
Administration Fee Procedure

1. Introduction

- 1.1.1. The Administration Fee is a payment by Punakaiki Fund Limited (“PFL”) to LWCM Limited (“LWCM”) to compensate LWCM for the tasks that it undertakes for PFL that are outside of the scope of the management agreement (“Management Agreement”) between PFL and LWCM.
- 1.1.2. The Administration Fee is set annually by the PFL Board and paid quarterly in advance to LWCM.

2. Administration Fee Tasks

- 2.1.1. The Management Agreement set out certain core tasks that LWCM is to perform for PFL, generally in respect of portfolio management but also including certain other tasks, in exchange for the payment of a management fee. In addition, the Management Agreement sets out other responsibilities that LWCM has, either in respect of performing certain tasks, or arranging for those tasks to be completed by others.
- 2.1.2. The Management Agreement is either generally specific on where those costs relating to certain tasks fall, or has catch-all provisions to allocate costs depending on the nature of the task.
- 2.1.3. Clause 7.1 of the Management Agreement outlines costs that fall to LWCM and clause 7.2 outlines costs that fall to PFL. Clause 3 sets out the responsibilities of the Manager, with those responsibilities set out in clause 3.7 specifically at PFL’s cost. Subclause 7.2(g) provides a catch-all for the Manager to perform any task requested of it that is not otherwise set out in the Management Agreement (at PFL’s cost). Subclause 3.7(a)(ix) provides a similar catch-all for tasks related to the administration and operation of PFL not otherwise set out in the Management Agreement.
- 2.1.4. Clause 3.10 states specifically that:

“The Manager is not responsible for providing share registry, financial, accounting, reporting or auditing services to the Group.”
- 2.1.5. A schedule accompanies this procedure that sets out:
 - a) the responsibilities of LWCM under the Management Agreement;
 - b) who assumes the costs for PFL-related tasks under the Management Agreement; and

- c) which tasks are considered reimbursable via the Administration Fee.

3. Procedure for Setting the Administration Fee

3.1.1. The following sets out the annual procedure for setting the Administration Fee:

- a) At the first PFL Board meeting of each calendar year, LWCM will produce a schedule estimating the costs of undertaking the Administration Fee tasks included in, but not necessarily limited to, the list set out in Appendix A.
- b) Such estimate will include:
 - i) An estimate of the amount of time (in days) spent by each LWCM staff member on each Administration Fee task;
 - ii) A daily rate for each staff member that fairly represents the cost of employing that staff member including a reasonable overhead loading; and
 - iii) Narration as to why any particular category of Administration Fee task has experienced a material change in cost from the previous year.
- c) The PFL Board will consider the presented costs with reference to:
 - i) The appropriateness of the costs contained within the schedule (e.g. whether the task being efficiently performed by the appropriately experienced LWCM staff member);
 - ii) Whether the presented costs include any costs that can be argued that LWCM will derive more benefit from than PFL;
 - iii) Allocation of costs between PFL and any other funds managed by LWCM;
 - iv) Whether there are any Administration Fee tasks that the PFL Board will direct LWCM to cease performing;
 - v) Whether there are any Administration Fee tasks not included in the schedule that that the PFL Board will direct LWCM to perform during the coming year; and
 - vi) Whether the presented costs appear excessive, including whether outsourcing some or all of the Administration Fee tasks may represent better value for money.
- d) If required, the PFL Board and LWCM will negotiate in good faith to agree the amount of the Administration Fee, however it should be noted that the PFL Board is the ultimate decision maker in respect of the final Administration Fee.

Appendix A – Reimbursable Administration Fee Tasks

General

- Administration
- Auditor: appointment, access to information and answering of questions
- Branding & Website
- Human resource management and payroll management
- Insurance Administration
- Legal compliance and maintenance of legal structure
- Statutory Compliance
- Liquidation support
- Maintaining Documents (including investment documents)
- Office facilities and information systems for PFL
- Record Keeping
- Shareholder Distributions
- Share Registry
- Share Trading

Valuation

- Quarterly
- Annual
- Capital Raising
- Independent Valuation Support

Accounting & Tax Compliance

- Accounts payable and receivable management
- Interim Accounts
- Annual Accounts
- General accounting services
- Taxation (in respect of maintain tax structure)
- Taxation (completing and filing tax returns)

Reporting and Meetings

- Quarterly Report to Shareholders
- Interim Report to Shareholders
- Annual Report to Shareholders
- Annual Shareholders Meeting
- Main Board Paper
- Other Reports to the Board
- Policy Creation and Maintenance
- Company Secretarial (including drafting Board minutes)
- Onboarding New Directors
- Other communications to shareholders
- Other Public Relations