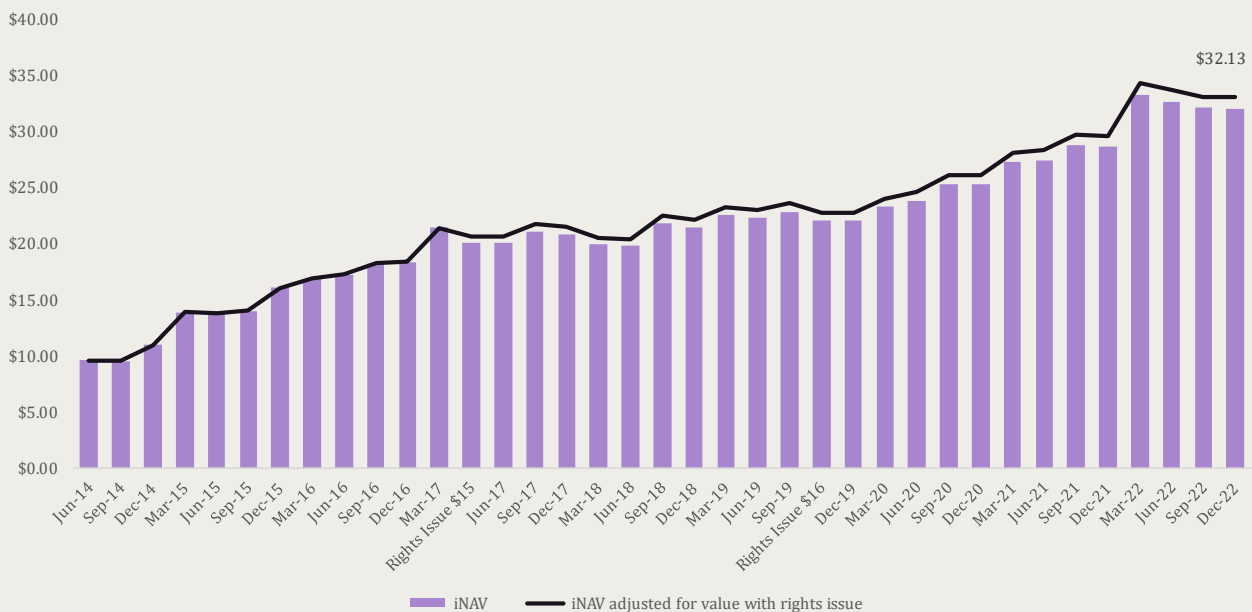


Punakaiki Fund Limited

March 2023 Quarterly Report

Punakaiki Fund iNAV/Share (Including Adjustments for Rights Issues)



Dear Shareholders,

Our Tenth Year

Nine years ago, on 4 April 2014, we completed Punakaiki Fund’s first wholesale offer, accepting \$1.5 million in investments. As we embark on our tenth year of operation, we are enthusiastic about the opportunities that lie ahead. Our primary objectives include making significant strides on our path to IPO, continuing to make great investments, supporting the growth of our existing portfolio companies, and delivering ongoing returns to our valued Punakaiki Fund investors.

Rights Issue and Offer

Welcome to new investors, and many thanks to all shareholders who invested or participated in the Rights Issue and Offer. We raised \$4.15 million, issuing 217,680 new shares. We now have a total of 2,897,933 shares and 1,085 shareholders.

Over the years we have raised \$52.1 million, including \$48.0 million in cash, and the remainder by issuing shares to make investments. We are continually grateful for your support.

We appreciate that the journey has been a long one for many investors. So, it was pleasing to see so many of you successfully trade \$19 Rights, with sellers receiving \$4 per Right, or \$0.40 per existing share they held.

Login or [sign up to Catalyst](#) to see your shareholding details.

\$100 million - For at least 3 days

On March 28th when we closed the Rights Issue and Offer, we technically reached our long-standing target of \$100 million in assets. However, the exact valuation may fluctuate as we complete our formal year-end valuation process which will value the portfolio as at 31 March, 2023. This process might move the overall value of the assets back under \$100 million, or further past \$100 million. As I write this, we do not have enough information to give any material feedback.

The year-end valuation process relies on the results from the companies, the relative financial and share price performance of comparable companies, and the valuation process itself. While much of the process is automatic, there is also some judgement required, which the Board owns. The auditors also perform their own work to make sure we get it right, and one company is valued externally.

Once finalised, we will be able to determine our total asset value and our asset value per share.

We are also collaborating with our auditor to determine a fairer method for calculating the accrued Performance Fee, which may result in a reduction in the provision and an increase in the investor net asset value per share. This is an accounting provision only, and forms the basis for calculating the actual payments – we have never paid a performance fee, which may occur before a pre-IPO round.

Overall, the only guidance we can give to investors for the upcoming share trading round is the recent public offer document, which, with the \$4.1 million raised, would result in an investor net asset value per share of around \$31.45.

Use of Funds

As outlined in our February 2023 product disclosure statement, we have allocated funds from the Rights Issue and Retail Offer to extend our operating reserve, and set aside an additional \$1 million for situational/opportunistic investments and/or IPO-related costs. We currently have \$2.3 million available to invest and are carefully evaluating three internal investment opportunities. We hope to be able to share news with you on those soon. In general, we are looking to invest further into the most successful investments.

Melon Health

It was sad to see the demise of Melon Health during the quarter. Their product, which has helped many thousands of people, and the staff, who have all been offered full time employment, will continue under new owners, Pegasus Health. Founder Siobhan Bulfin has a short contract, and then will leave the business that she has worked on, in one guise or another, for twelve years.

We are allowed to lose.

As venture investors and founders alike, we are in a business where we live with risk. As investors we have a lot at stake, but not nearly as much as any founder, who put aside everything to focus on their business.

As investors we deliberately embraced a heightened level of risk when we made our largest investment into Melon Health, placing it at the extreme end of the risk/return scale for Punakaiki Fund. The use of funds was for entry to the US market, and that didn't work out. The company withdrew to New Zealand, and while benefiting from COVID spending, more recently saw business dry up as the District Health Boards were consolidated. The new owner is a Primary Healthcare Organisation, and able to deliver Melon's services directly, and while we cannot speak for them, we are happy that they will continue as custodians of the product and team.

But what of Siobhan, who, incidentally, as a shareholder is reading this too? I reiterate that trying and failing is acceptable in venture-backed businesses. While Melon Health shareholders, including Siobhan, take their losses, Siobhan can hold her head high as she takes the experiences she has collected, considers in particular the thousands of individuals whose lives were significantly helped, and moves on to new fields. We thank and commend Siobhan for the years of effort.

Interest Rates - and our future

With interest rates remaining high, at least versus recent norms, the attractiveness of technology investing has been questioned. Why should people look for 15-25% returns from a fund like Punakaiki Fund, when even banks are paying 5 or 6%?

Quite simply, we have returned to the days where we care about the difference between real and nominal returns.

Nominal returns are simple dollar numbers that are not adjusted for inflation. Real returns remove the impact of inflation.

With a prevailing inflation rate of 7%, \$100 invested at 5% for a year would have a nominal value, before tax, of \$105, but a real value of closer to \$98. That's a loss.

That's also before tax—at a tax rate of 28% the real result is \$97 in today's money (real) terms.

Extrapolate that out for 10 years and \$100 of today's money would be \$197 in ten-year-time money, but the 5% interest would only have returned \$142 after tax or \$0.72 cents in today's terms.

However, if you invested instead in a security that delivers 15% compounded return, which (currently) would not attract any New Zealand tax, then the return would be \$4.05 in nominal terms, or \$2.06 in real terms.

The combination of inflation, compound returns and, though we have not covered it, diversification, are all critical to consider in times of inflation. Growing up, as I did, in the 1970s and 1980s, I have a genuine aversion to investing into products that are not inflation resistant.

At Punakaiki Fund, our companies are, of course, exposed to cost inflation, but by and large they control the price of what they sell, and that provides built-in inflation resistance. We should therefore generally expect companies to continue to deliver in real terms, not just nominal terms, and that should flow through to Punakaiki Fund investor returns.

Interesting years ahead

The challenging global times are making trading uncertain for some companies, and potentially difficult for others and very strong for yet others. Meanwhile, the rapid emergence of AI technology that actually works well is providing ample opportunities for companies to improve their effectiveness internally and for their clients. It will be an interesting year.

As we look to the next ten years, we can look back on a strong investment track record, take stock of an impressive investment portfolio, and admire the scars from our well-earned experience.

We are confident in where we are and have options in front of us as we consider the future.

Read on for Anya's RedSeed story—the business has grown up during our investment journey and is amazingly capital efficient at delivering not just strong value to clients, but a steadily evolving product that leads its category in results to clients. So much growth to come, and we are proud to be there alongside Anya and the team.

We also have updates from portfolio companies, the latest governance, and financial details and more below.

Quarterly Report Webinar

We are holding an online session reviewing our progress on Thursday 18 May between 12-12:45 pm. Join us then and ask us anything you like about Punakaiki Fund.

[Register Now](#)

Upcoming Share Trading Event

We are planning to conduct our next share trading event during the week starting Monday 29 May 2023, through the [Catalist](#) platform. More information will be provided as we approach the event. Please note that there has been a minor delay in the event's schedule due to the ongoing completion of our year-end valuation.

Lance

021 526239

Portfolio Company Update

Key highlights for the March quarter for each company are below:



Shareholding: **53.9%**

First Investment: **Jun 2014**

[Devoli](#) is an Internet Service Provider that provides wholesale and corporate telecommunication and software services.

- Devoli founders sold their remaining shares (40.4%) to a new investor, Takutai Trust, the family investment office of the Wells family (Vulcan Steel).
- Devoli has migrated to a private cloud system in a hybrid on-prem solution powered by Hewlett-Packard Enterprise (HPE). HPE's Alletra dHCL product includes HPE Storage and HPE ProLiant Servers, that could provide streamlined infrastructure and optimised performance (please refer to news article below for more).
- Devoli placed 227th in the Financial Times High Growth Companies Asia Pacific – <https://www.ft.com/high-growth-asia-pacific-ranking-2023>.



Shareholding: **25.6%**

First Investment: **Feb 2015**

[Onceit](#) is an online daily deal site selling mid-to high-end fashion, beauty, and homewares, predominantly in New Zealand.

- Onceit has had their distribution centre become MAF certified to de-van their own containers. This results in better efficiencies in both cost and time for stock to be receipted into their warehouse.
- The company has reconfigured their distribution centre shelving after identifying increased storage capacities and unutilised space, meaning they now have more storage capacity.



Shareholding: **26.5%**

First Investment: **Dec 2015**

[QUBEdocs](#) is a software as a service business that automates documentation for IBM TM1 on-premise and Planning & Analytics in the cloud.

- The company signed a new European partner based in Belgium.



Shareholding: **17.0%**

First Investment: **Nov 2017**

[Quantifi Photonics](#) develops and manufactures advanced optical photonics test equipment for the global fibre optic communications market.

- The company have had a strong fourth quarter with a high percentage of their annual revenue being recorded during the period.
- Quantifi Photonics are building on their key relationship with Intel despite market conditions impacting Intel directly.
- Their team are focussed and still working on significant new products for launch later in 2023, with availability to customers in 2024.
- Quantifi Photonics are looking to strengthen their team, including looking for a new Financial Accountant.



Shareholding: **19.6%**

[MOBI](#) is a digital ordering and engagement platform for the hospitality sector.

First Investment: **Oct 2015**

- The team are developing a personalised recommendation system which utilises an AI model to suggest products based on customers' previous purchasing behaviour and is currently undergoing testing with a Beta (real user testing) release expected next quarter.
- While 'Last mile delivery' continues to grow, MOBI has focussed their efforts on improving the platform, leading to greater stability while implementing further integrations and making additional improvements to enhance the performance and customer/end-user experience.



Shareholding: **20.5%**

CONQA provides software allowing the construction industry to do their quality assurance planning and execution online.

First Investment: **Feb 2017**

- Their team moved into their new Auckland HQ office.
- CEO & Co-Founder, Daniel O'Donoghue, presented on a panel at the Sydney Build Expo on the Growing Role of Technology in Infrastructure Projects.
- The company launched their first campaign with PayApps in New Zealand (PayApps provides a simplified cloud-based tool to manage construction project claims).
- The support and implementation teams have seen a 100% Customer Satisfaction score result this past quarter.
- CONQA attended the National Precast Concrete Association Australia conference in Adelaide, establishing their presence as a preferred platform for precasters.



Shareholding: **6.3%**

[Raygun](#) provides a software intelligence platform including crash and error reporting, real user monitoring, and deployment tracking.

First Investment: **Apr 2014**

- Raygun is investing in learning and developing its team to use AI (Artificial Intelligence) to support their business.
- Raygun continue to focus on their growth and are positioned well to navigate through the challenging times in the current market.



Shareholding: **17.9%**

[Couchdrop](#) changes the way SFTP works on the cloud, allowing clients to move files automatically, securely, and efficiently between platforms.

First Investment: **Mar 2022**

- The company received SOC2 T2 compliance. SOC2 is the standard in security compliance for Software as a Service companies.
- Couchdrop was named a high performer by G2 (a peer-to-peer review site in Chicago) in the (Managed file transfer/Secure File Transfer Protocol) space.
- Netpremacy, a leading Google workspaces provider in the United Kingdom, joined the Movebot partner programme.



Shareholding: **48.1%**

[RedSeed](#) helps large retailers increase their sales through proprietary and customised modules in a SaaS Learning Management System.

First Investment: **Mar 2015**

- Kathmandu and Rip Curl have combined their contract and re-signed for another 3 years, with Kathmandu subscribing to RedSeed's content library.

- The company have released RedSeed courses, which is a wrapper designed to protect their content while allowing it to be used on other Learning Management System platforms. Jaycar are using it to access their content library.
- Redseed have onboarded Farmlands with the potential for them to grow to be a significant customer.

orah

Shareholding: **28.9%**

First Investment: **Feb 2015**

[Orah](#) is a student engagement platform that helps schools and families better understand and support student needs.

- The company's pipeline grew strongly in the quarter despite newer hires and key vacancies in the acquisition team.
- Orah has over 100,000 student end-users across customers in over 25 countries.
- They have continued positive extension on newer product offerings with Unify, Connect and Nurture all gaining great early traction.



Shareholding: **29.6%**

First Investment: **Dec 2014**

[Melon Health](#) gives chronic disease patients online platforms with the tools, support, and information to help manage their condition.

- Melon Health went into liquidation during the March 2023 quarter and Punakaiki Fund will no longer report on the company. Punakaiki Fund does not expect to receive any residual value from its Melon Health shareholding.

weirdly

Shareholding: **49.6%***

First Investment: **Feb 2015**

[Weirdly](#) is a Human Resources technology SaaS platform, helping companies filter the best candidates from thousands of applicants.

- Weirdly successfully rolled out v2.0 of their interview feature, and v1.0 of a new talent pool nurture feature for customer talent pools.
- The company continued to reduce costs and now expects to become profitable in the first quarter of FY2024.
- Weirdly completed an integration with Trade Me jobs.

* Shareholding prior to dilution by a material amount of founder options on issue.



Shareholding: **17.5%**

First Investment: **Jun 2020**

[Core Schedule](#) is SaaS-based scheduling software that allows hospitals and other medical service providers to develop and administer staffing rosters.

- Core Schedule was accepted into the Amazon Web Services (AWS) Accelerator Program, one of eleven companies selected out of 100+ applicants.
- The CEO, Stephen Poole, is invited to speak at the ANDHealth Summit as part of the South Australia Connected Health Innovation Showcase on 23 May.
- Core Schedule is one of five companies selected by New Zealand Trade and Enterprise to be part of the New Zealand Delegation at the Digital Health Festival in Melbourne on 6-7 July.



Shareholding: **16.7%**

First Investment: **Dec 2020**

[GetHomeSafe](#) delivers personal safety, lone worker, and journey management software solutions to everyone from individuals to small-medium businesses, to large corporations, government departments and multi-national enterprises.

- The GetHomeSafe team have launched a new scheduling and work planning feature for First Security, their biggest custom development project to date.
- GetHomeSafe have secured their first official reseller in the United Kingdom.
- The company onboarded NEMA and was able to help them with cyclone relief work.



Shareholding: **3.0%**

First Investment: **Aug 2021**

[Whip Around](#) is a digital Driver Vehicle Inspections Reports and Maintenance platform that primarily services customers in the USA.

- The company have released integrations with Microsoft Teams and Slack for all Whip Around customers. This is an industry first with more exciting developments to come as the engineering team also upgraded its public API (Application Programming Interface) capabilities.
- Whip Around have completed a full relocation of their marketing team to the USA which can now work closely with their sales team to speed up customer acquisition.
- The company have brought on a significant customer that has marina and boatyard presence across the USA, which takes their addressable market beyond road transportation businesses.



Shareholding: **3.0%**

First Investment: **Dec 2021**

[Formus Labs](#)' platform employs cutting-edge biomechanics and machine learning to empower surgeons and improve the lives of patients worldwide.

- Formus Hip has gained FDA 510(k) clearance, allowing them to now conduct marketing and sales of their pre-op planning software for hip replacement surgery in the USA, which they plan to do in collaboration with Zimmer Biomet. Formus Hip is the very first hip planning software cleared under the FDA's QIH product code for AI-powered image analysis software, which is a testament to their rigour of the company's AI system and a sign of their technology leadership in the field.
- In January, Formus received MDSAP certification for its quality management system, opening the door for market entry into several key countries including the USA, Canada, Australia, and Japan. The company had a very busy and productive showing at the American Academy of Orthopedic Surgeons annual meeting in Las Vegas in March. With their soft-tissue modelling technology at a tech demo phase, they gave a demonstration to their North American key opinion leader surgeons who provided plenty of positive feedback on design.
- Formus Labs is a Hi-Tech Awards finalist across three categories. (Refer to news article)



Shareholding: **12.9%**

First Investment: **Mar 2022**

Projectworks is a whole company optimisation platform that utilises intelligent business management software to improve a company's performance and bottom line.

- Projectworks announced their partnership with Quickbooks, with their first integration (Quickbooks Expense) being released.
- Workflow Max, a competing platform, is retiring. Projectworks has an opportunity to pick up some of these customers as those customers look for an alternative.



Shareholding: **3.7%**

First Investment: **Oct 2022**

Frello enables clubs to focus on the game by providing time saving club management and administration automation.

- At long last the merger between Friendly Manager and Hello Club is complete, with the company's new name being Frello. Watch this space in the next quarterly report for the company's new logo which will be announced in the coming weeks.
 - Product development is continuing at pace with big announcements expected later this quarter.
-

Making money while you sleep – almost. The RedSeed story



RedSeed, the online retail training provider, has over 100,000 active trainees across New Zealand and Australia. With a new online product in the works, the company is setting its sights on the USA. Vincent Heeringa spoke to CEO and co-founder Anya Anderson.

The Power of Coaching

When you ask for a definition of success, most CEOs will rattle off a revenue target, a few customers, or maybe an acronym like EBITDA or IRR. Anya Anderson, co-founder, and CEO of RedSeed, responds differently. “We do have an ‘obsession’ metric, which is kind of like a north star: it’s the percentage of trainees (RedSeed users) who are coached.”

Okay, um, what?

The proportion of coaching, she says, represents a depth of engagement with RedSeed and the ‘stickiness’ of RedSeed’s products. “When we’ve asked, what is the one thing we can be best in the world at, it’s this. It’s a metric that works across our whole organisation and that everyone can impact. We asked our team to define their goal at a recent strategy day. They all independently settled on this. The whole team is asking: how do we move the needle on that? “If you can shift it, everything else will kind of fall into place.”

The world has a lot of training providers. Anya believes that coaching sets RedSeed apart. The Christchurch-based company builds online tools and content, helping large retailers such as Rip Curl, Foodstuffs and Kathmandu to assemble customised training programmes, using their own staff as coaches. RedSeed’s two-way rating system allows staff to rate their coach and coaches to rate the staff, increasing compliance and identifying star employees. Anya likens this approach to Uber or Airbnb.



RedSeed Team Filming On-site Training

“You have this kind of social pressure that creates the right outcome without using an overt stick or carrot.”

Equipping retailers to build their own coaching capability is at the heart of a refreshed product being rolled out in Australia first and then the USA.

Steady Growth and Overseas Expansion

Overseas expansion has been a while in the making. Unlike some rapid SaaS success stories like Whip Around and Couchdrop, RedSeed’s expansion has been steady. Punakaiki Fund first invested in 2015, eventually buying out Anya’s co-founders to assume 48.5% ownership in 2020. Lance says the fund invested because of RedSeed’s proven impact on retailers’ bottom lines. “RedSeed doesn’t just help people learn, it also changes behaviour and drives bottom line results for retailers. When I first met Anya at an NZTE event, she was able to show examples where RedSeed drove same-store sales more than 10% higher with no other changes. An amazing achievement that has a real impact on their clients.”

Anya's Journey: From Retail to RedSeed



Anya Anderson

At the core of RedSeed's products is Anya's belief in people. "I love the essence of what RedSeed is all about. I mean, it sounds cheesy, but we talk about unlocking the potential of individuals and organisations." Her skills in people and performance were learned doing the hard yakka of New Zealand's main street retail. Graduating with degrees in physical education and economics, she got a job with Hallensteins Glassons and quickly ended up as "the group HR department, that is, it was just me."

Anya needed systems to cope. "There was no way a single person could get across the stores in Australia and New Zealand. And we had HBK kids at that point as well. So, I had to track every second. I learned how to manage my time!"

She left after a few years but was invited back to consult on training. "We kind of reinvented their training because there were flaws in what they'd been doing. They'd rolled out a US-based product and there were aspects that were driving some negative behaviour. It was my first foray into that kind of retail training."

Anya combined her insights into sales with three other partners who had an interactive creative agency, including video production. The first product was delivered on CD-ROM and Hallensteins paid \$50,000 for seven years' unrestricted use. "That now seems nuts, but it was amazing at the time because it was such a great company to have as our first reference client and we were effectively paid to develop our IP."

Early Success and Building Scalability

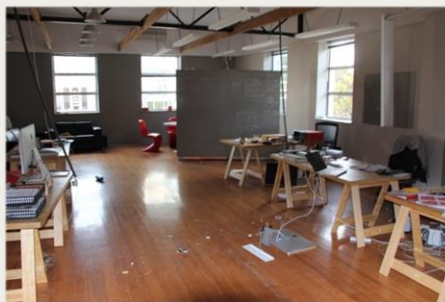
It was 2008, the year of the GFC, but the sales machine started to crank. Vodafone came next, paying above the odds to exclude all other telcos. They added Cash Converters and DTR, then landed a biggie, Foodstuffs. "They gave us a hundred thousand, which we thought was like, you know, the world's largest deal. But it was a perpetual licence which we're still delivering on now [laughing]. We were prepared to do anything as early-stage entrepreneurs."

The core product lasted seven years before needing a major overhaul.

"We used to joke that what we all wanted was to make a product that sells while we slept, so we built scalability from the start. It was the start of the Internet video, and we could see the potential if we could get online training to be successful."

Earthquake and Recovery

In 2010 the Canterbury earthquake forced the business from its offices in the Cashel (City) Mall. "Nobody was injured which was amazing, but it was pretty horrific because we were right in the thick of it." The team was able to retrieve laptops and thank goodness they had invested in offsite storage. But the office was gone. For the next two years, the six or so staff worked above the Anderson family garage. "Everybody knew our house quite well, where the toilet paper was kept, that kind of thing. But it was a good test of culture. We came out stronger."



Damage to the RedSeed Office from the Canterbury earthquakes

In 2013 the business moved into the Epic tech cluster and opened a Sydney office. With the arrival of Punakaiki Fund, the company could progressively buy out its founders.

“That was satisfying. To build a business and then see your partners receive a reward.”

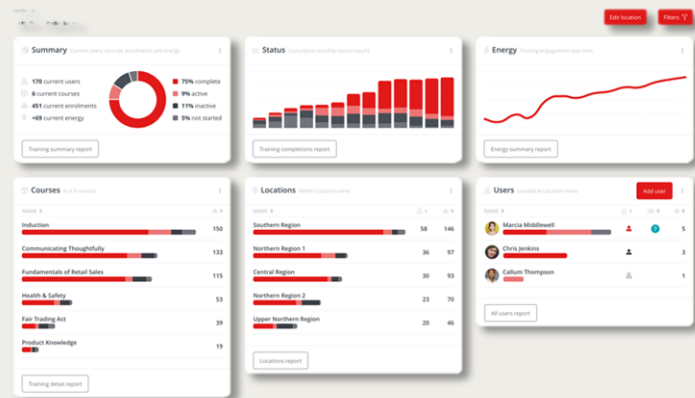
Refocusing on Retail and Export Growth

Looking back on those formative years, Anya says she wishes she had trusted her gut more. The company experimented with forays into the health sector and other diversions. “We had a lot of advisors who kind of didn't understand our products that well. In tech especially, people are looking for the pot of gold at the end of the rainbow, right? It took me quite a long time to figure out that I know this business better than anyone. And we are at our best when we focus on retail.”

Refocusing on retail has had multiple benefits for RedSeed. The impact of Covid was far less devastating than initially thought, with some of RedSeed's clients, including grocery, furniture, and home improvements, flourishing during the lockdowns. It also helped shape the growth strategy.

In 2021, RedSeed acquired KiwiHost, a training provider with a large and complimentary customer base, and no online modules. The synergies have allowed RedSeed to incorporate KiwiHost customers and content into their SaaS platform. RedSeed now has 52% of all New Zealand target customers on its platform.

“Our primary focus is growing our footprint in Australia. We have pretty clear criteria: 500 to 5,000 staff. Currently, we have only 2% of this market.”



RedSeed LMS Location Dashboard

The USA also beckons. Weber, the BBQ company, is already a client, as are VF group which also owns Icebreaker, and the PVH group, owner of Tommy Hilfiger and Calvin Klein. “We've been talking to global group heads about pulling our product across the global groups. But you know, this is a slow-burn business.”

To be match fit, RedSeed is launching a new ‘course authoring’ tool that allows clients to assemble their own training programme using drag-and-drop tools and content, all on the RedSeed platform. Previously, users needing to author courses required a third-party tool, but they can now create great courses, with coaching, right inside RedSeed. Anya says the new platform fills out the RedSeed offering, which now includes over 200 courses, a content library, a learning management system, coaching tools and now the authoring tool.

So, is she finally making money while she sleeps? “Ha-ha, well, not quite. I still have to work, but we're definitely on that path.”

In the News

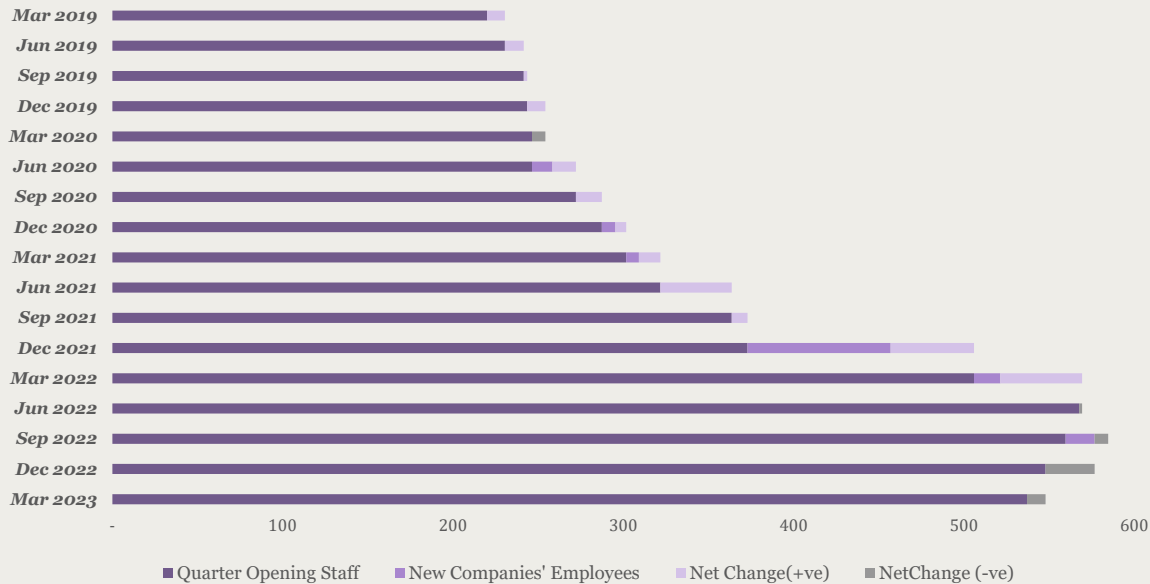
CONQA	The future is now with CONQA
Core Schedule	AWS announces Australia and New Zealand startups selected for AWS Healthcare Accelerator for Aged Care and Digital Health
Devoli	Devoli bucks cloud migration trend with hybrid on-prem move to HPE
Projectworks	Xero retires project management software, Projectworks swoops
Weirdly	#17 Dale Clareburt, When the going gets weird, the weird turn pro. (Spotify Podcast)
Formus Labs	Alumni venture FormusLabs raises \$5m towards AI powered orthopaedic surgery software Internationally Renowned Orthopaedic Surgeon Thought Leaders Join Formus Labs' Clinical Advisory Board Hi-Tech Awards 2023 finalists announced Formus Labs Kiwi medtech Formus Labs makes US breakthrough for its AI-powered product
GetHomeSafe	Journey Management App GetHomeSafe Wins Innovation Category At The Grand Business South Awards.
Melon Health	Pegasus Health scoops up Melon Health's business
Raygun	Global fall-out from US banking failures may not end with depositor bail-out
Punakaiki Fund	The cult of venture capital Meet NZ's female venture capital partners - there's not many of them Punakaiki Sets A Record For Investor Participation On Catalist Marketplace Record number of female-led companies in 2023 Hi-Tech Awards Silicon Valley Bank collapse: Insiders see three major knock-on effects for NZ

Employment Monitor

(March 2023 Quarter)

Here is a snapshot of our portfolio companies' employment situation at the end of March 2023:*

Net Change in Employment



Our employment monitor shows a total of 537 jobs at the end of March 2023 quarter, a net 11 job decrease on last quarter. 12 job losses were from Melon (a liquidated company).

Hiring Intentions



Hiring intentions since last quarter are slightly lower, with 27 job hiring intentions across all portfolio companies at the end of March 2023 quarter.

**Employment figures are not included for companies that are sold or inactive (non-core portfolio companies).*

Corporate Update

Governance

The Board convened on 2 May 2023 for the quarterly Board meeting to consider, among other matters:

- A review of Punakaiki Fund's investment portfolio;
- Formative discussions in respect of developing Punakaiki Fund long-term strategy;
- The valuation methodology and approach to be applied to Punakaiki Fund's financial year-end valuation and the calculation of the accrued performance fee;
- An update on the renegotiation of the Management Agreement between Punakaiki Fund and 2040 Ventures; and
- Punakaiki Fund's Path to IPO.

The Board's next meeting is planned to be held on 22 May 2023 to consider the FY2023 year-end valuation.

Progress on the renegotiation of the Management Agreement between Punakaiki Fund and 2040 Ventures is progressing and is expected to be completed in the coming months. As the Management Agreement is not considered to be a major transaction for Punakaiki Fund under both Punakaiki Fund's constitution and the Companies Act 1993, the decision to enter into any new agreement will be a matter for the Punakaiki Fund board of directors, rather than being put to a vote of Punakaiki Fund shareholders. However, we will provide a summary of the material changes once they are agreed given the importance of this agreement to Punakaiki Fund's ongoing success.

Financial Reporting

The valuation of Punakaiki Fund's investments as at 31 March 2023 has not yet been determined as the financial year-end valuation process is still underway. This information will be released in the 2023 Annual Report, which is expected to be issued in early July.

Punakaiki Fund's unaudited financial summary metrics are set out in the tables below. Financial highlights from the quarter include (all including GST where applicable):

- An opening cash balance on 1 January 2023 of \$908,242;
- No investments were made;
- \$555,121 was received in proceeds from the exits of Timely and ThisData;
- \$4.152 million was received from the issue of 217,680 new shares from the March 2023 Rights Issue and Retail Offer;
- Management fees of \$413,619 were paid to 2040 Ventures;
- Administration fees of \$141,594 were paid to 2040 Ventures in relation to the March quarter administration services provided to Punakaiki Fund;
- Brokerage of \$46,765 was paid to 2040 Ventures in respect of the August 2022 wholesale capital raising round;
- \$11,105 was paid for CFO travel to the United Kingdom for path to IPO related work;
- \$6,325 was paid for accounting services;
- \$4,571 was paid for legal services;
- Financial year-end filing fees and levies of \$1,023 were paid;
- Share register fees of \$2,547 were paid, as were \$3,886 for additional AML/CFT checks and other work undertaken by the register;
- Branding and design expenses of \$18,728 was paid, largely for Punakaiki Fund's new website;
- Directors' Fees of \$51,750 were paid;

- GST refunds of \$64,544 and Interest of \$4,060 were received; and
- A closing cash balance of \$4,981,454 as at 31 March 2023.

Punakaiki Fund Limited - Unaudited Financial Position		Punakaiki Fund Limited - Cash Flow Summary	
as at 31 March 2023	NZ\$	for the Quarter Ending 31 March 2023	NZ\$
Current Assets		Operating Cash Flows	
Cash on Deposit	4,981,454	Gross Interest Received	4,060
Accounts Receivable	13,713	Bank Fees	(31)
Prepayments	52,943	Payments to External Advisors	(29,624)
Non-current Assets		Management Fees	(413,619)
Investments		Administration Fee	(141,594)
Total Assets		Other Net Expenses	(71,289)
		GST Refunds	64,544
Current Liabilities		Total Operating Cash Flows	(587,552)
Accounts Payable	145,896		
Non-current Liabilities		Investing Cash Flows	
Accrued Performance Fee		Investments Made	-
Equity		Investments Realised & Dividends Received	555,121
Retained Earnings - Operations		Dividends Received from Investments	-
Retained Earnings - Accrued Performance Fee		Total Investing Cash Flows	555,121
Share-based Payment Reserve			
Asset Revaluation		Financing Cash Flows	
Share Capital	52,131,517	New Capital Received	4,152,408
Capital Raising Costs	(1,435,769)	Brokerage Fees	(46,765)
Total Equity and Liabilities		Dividends Paid	-
		Total Financing Cash Flows	4,105,643
Accounting NAV		Total Cash Movements	4,073,211
iNAV (after deduction of the performance fee)		Opening Cash Balance	908,242
iNAV per Share		Closing Cash Balance	4,981,454

Cash Flows for the March 2023 Quarter

Since the March 2023 quarter-end, an interim quarterly management payment of \$429,056 (including GST) has been made to 2040 Ventures. The Administration Fee for the June 2023 quarter (totalling \$160,281 including GST) and brokerage fees of \$124,572 relating to the March 2023 retail capital raising offer and rights issue have also been paid to 2040 Ventures. 2040 Ventures has been reimbursed \$23,232 for a Punakaiki Fund subscription paid by 2040 Ventures on behalf of Punakaiki Fund. Accounting fees of \$2,415, share register fees and other share register-related charges of \$1,505 and director fees of \$17,250 relating to the March 2023 quarter have also been paid. GST refunds of \$42,132 have been received and \$2,457 in brokerage relating to the December 2022 share trading auction was received from Catalist.

Other than a \$70,000 short-term loan made to Weirdly, no new investments have been made to date during the June 2023 quarter.

\$27,600 was received from the exercise of 920 November 2023 \$30 options.

Capital Raising Plans

Punakaiki Fund has no immediate plan to raise capital.

Additional Disclosures / Conflicts

With the exception of the conflicts which have been previously disclosed, the directors of Punakaiki Fund or the managers of 2040 Ventures do not have any other additional disclosures or conflicts of interest to declare.

Contact

If you require any further information regarding Punakaiki Fund, please contact Lance or Chris at 2040 Ventures in the first instance:

Lance Wiggs

2040 Ventures Limited
lance@2040ventures.com
+64 21 526 239

Chris Humphreys

2040 Ventures Limited
chris@2040ventures.com
+64 27 622 7803

For Governance queries, please contact:

Mike Bennetts

chair@punakaikifund.co.nz