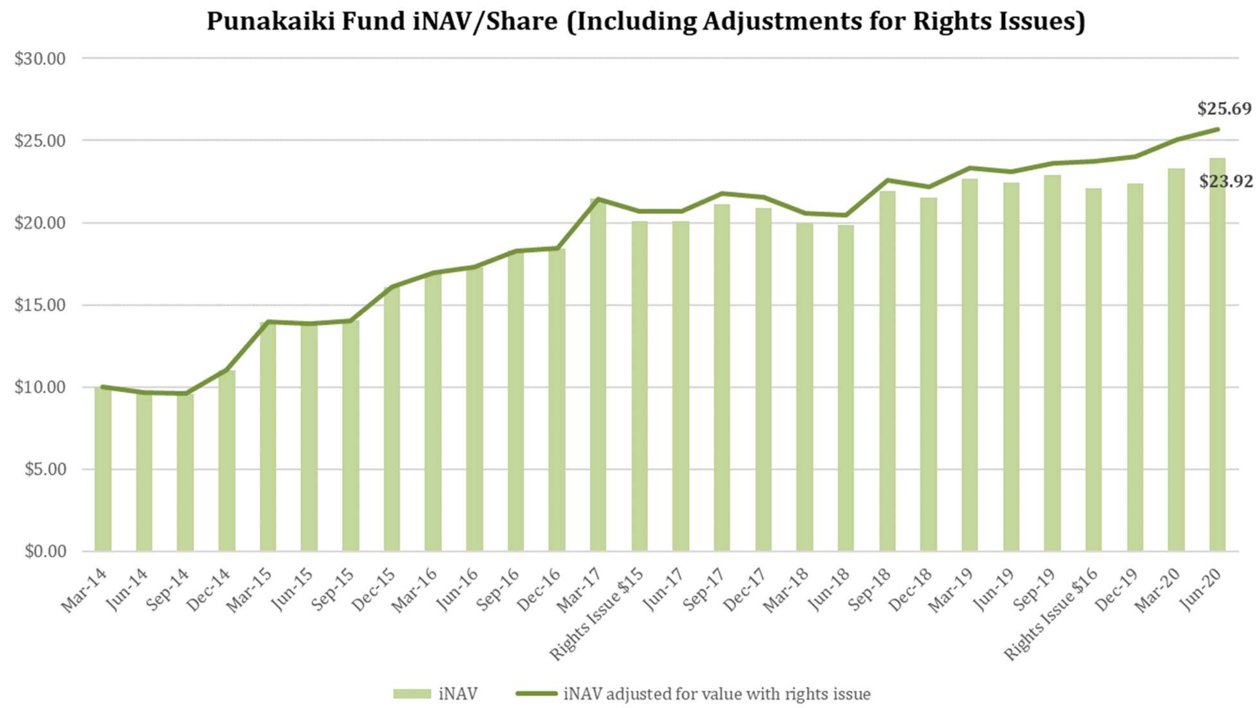
Punakaiki Fund Limited

June 2020 Quarterly Report

Key Statistics	
Total Asset Value	$59.96 million
Investor Net Asset Value (iNAV)	$56.26 million
Shares on issue	2,351,822
Total Asset Value / share	$25.50
iNAV/share	**$23.92**

Performance	
Annualised Share price Return – last 12 Months[1]	11.1%
Annualised Share price Return - Since Inception[1]	16.3%
Annualised Internal Investment Returns[2] – All Investments	20.4%
Internal Total Value to Paid In Capital (TVPI)[2] – All Investments	1.78x



[1] Assumes full participation in option and rights issues.
[2] Internal performance measures are exclusive of all fund costs.

We have much to be thankful for, aside from our own response to COVID-19.

The first is the ongoing resilience of some of the companies most exposed to COVID-19 during the last quarter.

While we had some Software as a Service (SaaS) companies lose up to 7% of their revenue by June (versus February), we saw an equal number of companies grow, and at a faster rate. The general story is that some leading indicators for revenue growth actually improved. Perhaps some customers went on furlough or took discounts, but overall the overwhelming majority of customers stayed loyal to their providers.

One SaaS company did see a much larger fall than 10%, but they have commitments that will see them soar past their previous revenue level later in the year.

The non-SaaS companies saw a wider range of impacts, with some lows and highs, but we do expect many of them to have more lumpy revenue. It's a common theme that enterprise sales (sales to very large entities) are taking longer to close, as counterparties work out how to do business from home. That's right, it's hard to recall sometimes from New Zealand, but there are many people across the world who are still in isolation.

While companies were busy with the day-to-day operation and survival of their and their client's business, the stock markets ignored the pandemic and surged. They lifted well past the highs that we saw much earlier in the year and long considered frothy. So, our Software as a Service companies had essentially no revaluation impact from the stock market changes, as they were already near the capped limits we imposed a while ago.

For the non-software as a service companies we did see some material changes in the market valuations, including in the EBITDA and revenue multiples that ultimately determine the valuation of each company. Two in particular stood out for the performance of comparable (and much larger) listed companies.

The first is Melon Health, which is clearly in a space that will perform well in a COVID-19 environment — digital health. The second was Onceit, also a company that is in a space, e-commerce, that is performing well during lockdowns and times when people feel fearful about going to retail stores. Each of these companies also delivered very strong quarters, with Onceit achieving record sales by a considerable margin in May, and Melon Health signing a short-term contract with the government to assist people dealing with anxiety from the COVID-19 pandemic.

We expect that things will gradually revert to a new normal for each of these companies, but the stock market has far loftier expectations for their comparable companies. The market comparable multiples for these two companies were so high that we saw fit to create new caps on what we saw as reasonable EBITDA and revenue multiples.

What this means in theory is that if we listed those two companies on a stock exchange, and the listing went well, then we would expect to see an enormous growth in value. Realistically they are each too early in their journey to consider an initial public offering. But we generally see a healthy margin of safety between how we value a company and how a company would be valued by the stock market.

Valuation

At the end of June 2020, the Board valued PFL's assets at $59.96 million, an increase of $1.96 million from the previous valuation as at 31 March 2020. This translates to an investor net asset value per share of $23.92, up from $23.31 at the financial year-end.

New Investments

We closed investments with Core Schedule, Mobi2Go, Devoli and RedSeed during the June quarter. The latter two investments completed our investing commitments to each company, and we have no outstanding contracted commitments for future investment. We now hold 54% of Devoli and 48% of RedSeed – substantial holdings. Devoli forms a key part of our portfolio, and I would like to see Redseed be the same as it grows.

During the quarter we invested in a new company, Core Schedule, which has at least a neutral if not a positive exposure to the COVID-19 pandemic. Core Schedule sells to emergency departments at hospitals, and we see that their scheduling software is able to give back time to physicians, to allow them to focus on patients. We also announced our previous, March quarter, substantial investment in Weirdly. We were joined in each of these investments, with our thanks, by K1W1 and New Zealand Growth Capital Partners' Aspire NZ Seed Fund – the renamed NZVIF SCIF fund.

We are assessing a number of other opportunities. We are aware that we need to focus on those companies that have a neutral or positive exposure to the pandemic. Many aspects of doing business will permanently change, and many or even most people across the world will be impacted.

The impact will vary considerably across countries and markets, and while New Zealand has a strong lead for now, we cannot be complacent, as we've seen how quickly the virus can spread in Victoria in Australia. To me it does feel like a global depression as well underway even if the stock market doesn't understand that. There are concerning behaviours by governments, and we are seeing tensions manifest themselves between and within countries.

The larger concern that we all also bear, is of course the impact of the climate crisis. We need to reduce global emissions to net zero in 2050, in order to retain any semblance of the life that we enjoy today. Punakaiki Fund is not a climate technology fund, but we do have a socially responsible investment policy, and we will not look to make any investments that support industries which have large amounts of emissions.

We completed our tranched investments into RedSeed and Devoli at the end of the quarter. We are in the unusual situation of holding very large shareholdings, with 54% of Devoli and 48% of Redseed. The former often feels like a private equity investment rather than venture capital, but the investment is underpinned by the strong prospects of growth from Devoli and is not materially leveraged. It just happens to be a company that has grown very well and we see potentially very strong performance in the future.

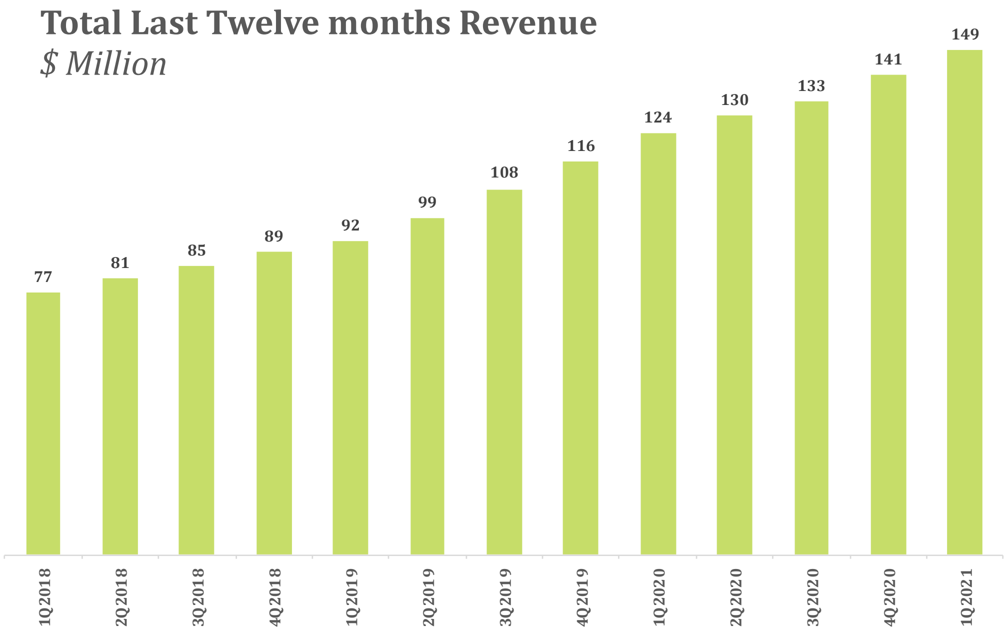
Redseed is at a far earlier stage in its evolution and we would normally be very uncomfortable with the high shareholding that we have. It does however set us up very well to benefit strongly from the performance of Redseed, which is driven by their own performance for their clients.

Over the last few years we have focused our efforts on a smaller and smaller number of companies, and we expect to see a balance between early-stage companies that we are fostering, later stage companies that have essentially graduated from our direct care and the Goldilocks middle-stage companies where we can help the most. We always look to establish an appropriate board for these companies, and will try to bring in a Chair who is very experienced in the industry and in the nature of that type of company. High-quality governance gives us better leverage across a larger number of companies, allowing your funds to work harder as well. We focus our own efforts on a few companies, and this varies over time, where we see the most value potential from our efforts.

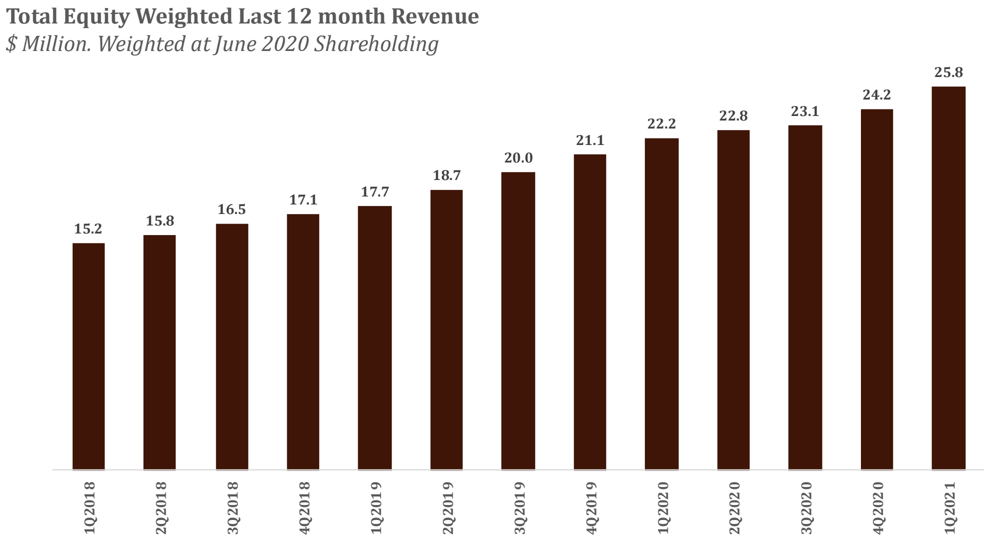
We are in a time of global transition, to a future that is uncertain. We believe Punakaiki Fund is well-positioned to be resilient and responsive to a number of possible futures. I was strongly encouraged by the strong, empathetic and positive reaction of our founders to the challenge of COVID-19. As Timely founder Ryan Baker stated - “crisis doesn’t create culture, it reveals it.”

We maintain a very positive long-term horizon for our investments, and are encouraged by the resilience on a portfolio basis that we saw through the first part of the COVID-19 pandemic. I’m not your financial adviser or even a financial adviser, but it’s clear to many that stock markets across the world are at extraordinarily high valuations. It is highly likely that this will not continue, but these events can take months or even years to manifest in market valuations.

We have always said that high-growth conquers market multiples, and continue to be encouraged by the ever-rising revenue chart.



We are also encouraged by the equity-weighted revenue chart, below.



Note that we use the last 12-month revenues for each of these charts, and companies may have higher or lower current performance. Performance over the last six months is showing total revenue rates of over $155 million, and equity-weighted revenue of over $27 million.

In these extraordinary times many people that we know here, but mainly offshore, are suffering. At LWCM we have had relatives who have caught COVID-19, and the experience was certainly terrifying. Meanwhile, we received an informal message from China that "the economic crisis is coming." In the USA and the UK, we are seeing highly unusual, to be charitable, responses to COVID-19, making it even clearer that our team of 5 million performed so well here in New Zealand.

It's important as we go into this next phase of coping with COVID-19 that we work out a way to exist with dramatically reduced or even removed international travel, and with vastly reduced face-to-face contact throughout the world. Our investments are with companies who are in general very well set up to be able to do this. Earlier in the crisis we imposed more conservative measures to extend our own cash runway.

We are certainly continuing to see a number of interesting investment opportunities, and we will reach out to shareholders over the next two quarters to let you know about our fund-raising plans. We are always willing to talk to investors who are looking to support Punakaiki Fund, and the high-tech high growth companies of New Zealand.

Quarterly Webinar

Our Quarterly webinar will be held on Tuesday 4th August at 5pm. Pre-register now. The webinar will be about 30 minutes long, and as always we will answer any questions you have.

Quarterly Share Trading Auction

The quarterly share trading window this quarter will be from Monday 3rd August to 10am on Friday 7th of August. Please email yvonne@lwcm.co.nz for more information or to offer to buy or sell shares.

As always please reach out by email (lance@punakaikifund.co.nz) phone, text or WhatsApp (021526239), Twitter (@lancewiggs) or WeChat (lancewiggs) if you have any questions. Yes, in today's world we do business through all of these channels, as well as a host of video applications.

My very best wishes to you and your family.

Lance

Portfolio Company Update

Key highlights for the June quarter for each company, where received, are below:

Vend

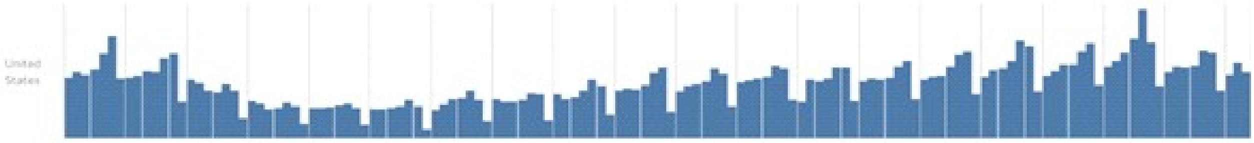
Shareholding: **1.9% (1.7%*)**

First Investment: **Aug 2015**

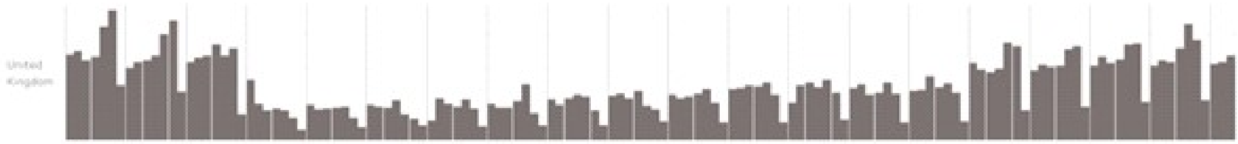
Vend provides cloud-based point-of-sale software that includes ecommerce, inventory management, customer loyalty and analytics.

- Introduced Workflows: new APIs that enable developers to extend Vend in the ways retailers need them to. With Workflows retailers can get the tools they need to specifically run their business — without overcomplicating the product;
- Introduced Custom Fields: Using Vend's API, developers now have the ability to define specific prompts within the Sell Screen. With Custom Fields, Vend can be programmed to remind staff to do things like asking for customers' contact details, collecting serial numbers at POS and more; and
- Vend is reporting daily on the effects of Covid-19 on retail market by market. These reports are compiled from the real time sales and payments through the Vend platform globally. They report on the previous 20 weeks – weeks start Monday (UTC) and the charts below were last updated on 16 July.

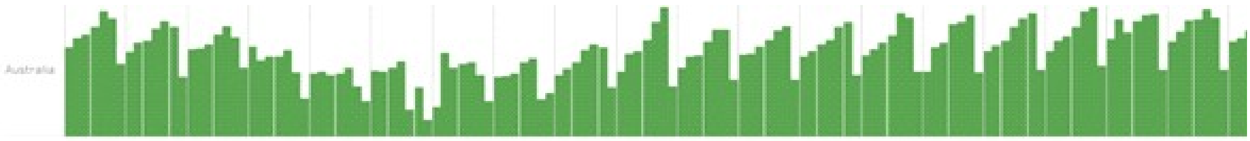
United States



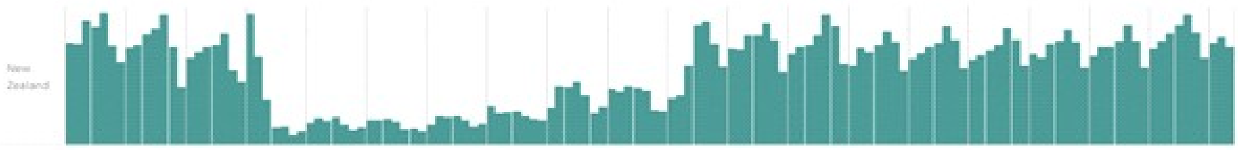
United Kingdom



Australia



New Zealand



**Fully diluted shareholding after accounting for employee options*

Devoli

Shareholding: **53.9%**

First Investment: **Jun 2014**

Devoli is an Internet Service Provider that provides wholesale and corporate telecommunication services.

- Minimal impact from Covid-19 seen thus far with the company navigating the lockdown well;
- Stuff Fibre (one of Devoli's largest customers) was sold to competitor Vocus;
- The company is rapidly on-boarding new clients for a key new customer, who we cannot yet name; and
- Punakaiki Fund completing the purchase of existing shares from founders Davey Goode and Barry Murphy, increasing its shareholding to 53.9%.

Shareholding: **25.6%**

First Investment: **Feb 2015**

Onceit is an on-line daily deal site selling mid- to high-end fashion, beauty and homewares, predominantly in New Zealand.

- May 2020 was the biggest sales month since trading began, substantially exceeding the next highest sales month;
- Implemented new and more accurate COGS calculating/reporting;
- Launched a new Working from Home Policy in the wake of COVID-19, and this has seen an increase in productivity and staff morale; and
- New platform for Marketplace suppliers is about to begin its testing phase.

Shareholding: **19.6%**

First Investment: **Dec 2015**

Mindfull is a global advanced analytics practice that builds data, information management and warehousing, predictive tools and platforms.

- Signed up a new government customer during lockdown on the IBM cloud;
- Sold two small SPSS deals to brand new government agencies; and
- Achieved Platinum status at IBM.

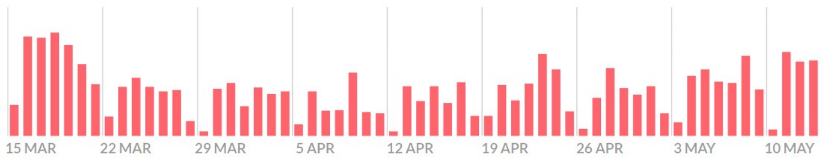
Shareholding: **3.8%**

First Investment: **Jun 2014**

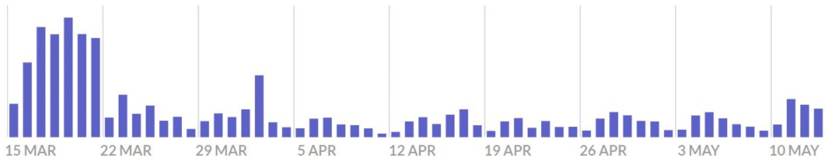
Timely provides a software platform to beauty and wellbeing businesses to manage bookings, reminders, point of sale, reporting and analytics.

- In response to the Safe Checklist for Beauty Therapists & Nail Salons that was released on 8 May 2020 by the Queensland State, Timely confirmed that their software meets the 'record keeping' standards outlined to safely open an applicable business post lock down;
- Timely was also being used for contact tracing for its customers in New Zealand; and
- Timely is also publishing industry statistics from their clients by country. This includes both service and product sales. The below charts represent sales data captured by Timely as at 15 May 2020.

United States

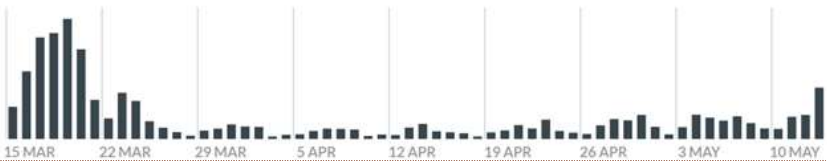


United Kingdom



Australia

New Zealand



Shareholding: **6.3%**

First Investment: **Apr 2014**

Raygun provides a software intelligence platform including crash and error reporting, real user monitoring, and deployment tracking.

- Raygun have spent this last Quarter working through their COVID-19 response.

Shareholding: **17.7%**

First Investment: **Nov 2017**

Coherent Solutions develops and manufactures advanced laser test equipment for the global fibre optic communications market.

- Focused on closing their existing sales opportunities during the quarter;
- Revised their strategy for business growth in the face of financial/market uncertainty in the USA, and a limited ability to meet with (all international) customers face-to-face for the foreseeable future; and
- Tightening focus on new product development whilst expanding their efforts on brand recognition, marketing and online sales activities coupled with a larger pool of demonstration instrumentation.

Shareholding: **16.3%**

First Investment: **Oct 2015**

Mobi2Go is a digital ordering and engagement platform for the hospitality sector.

- Mobi2Go significantly increased its revenues as previously locked-down restaurants sought to offer on-line takeaway ordering;
- Continued uptake of is success-based pricing offer (a lower fixed fee plus a percentage of revenues);
- Continue to see strong interest for in in-store table and kiosk ordering solutions; and
- Raised a Series A bridging round, to which Punakaiki Fund contributed a small amount.

Shareholding: **20.1%**

First Investment: **Feb 2017**

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

- Conqa has experienced significant growth during the quarter despite the Level 4 lockdown in NZ and lockdown in Australia (although in Australia, construction was deemed and essential service); and
- The two founders currently based in Melbourne have had to go back into lockdown, coping well after the initial shock that it had resumed.

Shareholding: **48.5%**

First Investment: **Mar 2015**

RedSeed helps large retailers increase their sales through proprietary and customised modules in a SaaS Learning Management System.

- Survived lockdown with their whole team and customer base intact for now;
- Used lockdown to re-focus on mission and vision as part of a rework of their website and positioning. This is tied to broadening their target market as their product has evolved and they wish to diversify themselves so that they are not exposed in a similar situation as COVID; and
- RedSeed is using an offshore marketing company in Australia for SEO and lead generation. This is also a groundwork towards moving to a SaaS offering for the LMS and also the content library where customers can try and buy online.

Boardingware

Shareholding: **30.4%**

First Investment: **Feb 2015**

Boardingware helps schools manage their students' movements and pastoral care using a SaaS product.

- Adapting to COVID-19-related requirements for schools;
- Conducted a COVID-19 webinar which has generated a lot of buzz within the market ; and
- Reached the forecasted revenue goals despite budget freezes.

melon

Shareholding: **32.0%**

First Investment: **Dec 2014**

Melon Health gives chronic disease patients on-line platforms with the tools, support and information to help manage their condition.

- Launched Melon Manual for 13-17-year olds as part of their contract with Ministry of Health which received a fantastic response from schools and has got over 400,000 views and downloads; and
- Launched a Cardiac Rehabilitation programme with Hutt Valley DHB enabling people to complete the programme online and get support online.

weirdly

Shareholding: **36.2%***

First Investment: **Feb 2015**

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

- Completed and announced $1.8m cap raise with Punakaiki Fund, K1W1 and NZGCP;
- Launched MVP of redeployment platform to assist with people being displaced due to economic downturn (Covid-19);
- Hired some key people across product in NZ and sales/delivery in Australia. These people will help us scale and grow over the next 12-18 months; and
- Implemented a number of new systems and processes to assist us with future scale - Segment, Zendesk and Active Campaign. These systems assist with tracking, managing, and engaging with talent community.

**Fully diluted shareholding after accounting for employee options*

CORE SCHEDULE
It's About Time

Shareholding: **17.5%***

First Investment: **Jun 2020**

Core Schedule is a SaaS-based scheduling software that allows hospitals and other medical service providers to develop and administer staffing rosters.

- Core Schedule rostering has played a role in helping hospitals cope with the sudden impact of the COVID-19 pandemic;
- Awarded $172,000 from the MBIE COVID Innovation Acceleration Fund as a grant to continue the development of Disaster Contingency Rostering;
- Hired a highly commended CTO; and
- Announced the completion of a $1 million capital raising round lead by Punakaiki Fund after the end of the quarter.

**PFL's shareholding following the completion of $1m capital raise in July 2020.*

It's not all Doom and Gloom

- Part 2

Well, I'm not going to muck around. It's been three months and New Zealand is getting back to some small semblance of normality, Australia is staring a second COVID-19 wave in the face and the less said about the US response the better. Let hear from another group of our portfolio companies on COVID-19.

Siobhan Bulfin – CEO Melon Health

How has COVID-19 impacted your business?

Most of what Melon does is integrated with primary care supporting patients beyond the clinic, with a wide range of health conditions. We have experienced both a positive and negative impact from COVID-19. The positive impact is the rapid (forced) adoption of digital tools by clinicians - who are often reluctant or slow to adopt new technologies or recommend digital therapeutics to their patients. We saw increased referrals by our existing partners/healthcare providers for an initial period before things ground to a halt as primary care focused on the immediate response to the pandemic such as setting up processes and systems and only seeing patients in urgent need. We're now seeing that pick up again. We also secured a contract with the Ministry of Health to provide psychosocial support to New Zealanders during this time. That contract runs until end of October. In the US market we're seeing increase interest over the last 3 weeks in our digital diabetes prevention program. We expect to see this continue given the US will be restricting in-person support programs for some time.

How fast do you think your business' recovery from COVID-19 will be?

We're in healthcare and most of our revenue is government money filtered down through public health spending. I think COVID-19 will serve as a catalyst to include digital as part of all future strategies. Given budget cycles are long and slow, I predict 12 months before we see the upside.

What advice would you give to other businesses suffering from the COVID-19 slowdown?

That's a tough question given the impact on businesses range from low to imminent liquidation. Reduce spend. Accept it's a fluid situation and nothing is certain. Look for opportunities to pivot. Keep your board informed.

Dale Clareburt – CEO Weirdly

How has COVID-19 impacted your business?

COVID-19 has impacted our business in three main ways; how our team works, what our current customers want/need and our sales process and pipeline. Our team was already semi-remote pre-COVID-19 and during the first lockdown we went to full remote working. Although lockdown restrictions have eased considerably, we collaborated with our team and have agreed to remain 100% remote for the time being. This has meant that we have the opportunity to put in proactive measures to ensure we continue to nurture a strong Weirdly culture, whilst also maintaining high performance. So far this has proven to be very successful. Our current customers have looked for more ways in which they can utilise our suite of products and services. A new initiative we have introduced is a redeployment platform for internal use. This has been very well received and early results are extremely positive. Our sales pipeline was very heavily impacted as nearly 50% of the potential was negatively impacted or became very cautious and slowed down decision making. We have also had to evolve our sales process for a future where nearly all sales will be conducted online.

How fast do you think your business' recovery from COVID-19 will be?

Early signs are pointing to Weirdly recovering by the end of the Q3. We went into COVID-19 with a very strong sales pipeline off the back of some significant wins. Although most of this went on-hold, we are starting to see a few of our potential customers return and ready to get back on track.

What advice would you give to other businesses suffering from the COVID-19 slowdown?

This is a tough one as all businesses are at different stages and are affected differently. However, there were a few "rules" that we set ourselves when this all kicked off. We set up 3 guiding principles to focus our decision making:

1. Look after our people/team - this meant that we would make decisions that meant that our team could care for their families, still receive income, have time to put in work-from-home systems that would work for them, access to mental health assistance etc. We created a living COVID-19 policy which was updated each week as lockdowns progressed.
2. Keep focussed on building our product for "candidates" - this was really about sticking to our "bread and butter", what we know we're good at, and what we know is one of our key points of difference.
3. Make decisions quickly - we decided that we wanted to be in control of our business rather than waiting for that decision to be made for us. This meant that we moved to work-from-home ahead of most other businesses, we reduced our hiring plans (although we did still hire), put rents on hold etc. This ensured that we were in control and often ahead of the rest.

Kurt Meyer – Co-CEO Boardingware

How has COVID-19 impacted your business?

Our customers have seen budget freezes and reductions in enrolments. We held off hiring new employees and have had to heavily discount our product for new customers due to budget freezes. Despite this, we were still able to hit our revenue targets last quarter and although we lost some customers, we did not see any revenue churn due to the account expansions of existing clients. We've also had to reprioritise our roadmap and expedite product releases that would directly address some of the challenges schools would be facing upon school reopening.

How fast do you think your business' recovery from COVID-19 will be?

We think we'll be back on track in 12 months when discounted customers start paying full price upon renewal and we catch up on our product roadmap.

What advice would you give to other businesses suffering from the COVID-19 slowdown?

1. Respond to the new needs of your market as fast as possible; and
2. Try to become the thought leaders in your market for how to respond to the new challenges that COVID-19 has presented.

JD Trask – CEO Raygun

How has COVID-19 impacted your business?

Having a diversified customer base both from a geographical and industry perspective has certainly cushioned the impact of COVID-19. However, like many businesses have seen, growth has slowed with many prospects becoming budget constrained/cost conscious. This creates a more challenging sales environment, pushing out our typical sales cycle.

How fast do you think your business' recovery from COVID-19 will be?

Having returned to some level of normality in New Zealand, it's easy to forget just how much other parts of the world are still struggling with COVID-19. Over 90% of our revenue is generated outside of NZ, thus with the state of containment/recovery outside

NZ, particularly in our larger markets such as the US, it's difficult to ascertain just how long the current climate will continue.

What advice would you give to other businesses suffering from the COVID-19 slowdown?

During these times, it's so easy for businesses to become blinded by the problems and lose sight of the opportunities. More than ever, businesses/customers are open to change, particularly in areas that may save them costs. Whether that means conversations about consolidating tooling or switching from a competitor, the ability to facilitate conversations more readily has created an opportunity during this climate.

Ana Wight – CEO Vend

How has COVID-19 impacted your business?

We have all seen the closed-up shops during lockdowns and felt the impact of not having buzzing high streets. Whilst this has been a blow to retailers and communities, in the background we have been encouraged to see retailers demonstrating resilience and adaptability. For our business we had a spike in retailers putting their Vend subscription temporarily on hold until they can begin trading again. Pleasingly in most of our geographies we are heading back into full trading.

The interruption in day to day operations by COVID has caused many retailers to reflect on how they can conduct their business remotely. Pressure on sales has seen retailers pause to consider if there are efficiencies and intelligence that can be applied to operations to improve profitability. Vend's cloud-based technology is well positioned to support these changing needs of retailers, so in this respect COVID has presented an opportunity for us.

How fast do you think your business' recovery from COVID-19 will be?

We are looking at business recovery two-fold, the strategic position we are in and the economic climate. At a strategic level we have concentrated on getting laser focused on the priorities that will move the dial over the medium to long-term. We have seen aspects of our strategy validated through COVID such as retailers recognising the value of cloud-based technology. We have also seen the value of our partner-led strategy. In terms of economic climate and the recovery of the retail sector, we can't predict how fast things will come back in retail, but we are seeing a rapid shift in the industry to adapt fast. New platforms like Vend are fast becoming non-negotiable for smart retailers.

What advice would you give to other businesses suffering from the COVID-19 slowdown?

Being forced into non-normal circumstances creates a rare opportunity to pause and reflect on all the busy work that goes on and redirect that effort to what will strategically make an impact. Leveraging this 'time of change' has been a way for us to really get behind pivots and reorientation of efforts which we knew needed to occur but struggled to move on due to day to day business. Embracing the change and using it for the business, not against it has been a great outcome.

Taking our people step by step on our journey through COVID and beyond has been critical. We have found our people to be incredibly resilient, and flexible in their thinking. Sharing with them the ins and outs of what the business is going through has only enhanced our culture.

Lastly, taking care of our customers - both retailers and partners - has ensured we've stayed close to their needs during this time and built long-term trust and commitment.

Barney Chunn – Co-CEO Conqa

How has COVID-19 impacted your business?

In New Zealand we had 17 paused subscriptions/grace periods for our trade contractor customer type, which lasted from 1 - 2 months. A number of marquee projects have been placed on hold indefinitely and we will need to wait to see when these projects will recommence.

In Australia construction projects have been open during their various degrees of lockdown.

We have seen higher levels of revenue churn then we would usually experience at this that time of year.

How fast do you think your business' recovery from COVID-19 will be?

This one is interesting because it depends on what recovery means. For us in the construction industry, government investment (direct and indirectly through subsidies etc.) is a critical component of the recovery. It's not possible to recover fully in the sense that the most positive forecasts prior to COVID won't be recoverable, however, we aren't thinking of a post-COVID world as returning to pre-COVID, but rather, maximising on the opportunities that exist in now that COVID has been and is a reality.

What advice would you give to other businesses suffering from the COVID-19 slowdown?

The old axioms: cash is king; revenue is vanity, profit is sanity. That doesn't mean you need to be slashing and burning, but really studying the investments you are making, where you can retrench and reinvest easily when the time is right.

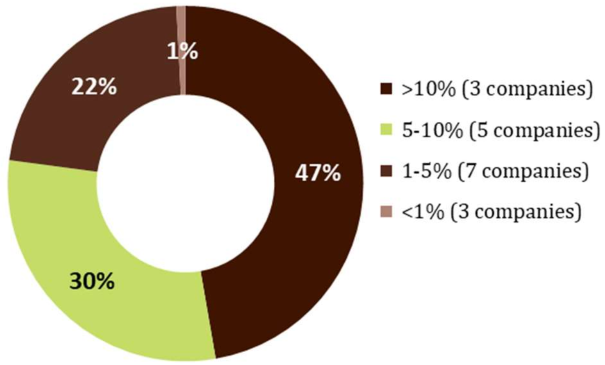
The most critical component is an aligned team. I think one mistake people make here is not recognising what the team that makes up your business actually is. One mistake is acting as if it's only those in senior position. Or extending it only to those employed by the business. We've found that the team really is Senior Leadership, all employees, employee's families, investors, and critically, customers. This is the true team. If you know them all and communicate with everyone as if you're all on the same team, we've found that people live up to that belief.

*"**If you are going through hell, keep going.**" – Winston Churchill*

Portfolio Valuation Splits (as at 30 June)

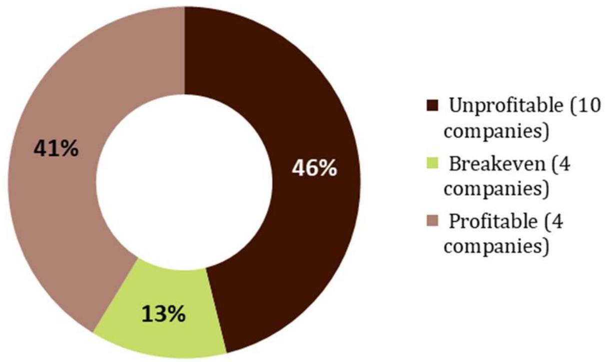
The diagrams below show various splits of portfolio valuation, excluding the value of our residual holdings in disposed-of companies (ThisData and Family Zone), by differing methods.

Valuation Split By Concentration



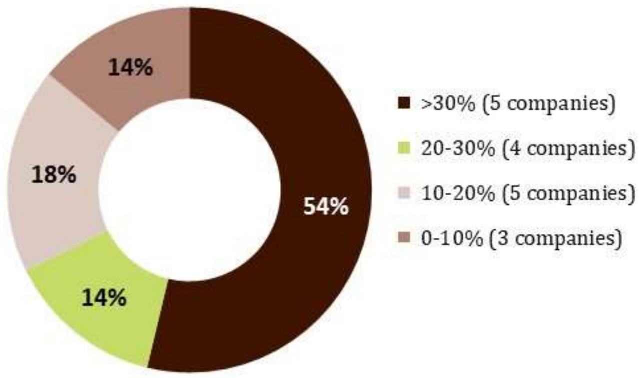
Investments in eight companies represent 77% of the value of Punakaiki Fund's portfolio.

Valuation Split By Profitability



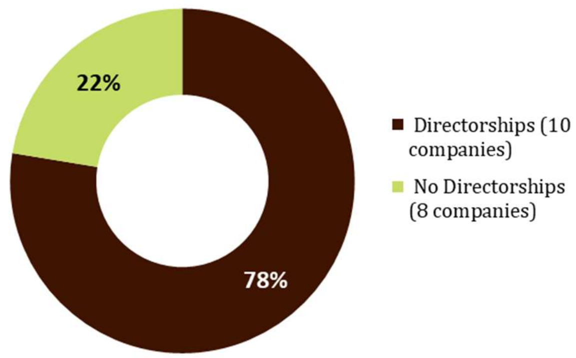
There is a good mix of profitable and unprofitable (investing for growth) companies. We are comfortable with the sustainability of the companies for now, given each's cash reserves.

Valuation Split By Ownership %



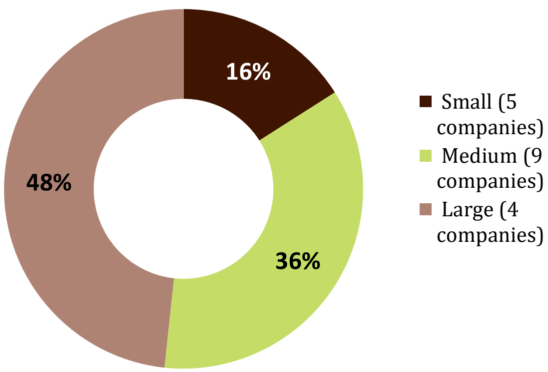
Unusually for a venture capital firm, we have large shareholdings in a number of companies – and that is where the value is increasingly concentrated.

Valuation Split By Directorship



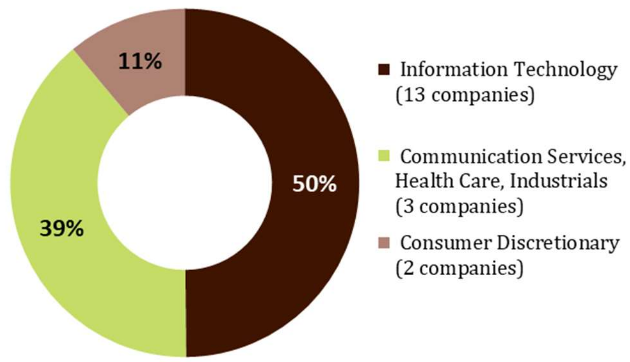
Directorships reflect that we are able to contribute where we have larger shareholdings, and thus have more visibility of and influence on company performance.

Valuation Split By Revenues



As companies grow in revenue, so, in general, does their value and the amount we can invest. We expect that over time the portfolio value held by medium and large companies will increase, unless those investments are sold.

Valuation Split By Industry



We have a deliberate strategy of diversifying across industries, and that provides resilience to external shocks, such as the COVID-19 pandemic.

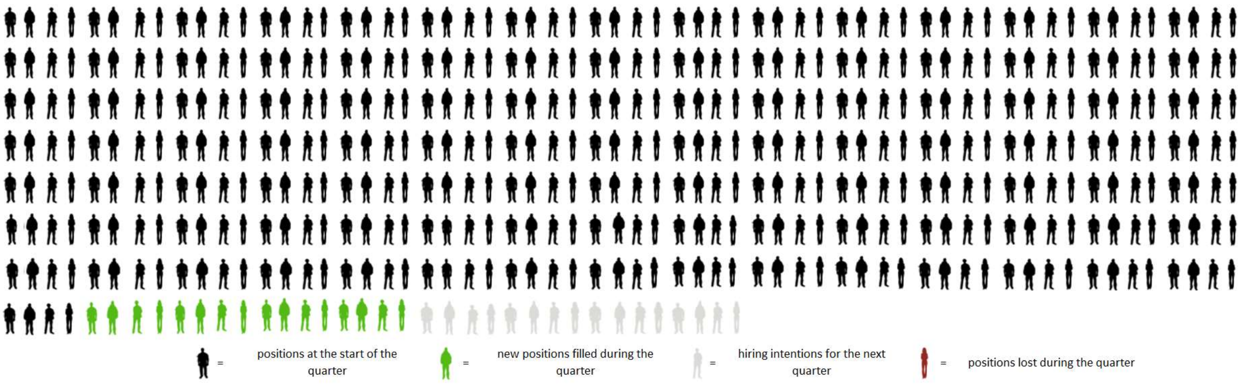
In the News

Coherent Solutions	Could photonics solve your problem?
	Photonics in Australia & New Zealand – Lighting Economic Growth
Core Schedule	Medical software company Core Schedule pulls in $1m
	Core Schedule raises $1.2m to expand rostering solution beyond COVID-19
	Covid-19 coronavirus: Wellington emergency-room doctor's $4m startup
EverEdgeIP	People won't pay for what they can steal: The number one cyber theft mistake companies keep making
Mobi2Go	Mobile ordering systems crash under demand for takeaways on first day of alert level 3
	Covid 19 Coronavirus: NZ's Mobi2Go triples business as it helps stores get online for Level 3
	10,000 hamburgers ordered online in one hour
	Online Ordering And Delivery System Mobi2Go Reports Kiwi Favourites In Level 3
Timely	Alert level 2: Hair and beauty industry overwhelmed with bookings in preparation for Thursday
	Coronavirus: Doubling down on cloud technology in the Covid-19 recovery
	Covid 19 coronavirus: NZ appointment app Timely sees 'tsunami' of hair, beauty bookings
	Appointments fire Timely's demand
	Bracing for a hairdressing tsunami in New Zealand
	NZ needs its own Amazon to aid recovery, advisory council says
Weirdly	How recruitment software startup Weirdly nabbed millions in the age of Covid

Employment Monitor (June Quarter)

Here is a snapshot of our portfolio companies' employment situation at the end of June 2020:

That's 440 jobs as at the end of the June quarter – a net 18 more than at the end of March.



Vend's employment figures are not included, and nor are companies that are sold or inactive.

Corporate Update

Governance

The Board convened on 23 July 2020 for the quarterly Board meeting to consider, among other matters:

- The value of Punakaiki Fund's investment portfolio as at 30 June 2020;
- Punakaiki Fund's investment portfolio;
- The new Governance Communication Policy;
- The new Health and Safety Policy;
- The new Protected Disclosures Policy;
- The new LWCM IT Policy;
- The periodic review of the Diversity Policy, Socially Responsible Investment Policy, and Investment Valuation Policy;
- New director recruitment; and
- This quarterly report.

The Board's next meeting is planned to be held on 13 November 2020.

Financial Reporting

The Investor Net Asset Value ("iNAV") of the fund after all contingent performance fees at 30 June 2020 was $56,264,686 (or $23.92 per share), an increase from the 31 March 2020 iNAV of $54,831,881. This change is mainly from a net increase in portfolio company valuations (an upward impact on both the iNAV and iNAV per Share), offset by issuing new capital (an upward impact on the iNAV and a downward impact on the iNAV per Share). The Accounting Net Asset Value (which includes only the cash component of the performance fee and is used to calculate the management fee) was $58,834,131 at the end of the quarter, compared to $57,036,565 at the end of the March quarter.

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 April 2020 of $2,902,541;
- $1,172,673 was invested in Mobi2Go, Redseed, Devoli and Core Schedule;
- A net upward revaluation of $2,317,327;
- Management fees of $233,951 were paid to LWCM;
- An administration fee of $47,438 was paid to LWCM in relation to the June quarter administration services provided to Punakaiki Fund;
- $27,488 was paid for audit services;
- PAYE on directors' fees of $11,550 was paid;
- GST refunds of $6,583 were received; and
- A closing cash balance of $1,415,327.

Punakaiki Fund Limited - Unaudited Financial Position as at 30 June 2020	NZ$
Current Assets	
Cash on Deposit	1,415,327
Accounts Receivable	20,409
Prepayments	16,777
Non-current Assets	
Investments	58,510,000
Total Assets	**59,962,513**
Current Liabilities	
Accounts Payable	129,153
Non-current Liabilities	
Accrued Performance Fee	999,229
Equity	
Retained Earnings - Operations	(3,687,217)
Retained earnings - Accrued Performance Fee	(3,568,674)
Share-based Payment Reserve	2,569,445
Asset Revaluation	25,724,151
Share Capital	38,833,248
Capital Raising Costs	(1,036,822)
Total Equity and Liabilities	**59,962,513**
Accounting NAV	58,834,131
iNAV (after deduction of the performance fee)	56,264,686
iNAV per Share	$23.92

Punakaiki Fund Limited - Cash Flow Summary for the Quarter Ending 30 June 2020	NZ$
Operating Cash Flows	
Gross Interest Received	401
Withholding Tax on Interest	(112)
Bank Fees	(66)
Payments to External Advisors	(28,408)
Management Fees	(233,951)
Administration Fee	(47,438)
Other Net Expenses	(11,550)
GST Refunds	6,583
Total Operating Cash Flows	**(314,540)**
Investing Cash Flows	
Investments Made	(1,172,673)
Investments Realised	-
Dividends Received from Investments	-
Total Investing Cash Flows	**(1,172,673)**
Financing Cash Flows	
New Capital Received	-
Brokerage Fees	-
Dividends Paid	-
Total Financing Cash Flows	**-**
Total Cash Movements	**(1,487,213)**
Opening Cash Balance	2,902,541
Closing Cash Balance	1,415,327

Expected Cash Flows for the September 2020 Quarter

Following the end of the June quarter, Punakaiki Fund has not raised any new funds or yet made any new investments.

The payment of the final June quarterly Management Fee, the final September quarterly Management Fees and September quarterly Administration Fee to LWCM of $386,970 including GST was paid in July 2020. Payments to Ernst & Young (auditor), Deloitte and Charis Accounting (both accountants) totalling $35,001 including GST were also paid in July 2020.

Capital Raising Plans

PFL is currently considering its capital raising strategy going forward.

Additional Disclosures / Conflicts

With the exception of the conflicts which have been previously disclosed, the directors of Punakaiki Fund or the managers of LWCM 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 LWCM in the first instance:

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