investors", "eligible investors", "close business associates" and "relatives" as defined under the Financial Markets Conduct Act 2013 ("FMCA"), and persons who are investing more than \$750,000.

To be considered a "wholesale investor", you must qualify for one of the following categories:

- an entity/person that is an investing business. This includes (but is not limited to) entities/persons whose principal business is to invest in financial products, acting as an underwriter, providing a financial adviser service in relation to financial products, provide broking services or trade in financial products on behalf of other persons;
- a person who meets certain investment activity criteria. This includes persons who owns, or at any time during the last two years has owned, a portfolio of specified financial products of a value of at least \$1 million; or
- a person who is "large". A "large" person has to have (including entities controlled by the person) net assets of over NZ\$5 million or total consolidated turnover of over NZ\$5 million over each of the two most recent financial years.

To be considered an "eligible investor" you must have sufficient previous experience acquiring or disposing of financial products that allows you to assess:

- the merits of an investment in Punakaiki Fund (including assessing the value and the risks of an investment in Punakaiki Fund); and
- your own information needs in relation to an investment in Punakaiki Fund; and
- the adequacy of the information provided by Punakaiki Fund in relation to this Offer.

To be considered a "close business associate" or a "relative" of Punakaiki Fund or its directors, you will need to meet the strict criteria set out in the FMCA.

Those Applicants who consider themselves as being a "wholesale investor" or an "eligible investor" under the FMCA will need to provide Punakaiki Fund with a valid certification of their status as either type of investor. In the case of "wholesale investors", investors will be able to self-certify their status. In the case of "eligible investors", investors will be able to certify with corroboration from an independent Authorised Financial Adviser, accountant or lawyer.

What about the Anti-money Laundering/Countering Financing of Terrorism Act?

Punakaiki Fund is required to comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009. Punakaiki Fund will use electronic verification as our primary means of vetting new investors in the Offer and will seek the permission of new investors to undertake verification of certain personal information as part of the application process. LWCM will get in touch on a case-by-case basis if we cannot verify your identity by electronic means in order to obtain certified identification documents that meet our compliance requirements prior to the allotment of any Shares occurring.



Risks

Buying Shares in Punakaiki Fund will expose you to a range of risks that could impact your investment returns and the recovery of your investment in the Shares. The individual early-stage and growth investments we make carry higher risks than most other investment types. There is the risk that you may lose a lot of or even all of your investment.

The categories of risk include:

- **Risks relating to the Shares** where Share price performance is worse than expected or you cannot sell the Shares for as much as you purchased them for, if at all. This includes being unable to trade the Shares in the period before a listing on a recognised exchange.
- **Reliance on LWCM** as the investment manager, who has broad discretion.
- **Loss of key personnel: LWCM is a boutique investment manager. There is a risk that loss of any key personnel could adversely affect performance.**
- **Poor performance** resulting from not achieving our investment objectives due to selecting poorly, inadequate due diligence or poor performance of the companies we invest in. These may be small companies dependant on founder and technology performance, and may have higher risk of failure than established ones.
- **Low liquidity** of Punakaiki Fund as our investments will generally be illiquid and will be suited to long term holding periods.
- **Relatively low diversification** of Punakaiki Fund across assets, and exposure to the New Zealand early stage company sector.
- **Dilution risk** if you do not subscribe to any new rounds of investment your interest in Punakaiki Fund will be diluted and your returns may be impacted.
- **Tax laws** may change, specifically a capital gains tax may affect the taxable status of both Punakaiki Fund's investments and Shareholders' investment in Shares.
- **Macroeconomic and currency risk factors** that our investments are exposed to.

You will not be liable to pay any money to any person as a result of the insolvency of Punakaiki Fund, while all creditors (secured and unsecured) of Punakaiki Fund will rank ahead of Shareholder claims if Punakaiki Fund is liquidated. After all such creditors have been paid, any remaining assets will be available for distribution between all Shareholders who will rank equally among themselves. In the case of liquidation, there may not be sufficient surplus assets to enable you to recover all or any of your investment.

The risks set out in this section are not exhaustive. This Information Memorandum does 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.



Mitigation of risks

Many of the risks set out above are either outside of the control of Punakaiki Fund, are not specific to an investment in Punakaiki Fund (i.e. these risks are inherent in many different types of investments) or arise as the result of the approach which Punakaiki Fund has taken to various aspects of its operations. Punakaiki Fund will seek to mitigate some of these risks over time as the size of Punakaiki Fund grows and is better able to bear additional overhead costs. Examples of this include:

- the listing of the Shares on a recognised exchange in due course in order to improve the liquidity of the market in Shares and improve the efficiency of Share price discovery;
- improving the diversification and risk profile of Punakaiki Fund by investing in a greater number of companies across more industries and sectors as Punakaiki Fund grows; and
- lowering the risk profile of the *average* investee company within the Punakaiki Fund portfolio by investing in larger and more mature companies as Punakaiki Fund's size allows.

It should be noted that while Punakaiki Fund will work to mitigate risks where it is able to, all risks associated with an investment in Punakaiki Fund cannot be mitigated and as such, Punakaiki Fund will retain certain risk traits that need to be considered when assessing an investment in Shares.



About this Capital Raising

This section sets out the key terms of this Capital Raising and other information that is applicable to owning Shares in Punakaiki Fund.

Description of the Offer

Punakaiki Fund is undertaking an offer of ordinary Shares and Options in Punakaiki Fund as set out in the table below.

	Offer
Open to	Exempt Investors
Minimum Offer Size	n/a
Maximum Offer Size	n/a
Minimum Subscription Amount	\$33,000 (2,000 Shares), or \$16,500 (1,000 Shares) for existing Punakaiki Fund shareholders
Additional Subscription Multiples	\$8,250 (500 Shares)
Security Types	Ordinary Shares plus one September 2016 Option with an exercise price of \$19 with every new Share issued

Description of Shares

The Shares being offered are fully paid ordinary Shares in Punakaiki Fund. Each Share provides the holder with the right to:

- attend and vote at meetings of Shareholders, including the right to cast one vote on a poll on any ordinary or special resolution of Shareholders;
- an equal share in dividends and other distributions made by Punakaiki Fund;
- an equal share in the distribution of the surplus assets in a liquidation of Punakaiki Fund;
- be sent certain information, including notices of meetings and company reports; and
- exercise all other rights that are conferred on Shareholders by the Companies Act and Punakaiki Fund's constitution.

Price or Other Consideration

The Price for the Shares is NZ\$16.50 per Share, fully payable on application.

With each new Share issued, one Option with an expiration date of 16 September 2016 and an exercise price of \$19.00 will also be issued.



Use of Proceeds

Punakaiki Fund plans to undertake investments in accordance with the philosophies generally set out within this Information Memorandum. The sources of finance for these plans will be cash on hand and the funds received under this Capital Raising.

Notwithstanding the plans of the directors, the proceeds of this Capital Raising may be applied towards a wide investment mandate. Cash proceeds received from the Capital Raising will initially be held in interest-bearing bank accounts and term deposits with one or more New Zealand registered banks.



How to Apply for Shares

Pre-application

If you are considering purchasing shares in Punakaiki Fund as outlined in this Information Memorandum, we believe it will be prudent for Applicants to undertake the following steps prior to submitting your Application.

- Read this Information Memorandum;
- **Undertake your own due diligence** to verify or otherwise the information contained within this Information Memorandum and any other information which is relevant to an investment in Punakaiki Fund; and
- Take financial and other advice from an expert.

Applying for Shares

You can apply for Shares using the Application Form. A copy of the Application Form can be requested from chris@lwcm.co.nz if you do not have one.

Your completed Application Form, along with any documentation required to establish your eligibility to invest in Punakaiki Fund in accordance with the FMCA and any documentation required by Punakaiki Fund in order to meet its obligations under the Anti-money Laundering and Countering Financing Terrorism Act 2009 should then be returned to Punakaiki Fund by email or post prior to the closing date of the Capital Raising.

Your Application must be accompanied by full payment for the total number of Shares applied for. This can be paid by one-time direct credit, 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”).

Completed Application Forms must be received by Punakaiki Fund no later than 5pm on the Closing Date. More information on the application process can be found on the appropriate Application Form.

If you require any further information regarding Punakaiki Fund, or would like assistance with the application process, please contact LWCM: Chris Humphreys (chris@lwcm.co.nz) or Lance Wiggs (lance@lwcm.co.nz, +64 21 526 239).



Glossary of Terms

Term	Definition
\$	New Zealand dollar
Applicant(s)	A person(s) who submits an Application Form(s) under the Capital Raising
Application Form	The form required to apply for Shares in Punakaiki Fund as set out in this Information Memorandum. A copy of the Application Form can be obtained by emailing chris@lwcm.co.nz or lance@lwcm.co.nz
Board	The board of directors of Punakaiki Fund
Capital Raising	The Offer of Shares as described in this Information Memorandum
Closing Date	23 December, 2015 or such other date as determined by Punakaiki Fund
Companies Act	Companies Act 1993
Crowd Funding	The funding of a project or venture by raising many small amounts of money from a large number of people, typically via the Internet. Punakaiki Fund has previously raised crowd funding is via the Snowball Effect platform
Exempt Investor	Exempt Investors include “wholesale investors”, “eligible investors”, “close business associates” and “relatives” as defined under the Financial Markets Conduct Act 2013 (“FMCA”), and persons who are investing more than \$750,000
FMCA	Financial Markets Conduct Act 2013
High Water Mark	The highest Net Asset Value per Share for which a Performance Fee has been previously paid. No subsequent Performance Fee is payable until the 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 Communications Technology
IRR	Internal rate of return, which is a measure used to evaluate the attractiveness of an investment. It is the rate that results in the all cash flows for an investment (including the initial investment) having a net present value of zero.



Term	Definition
ISP	Internet Service Provider
LWCM	Lance Wiggs Capital Management Limited, the investment manager of Punakaiki Fund
m	Million
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. Where Punakaiki Fund is listed on a recognised exchange the Market Value is based on the 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 capital return to Shareholders the value of the capital return together with the 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 Net Asset Value. If Punakaiki Fund is not listed on a recognised exchange then the Market Value is the Net Asset Value
Minimum Subscription Amount	The minimum value of Shares which can be applied for: \$33,000 (2,000 shares), and then in increments of \$8,250 (500 shares)
NAV	Net Asset Value
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
Non-qualified Investment	Any single or tranch investment which totals more than the higher of \$2 million or 20% of Punakaiki Fund's Net Asset Value or any investment in a company not carrying on its business in New Zealand
NZX	NZX Limited, the operator of the New Zealand Stock Exchange
Offer	The offer of Shares to Exempt Investors under this Information Memorandum
Option	An Option grants the right to purchase a Share for a certain price (the exercise price) before a certain date (the expiry date). Punakaiki Fund is offering one September 2016 Option with every new Share issued under the Offer



Term	Definition
Performance Fee	Amounts payable to LWCM tied to the positive performance of Punakaiki Fund
Price	\$16.50 — the price at which Shares may be bought under the Capital Raising
Punakaiki Fund	Punakaiki Fund Limited
Recipient	A person in possession of this Information Memorandum
Representatives	Punakaiki Fund and its respective related companies and affiliates including its shareholders, directors, officers, employees, manager and advisers or other representatives
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)
September 2016 Option	A non-stapled Option attached to each Share issued under the Offer with a strike price of \$19.00. Upon payment of this price, the Options convert into ordinary Shares. The September 2016 Option may be exercised at any time before 5:00pm NZST 16 September 2016
Share	One fully paid ordinary share in Punakaiki Fund which rank equally with each other and all existing shares in Punakaiki Fund
Shareholder	Holder of one or more Shares in Punakaiki Fund
Tb	Terabyte: 1,099,511,627,776 bytes



Appendix One – Limitations, Disclaimer and Other Information

This document (the “Information Memorandum”), along with other documents and information provided including the Application Form (together the “Documents”), are supplied to various parties (“Recipients”) for the exclusive purpose of enabling them to determine whether to proceed with a further investigation of a potential investment (the “Capital Raising”) in Punakaiki Fund Limited (“Punakaiki Fund”) and on the condition that the Documents are used for no other purpose. The Documents may not be used without the express consent of Punakaiki Fund for any purpose other than deciding whether to proceed with the Capital Raising.

The Documents have been prepared by Punakaiki Fund for general information purposes only and do not purport to contain all the information that a prospective participant in the Capital Raising may require. Recipients should conduct their own investigation and analysis of the opportunity and the background and other information contained within the Documents. The Recipient should, and for the purposes of any investment will be deemed to, have made its own appraisal of Punakaiki Fund and to have satisfied itself as to the accuracy, reliability, completeness, correctness or currency of the information in the Documents and such other information as they consider relevant (including seeking professional advice).

None of Punakaiki Fund or its respective related companies and affiliates including its shareholders, directors, officers, employees, manager and advisers or other representatives (“Representatives”), as the case may be, have verified or will verify any of the Documents or any other information provided to a Recipient in connection with the Capital Raising.

The estimates, projections, targets, opinions or forecasts contained in the Documents are, and will continue to be, based on a number of assumptions and subject to uncertainties and contingencies, most of which are outside of Punakaiki Fund’s control. No representation or warranty, express or implied, is made as to the accuracy, reliability, completeness, correctness or currency of the information, statements, estimates, projections, targets, opinions or forecasts contained in the Documents or any other statements or representations made to Recipients in connection with the Capital Raising. To the maximum extent permitted by law, Punakaiki Fund and its related companies and affiliates and its Representatives disclaim and exclude all liability whatsoever for any loss, damage or other consequence (whether foreseeable or not) suffered by any person from the use of the Documents or their contents, from refraining from acting because of anything contained in or omitted from the Documents, from participating in the Capital Raising or otherwise arising in connection therewith (including for negligence, default, misrepresentation or by omission and whether arising under statute, in contract or equity or from any other cause). The Recipient agrees that it will not sue or hold Punakaiki Fund and its related companies and affiliates or their respective Representatives liable in any respect for the provision of the Documents or any other information and waives any rights the Recipient may otherwise have in this respect.

The Documents do not constitute an offer or invitation to invest in Punakaiki Fund nor will it form the basis of any contract between a potential investor and Punakaiki Fund, and the issue of the Documents shall not be taken as any form of commitment on the part of any person to discuss or negotiate with any person in connection with, or to proceed with, the Capital Raising. It is not a recommendation that any Recipient proceed with any further analysis of, or with any investment in Punakaiki Fund. The Documents shall not be deemed to be an indication of the state of affairs of Punakaiki Fund nor shall it constitute an



indication that there has been or will be no change in Punakaiki Fund since the date of the Documents or since any other date at which any information contained herein is expressed to be stated.

Punakaiki Fund may at any time provide additional information to, or negotiate with, one or more persons or organisations in connection with the Capital Raising. Punakaiki Fund reserves the right to terminate, at any time, further participation by any Recipient in the process described in the Documents and to vary procedures or modify the process, to terminate all or any part of the process altogether, or to do anything else that it, in its absolute discretion, sees fit and is legally entitled to do in relation to the process. None of Punakaiki Fund and its related companies and affiliates and its Representatives is under any obligation to provide Recipients with access to any additional information.

The distribution of this Information Memorandum outside of New Zealand may be restricted by law. This is not intended to, and does not, constitute an offer of securities in any place which, or to any person to whom, the making of such offer would not be lawful under the laws of any jurisdiction outside New Zealand. This includes, but is not in any way limited to, Australia and the United States. It is the responsibility of any Applicant to ensure compliance with all laws of any country outside New Zealand relevant to their subscription, and any such Applicant should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to apply for securities pursuant to the Information Memorandum. The failure to comply with any applicable restrictions may constitute a violation of securities law in those jurisdictions. The Shares have not been and will not be registered under the US Securities Act or the securities law of any state of the United States.

Definitions

Capitalised terms used in this Information Memorandum generally have a specific meaning that is defined in the “Glossary of Terms” of this Information Memorandum. Where the words “you” and “your” are used, they refer to the person who subscribes for the Shares. References to “we” and “Punakaiki Fund” mean Punakaiki Fund Limited and its directors.

Document Imagery

Any photographs and screenshots used in this Information Memorandum or other Documents are representative and are not specific to the Capital Raising. They do not represent endorsements from the businesses depicted.

Currency

Unless otherwise indicated, all references to monetary amounts in this Information Memorandum are references to New Zealand Dollars.



While we are numbers people, we first look at the business fundamentals from an end user's perspective. We see that companies who focus on the end user are most able to create lasting value.

Lance Wiggs, LWCM