



# PUNAKAIKI FUND

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INVESTING IN HIGH GROWTH COMPANIES

## Information Memorandum

*Offering of Ordinary Shares in Punakaiki Fund Limited to  
Wholesale Investors*

**18 March 2021**

*This document gives you important information about this investment to help you decide whether you want to invest.*

## Before you do anything else, READ THIS...

The information provided in this information memorandum is confidential and must not be 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 an invitation (the "Offer") to consider applying for shares in Punakaiki Fund Limited ("Punakaiki Fund"). The Offer is an invitation only to persons who are permitted to receive a non-regulated offer of financial products under Schedule 1 of the Financial Markets Conduct Act 2013

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.

This offer will remain open from the date shown on the cover page until such time as it is suspended or closed by Punakaiki Fund, or replaced by an updated information memorandum.

## 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)**

### Warning

New Zealand 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 Overview

## About Punakaiki Fund

Punakaiki Fund Limited ("Punakaiki Fund") is a venture capital fund making long-term private equity investments into high-growth, revenue-generating New Zealand companies. The company has total assets of \$72.89 million.

## Read the Product Disclosure Statement

Please read the [Product Disclosure Statement dated 2 December 2020](#) ("PDS"), which is the most recent offer to retail investors and contains all material information up to the date of PDS.

This information memorandum ("Investment Memorandum") states the most material changes since the PDS was issued. While further information is available on [punakaikifund.co.nz](http://punakaikifund.co.nz), the information provided is not intended to be comprehensive or complete.

## Offer Terms & How to Invest

### Offer Terms

#### Price

**\$27.00<sup>1</sup>** per **Punakaiki Fund Limited ordinary share** ("Share"), inclusive of 3% brokerage. It should be noted that this price per Share will only be available for applicants applying for Shares up to **30 March 2021**, at which time the Punakaiki Fund Board will reconsider the pricing of the Shares offered. There is no guarantee that the price of Shares under this Offer will not change after 30 March 2021. Once you pay for your Shares, you have no obligation to pay any further amounts.

#### Minimum and Maximum Investment per Shareholder

Minimum **1,000 Shares** (\$27,000), then in increments of **1,000 Shares** (\$27,000). There is no maximum investment limit.

#### Offer Dates

This offer opens on **18 March 2021** and closes on the earlier of **30 April 2021** or such date as this information memorandum is either closed or replaced, at Punakaiki Fund Board's discretion.

On **30 March 2021**, the Punakaiki Fund Board will consider the pricing of the Shares, and may at that time either amend the price of the Shares being offered, or close the Offer.

Shares will be allotted no later than seven days after the offer closes or after this information memorandum is replaced.

#### Who Can Invest

This offer is being made to wholesale investors only. See the Application Terms and Instructions for more information. This Offer is **not open to the public**.

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

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<sup>1</sup> This offer price is an extension of December 2020 Retail Offer. No material changes have been identified that will change the price.



Apply to invest by completing the application form attached to this document. Applications are binding once received unless this offer has been withdrawn or re-priced (only after 30 March 2021), which will be notified on the Punakaiki Fund website.

Shares are issued once LWCM has confirmed your details (including meeting anti-money laundering customer due diligence and common reporting standard requirements) and payment has been received.

If you require any further information or assistance with the application process, please contact LWCM: Chris Humphreys ([chris@lwcm.co.nz](mailto:chris@lwcm.co.nz), 027 6227803), or Yvonne Gao ([yvonne@lwcm.co.nz](mailto:yvonne@lwcm.co.nz), 021 08870826).

## Key Metrics

The Board has determined the following metrics as at 16 March 2021.

### Key Metrics

Value of all assets for the purpose of this offer	\$72.9 million
Investor Net Asset Value <sup>1</sup>	\$66.4 million
Shares on issue	2,429,422
<b>Investor Net Asset Value per Share</b>	<b>\$27.35</b>
Offer cost (3% brokerage payable to LWCM)	<b>\$0.85</b>
Share price basis for Offer	\$28.20
<b>Price for this offer</b>	<b>\$27.00</b>
Discount	\$1.20

<sup>1</sup> The fair market value of the assets less both the liabilities of Punakaiki Fund and the share-based component of the accrued performance fee.

## Material Events

The following material events and other matters have occurred since 20 November 2020 (the valuation date for the PDS) in relation to shareholdings in Punakaiki Fund's portfolio companies, and since the date of the December 2020 PDS (2 December 2020) in relation to other matters.

### Material Events

Punakaiki Fund raised \$1,978,800 by issuing 77,600 new shares in the December 2020 retail offer that closed on 17 December 2020.

Two investments, totalling \$1.0 million, were made into Weirdly and Get Home Safe in late December 2020. The updated shareholdings are reflected in the table below.

As signalled in the PDS, John Berry resigned as a director, effective 31 January 2021.

Nadine Hill (LWCM) joined the board of Get Home Safe on 9 February 2021, joined the board of Melon Health on 27 November 2020, and joined the board of Core Schedule NZ Limited on 12 October 2020. Bridget Winstone-Kight, a previous employee of LWCM, resigned as a director of Melon Health Limited on 20 November 2020.

On 4 March 2021, Punakaiki Fund received a \$0.191 million return of capital from Mindfull Group associated with the sale of its consulting business.

The sale of Vend to Lightspeed for US\$350 million was announced on 12 March 2021, and is expected to close in April 2021. The Board revalued the portfolio based on expected proceeds from this sale, which includes cash and share components, as well as information on material changes in the value of other portfolio companies.



## Our Investments

Punakaiki Fund has investments in 22 companies.

Portfolio Company	Punakaiki Fund Shareholding <sup>1</sup>	Punakaiki Fund Option or Commitment to Further Invest	Portfolio Company	Punakaiki Fund Shareholding <sup>1</sup>	Punakaiki Fund Option or Commitment to Further Invest
<b>Vend</b>	1.9% <sup>4</sup>	-	<b>Weirdly</b>	37.7%	
<b>Devoli</b>	53.9%	-	<b>Core Schedule</b>	17.5%	
<b>Onceit</b>	25.6%	-	<b>Get Home Safe</b>	16.7%	
<b>Timely</b>	3.8%	-	<b>Qubedocs</b>	19.6% <sup>2</sup>	
<b>Quantifi Photonics</b>	17.7%	-	<b>NZAW</b>	23.6% <sup>3</sup>	
<b>Raygun</b>	6.3%	-	<b>Mindfull Group</b>	19.6%	
<b>Mobi2Go</b>	15.0%	-	<b>Family Zone</b>	600,000 performance shares	
<b>QA Tech (Conqa)</b>	20.0%	-	<b>EverEdge</b>	\$0.9 million (face value of debt)	
<b>RedSeed</b>	48.5%	-	<b>Populate</b>	14.6%	
<b>Boardingware</b>	31.1%	-	<b>Hayload</b>	23.3%	
<b>Melon Health</b>	32.3%	-	<b>ThisData</b>	11.1%	

<sup>1</sup>Shareholding percentages are based on issued shares. Effective shareholding maybe lower due to the dilutionary impact of any employee options or financial instruments such as convertible notes.

<sup>2</sup> Held via Punakaiki Fund's shareholding in Mindfull Group Limited.

<sup>3</sup> Effective shareholding is significantly lower due to pending issue of new shares.

<sup>4</sup> Subject to exit adjustments including option dilution.



# Appendix One – Limitations, Disclaimer and Other Information

This document (the “Information Memorandum”), along with other documents and information provided (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.

No representation or warranty, express or implied, is made as to the accuracy, reliability, completeness, correctness or currency of the information, statements, or opinions 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 a legal offer capable of acceptance, but rather constitute an invitation to consider investing in Punakaiki Fund. They will not 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 they 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

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.

## Currency

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



