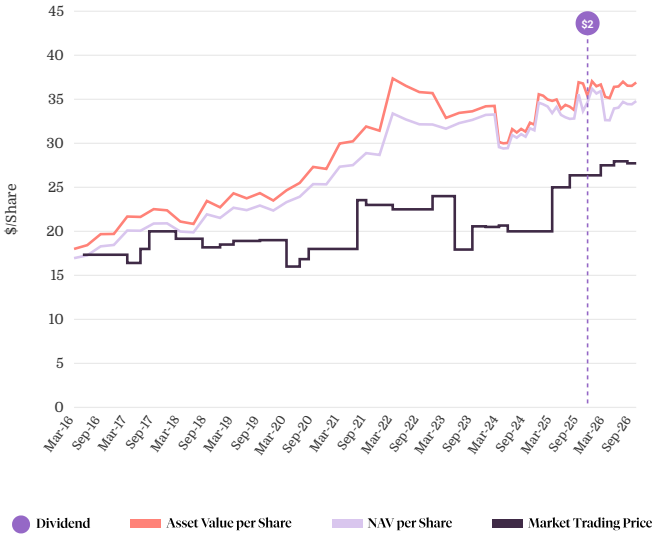
Punakaiki Fund

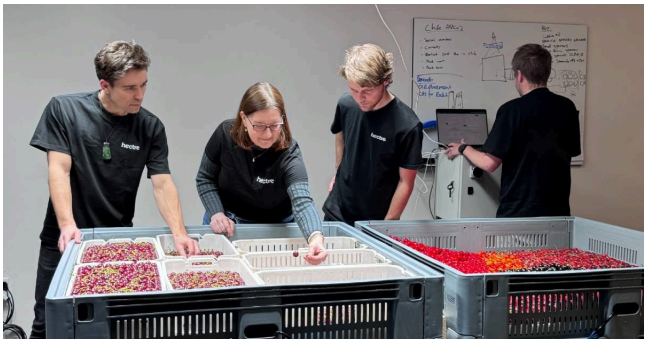
Investment Update & NAV Report
October 2026

Key Investor Statistics

Asset Value	Net Asset Value per Share[1]	Shares Issued	Gross MOIC[2]	Portfolio Size
▲ $148.1m	▲ $34.81	4,064,345	2.0x	19
Up 1.01% from $146.6m	Up 1.06% from $34.44	including 51,612 shares held as treasury stock.	Gross multiple on invested capital	Active portfolio companies

Share Price Performance







Agriculture Minister Todd McClay opens Hectre's new Auckland research laboratory on 27 October, with Hectre founder Matty Blomfield. Above, the Hectre team grading cherries in the lab, where the company is developing imaging to assess the internal quality of fruit.

Manager Commentary

PORTFOLIO HIGHLIGHTS

Whip Around has moved into the workshop. Until now it helped US trucking fleet operators inspect vehicles and stay compliant. In October it launched Advanced Maintenance, so a fault found on an inspection becomes a work order, gets assigned to a technician and has its labour and parts costs recorded, with AI checking the inspection photos for missed defects.

Projectworks released its CRM and AI Proposals tools in October. Until now, Projectworks has helped consulting firms run their projects once the work is won. The new tools cover the step before that: managing the sales pipeline, drafting proposals with AI from a firm's past work, getting them signed, and turning the agreed price into a project budget. Projectworks says nearly 200 consultants tried the tools for the first time in September, ahead of the release, and close to one in five customer firms have started using them.

Hectre opened its new research lab in Auckland on 27 October, with Agriculture Minister Todd McClay doing the honours. This is where the three-year research and development programme we reported in September will be carried out. The aim is to teach Hectre's cameras to see inside the fruit rather than just the skin, with the Government co-investing through the Primary Sector Growth Fund.

SOFTWARE COMPANIES AND AI, NINE MONTHS ON

When we wrote about software valuations in January, the BVP Nasdaq Emerging Cloud Index had fallen 22% in a month on the idea that anyone could vibe-code a replacement for their SaaS products. Our view then was that these tools create the equivalent of the MS-Access databases of the 1990s, fantastic for a quick fix and very hard to depend on for running a business. Nine months on, listed software has recovered some of the ground, at least in the areas of security, observability and infrastructure. The companies that stayed down, such as Adobe and HubSpot, are those whose subscription revenue is perceived as most exposed to agents, either because agents (their own or third-party) reduce the number of paid seats, or because external agents can replicate or bypass their workflows and take over the customer interface.

[1] *The undiluted NAV per Share is Asset Value less accrued performance fees and accounts payable, divided by shares outstanding excluding treasury stock.*

[2] *Gross multiple on invested capital (MOIC): (unrealised portfolio value + realised proceeds from exits and dividends received) ÷ cumulative funds invested since inception.*

Our SaaS portfolio companies sell their software by subscription, so we keep asking the question: is this company continuing to build out the critical system that underpins its customers' daily workflows and decisions, and that gets smarter with every one?

Couchdrop is a clear case. It has moved sensitive files for over 30,000 businesses, especially in finance, law, media and healthcare. As we noted in the Annual Report, many of its largest clients insist that the Couchdrop codebase contains no AI at all. The more a bank or a hospital uses AI, the more it needs something trustworthy in the middle, moving the right files to the right place and keeping the wrong ones out. Its Oveka product, which we reported in August, monitors what staff put into AI tools and redacts or blocks sensitive data.

Hectre is a different case, because Hectre is an AI company. Its Arc cameras photograph fruit as it arrives at the packhouse and grade it using models Hectre has trained on its own images. Hectre says its cameras are used by packhouses in 22 countries. The research lab Hectre opened in October is there to teach those models to see inside the fruit. This is a clear case of building an AI business using proprietary data to solve customer problems in the physical world.

Projectworks already holds a consulting firm's project records, and the budgets, approvals and invoices that run off them. Its AI tools are built on that data: AI Proposals, launched in October; a connection that lets assistants such as Claude and ChatGPT work directly with a firm's Projectworks data; and automated timesheets. A generic AI tool has none of that to work from.

We will be wrong about some of this, and we expect to keep changing our minds as the landscape changes. What we are not doing is sitting still, and nor are the founders.

SHARE TRADING FROM 16 NOVEMBER

Our next share trading window on Catalist opens on 16 November. We will publish and email a Treasury Stock Disclosure Document before trading opens, setting out how PFL will act in the market. Liquidity depends on trading conditions and the availability of buyers. In the twelve months to 31 October, 303,841 shares changed hands across four Catalist windows, 7.5% of Punakaiki Fund shares on issue.

VALUATION

The NAV per share increased from $34.44 (30 September 2026) to $34.81 (31 October 2026), and the Asset Value from $146.6 million to $148.1 million. This month we revalued RedSeed upwards. Separately, favourable foreign exchange movements lifted the value of our foreign-currency holdings. We reviewed Hectre's valuation and left it unchanged.

Our ten largest investments accounted for $119.5 million in holding value at the end of October, with Projectworks, Couchdrop and Hectre collectively representing $64.5 million.

During October we bought shares in Projectworks, taking our shareholding from 10.0% to 10.8%. Our cash and working capital assets stood at $15.2 million at the end of October, down from $16.5 million after that purchase and fund operating costs.

CATALIST AND THE CAPITAL MARKETS REFORMS

MBIE's Phase Two capital markets consultation, which closed in September, asked whether Catalist's size thresholds should be changed or removed. PFL's shares already trade on Catalist in periodic trading windows, but under the current settings a company can list on Catalist's retail market only below a $60 million market capitalisation and must leave two years after passing $100 million. PFL's implied market capitalisation is above that entry threshold, so it is too large to list there today. We made a submission, and as reported in the NBR on 2 November, if those thresholds were removed, PFL would be highly likely to list on Catalist's retail market and open its shares to retail investors. No decision has been made, but it is the clearest route we can see to better liquidity for shareholders, which would still depend on trading conditions and the availability of buyers. We will report back as it progresses.

NEW INVESTMENTS AND CAPITAL

We have several new investments lined up, more than we currently have capital for. Wholesale investors who would like to support the fund further can contact Tom.

ANNUAL SHAREHOLDER SURVEY

Thank you to the shareholders who have completed this year's survey so far. If you have not yet, please complete it by Thursday 12 November using the link emailed to you.

CHRISTMAS DRINKS, 19 NOVEMBER

Shareholders are welcome at 2040 Ventures' Christmas drinks in Auckland on Thursday, 19 November. Spaces are limited, so please get in touch with Helen to register.

Portfolio Asset Value - 31 October 2026

	Company	Company description	Shareholding	ROI	Last Valuation		Next Valuation	Holding Value
SUBSTANTIAL $20M+	devoli	Wholesale internet service provider powering Contact Energy & Nova	53.9%	3.2x	Mar-26	▼	Mar-27	$27.0m TTM Revenue $171m
	whip around	Digital fleet maintenance solution serving USA trucking market	5.3%	1.1x	Feb-26	▲	Feb-27	
EMERGING $5-$20m	PROJECTWORKS	Professional services automation software	10.8%	2.8x	Oct-26	▲	Jan-27	$64.5m TTM Revenue $33m
	Couchdrop	Software for securely moving vast amounts of data between platforms	29.1%	4.5x	Sep-26	▶	Mar-27	
	hectre.	Optimising fruit quality and profit, from orchard to packhouse	13.2%	1.0x	Oct-26	▶	Oct-27	
SUSTAINABLE $1-$5M	SEA-FLUX	Fleet management software for commercial vessel operators	13.0%	1.2x	May-26	▲	May-27	$28.0m TTM Revenue $13m
	REDSEED	Coach-led off-the-shelf and customised learning for frontline staff	50.1%	3.0x	Oct-26	▲	Oct-27	
	orah	Duty of care platform for schools enabling students safety and support	33.6%	2.9x	Feb-26	▶	Feb-27	
	GetHomeSafe	Lone-worker journey management tool keeping staff safe	21.0%	2.7x	Apr-26	▲	Apr-27	
EARLY $0-$1M	CullBeck	Making cheaper iron without coal	11.2%	1.0x	July-26	▶	Aug-27	

ASSET VALUE				
	Total Holding Value for top investments		▲	**$119.5m**
	Holding Value for other active investments	Oct-26	▶	**$9.4m**
	Investments Held For Exit (Escrow cash & companies)	Oct-26	▶	**$4.0m**
	Cash and Working Capital Assets			**$15.2m**
	Asset Value			**$148.1m**

Notes:
We perform or obtain an audited valuation for each investment at least once per year. All valuations are reviewed monthly and quarterly, checking for major changes in company and market performance, as well as other valuation inputs.

About Punakaiki Fund

Punakaiki Fund (PFL) is a New Zealand focused venture capital investment company, managed by 2040 Ventures Limited.
PFL raises funds to make long-term investments into high-growth, revenue-generating New Zealand-based technology companies.

punakaikifund.co.nz info@punakaikifund.co.nz Punakaiki Fund Limited +64 21 656 387 (Investor Relations)
2040 Ventures Limited, Level 2, 99 Quay Street, Auckland 1010