

# Punakaiki Fund Limited

## March 2021 Quarterly Report

Dear Investors,

### **Sale of Vend Limited to Lightspeed**

The big news this quarter was the announcement of the sale of Vend to Lightspeed (NYSE:LPSD). The sale has now completed, with cash and shares issued to the vendors.

Overall, our \$2.8 million investment is currently valued at \$9.0 million.

We received US\$3.149 million in cash, along with 46,706 shares in Lightspeed. We have already converted the US dollar cash proceeds, at a rate of 0.72, into NZ\$4.372 million. Those funds are in the Punakaiki Fund bank account.

Of those shares, 15,413 were tradeable immediately (and we have just sold these but have not received the NZ\$1.416 million from their sale yet), and the remaining 31,293 are locked up for six months.

The Lightspeed shares are listed on the New York stock Exchange (NYSE) as well as the Toronto Stock Exchange (TSE). Our shares are those listed on the NYSE, as this is the deeper market in which to sell these shares when the time comes.

The price per Lightspeed share, as at 22 May 2021, was US\$70.37, and with a US dollar exchange rate of 1.40 per NZ dollar the value of our remaining 31,293 shares is NZ\$3.063 million.

However, the value of our Lightspeed shareholding will fluctuate as the Lightspeed share price and the US to New Zealand dollar exchange rates move.

As is normal with a transaction like this there is also a cash amount held back in escrow, which should be released at various stages up until mid-2024. This is worth, at today's exchange rates, up to \$220,000 to Punakaiki Fund.

While the total is \$9.0 million, we will not know the final returns until we have sold down all of our Lightspeed shares, and even after that is still some residual value.

We are, subject to the remaining lockup period, able to choose when we sell our remaining Lightspeed shares, and will use our own assessment of the value of the company, along with risks, when doing so. We are, however, not natural owners of listed stocks, particularly when the holdings are relatively small for the listed company.

### **Sale of Timely to EverCommerce**

After the quarter-end we relayed the news about Timely and EverCommerce. The below text is from their press release:

*"EverCommerce, a leading service commerce platform, has entered into an agreement to acquire Timely, a global appointment booking software company used by spas and salons across the United Kingdom, Australia and New Zealand. Timely will join the EverCommerce suite of integrated*



*SaaS solutions across business management, marketing, customer engagement, and billing and payments, enabling it to provide customers with added value and resources. Completion of the transaction is pending customary regulatory approvals.”*

We are unable to disclose material information about the deal, but will disclose further detail in our normal reporting.

### **Acquisition of KiwiHost by RedSeed**

To round out the merger and acquisition news, RedSeed announced that they had acquired KiwiHost, an iconic company that has had over 250,000 New Zealanders participating in their workshops over 30 years. KiwiHost brings a strong legacy and clients, wonderful content and high quality in person training, while RedSeed will look to incorporate KiwiHost’s content into their SaaS offering. RedSeed will have over 100 business ready courses covering everything from customer service, sales and soft skills, compliance, leadership development and more.

### **Valuation**

As March 31st marks the end of the financial year we do not announce a valuation in this quarterly report. The year-end valuation process takes quite some time as we have to wait for all of the companies we have invested into to complete or collate their own information before we can begin our own work. That valuation is then taken to the Board for review, and our external auditors oversee the process. They typically require us to perform further confirmatory analysis as well. Once again the Board has required that we use an external valuer to value Devoli, currently our most valuable investment.

Our accounts will be finalised before the end of July, with our annual report due then as well.

In the meantime, we did perform a valuation for the March/April wholesale offer to investors. This resulted in an asset value of \$72.9 million. The table below is an excerpt from that offer document.

The wholesale offer valuation leaned mainly on results and valuations to December 2020, but we also used the information we had on hand about Timely and Vend. However we note that some companies are only revalued once a year at financial year-end, so we do expect to see some variations between this valuation and our final year-end valuation.

## **Key Metrics**

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

### **Key Metrics**

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

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



The investment memorandum also contained the table below, which detailed the material changes since the product disclosure statement (“PDS”) in November 2020.

## Material Events

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

### Material Events

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

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

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

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

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

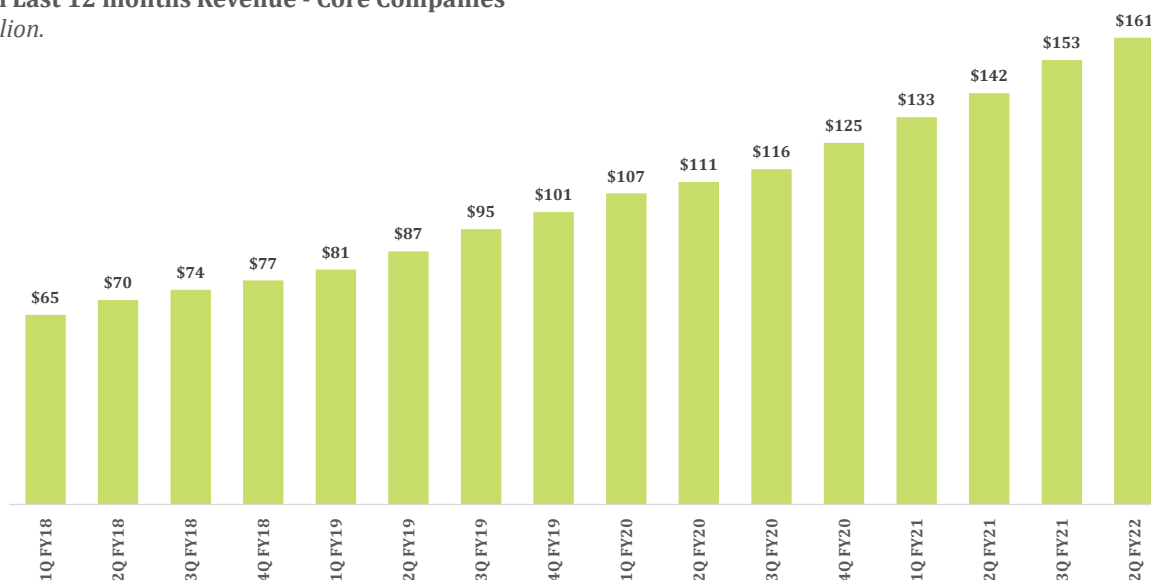
The sale of Vend to Lightspeed for US\$350 million was announced on 12 March 2021, and is expected to close in April 2021. The Board revalued the portfolio based on expected proceeds from this sale, which includes cash and share components, as well as information on material changes in the value of other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

## Company Revenue

Vend’s trailing twelve-month revenue was disclosed by Lightspeed to be US\$34 million to December 2020, or around NZ\$47 million. With the sale of Vend we will remove its revenue from our combined company revenue chart. But given that the transaction closed after the end of the quarter, for one last time here is that chart.

### Total Last 12 months Revenue - Core Companies

\$ Million.



## Devoli

While we say goodbye to Vend, the growth of Devoli means that the company is almost as large, in revenue terms, as Vend was. We do expect this growth to slow, as it was exaggerated by the transition of Contact Energy’s broadband customers from Vocus to Devoli. But the growth does continue – Contact Energy’s own reporting showed how pleased they were with Devoli’s



ability to lower their cost to serve, as well as drive growth. It's increasingly obvious that electricity retailers (amongst others), can derive considerable benefit from offering broadband to their customers. Devoli has proven that not only can they serve a customer of Contact Energy's scale, but they can do far more efficiently than Vocus. I can only wonder how Sky TV, who are embarking on Broadband with Vocus, is going to fare.

## **Onceit**

Our core strategy is to hold our investments, capture material gains as the companies grow and eventually generate returns via a dividend stream. Onceit is outperforming as the company has not only grown substantially since our first investment, but it has also consistently paid dividends. During the quarter we received a small dividend, to make a total of \$192,761 in dividends received for the financial year. Onceit's dividend stream has not only paid back our investments, but has also generated an additional annualised 5% return on our original investment. When we factor in the rise in valuation of the company, we estimate that the annualised return from our investment in Onceit is over 50% per year. We are delighted with our investment in Onceit, and Jay Goodey and team are really kicking it out of the park. This year the challenge for Onceit is a technical one, with a major system upgrade. This will set the company up well for acceleration in performance in following years.



## **Hi-Tech Awards**

The Hi-Tech Awards are upon us, with the finalists announced and the winners anointed at the gala evening held on Friday 28 May. Punakaiki Fund (with LWCM paying) sponsors the Hi-Tech Start-Up Company of the Year category. The finalists this year are File Invite, Hectre, Medsalv, Moxion and Rocos, and the winner was Moxion. Dale Clareburt and the team at Weirdly, were finalists in the Hi-Tech Kamupene Māori o te Tau – Māori Company of the Year category.

## **2021 Wholesale Offer**

We have held a quiet wholesale offer over the last few weeks, primarily with the intent of obtaining investment from some who were unable to complete formalities in time for the 2020 retail offer. We raised a total of \$600,750 and issued 16,000 shares on the 31<sup>st</sup> of March, with the final 6,250 shares issued in May.

## **Cash and Investing**

In the quarter we invested \$250,000 into Mobi2Go, following on from investing a combined \$1 million into Get Home Safe and Weirdly in December 2020. We will have news on that, and another investment in Mobi2Go made this quarter, after the company releases their own announcement.

That meant we invested a total of just \$2.4 million in the financial year, well down on previous years. This reflects the low amount of funds we raised during the year, which was also \$2.4 million. In addition to that we received \$0.9 million from the initial proceeds from the sale of Everedge, Mindfull Limited (part of Mindfull Group) and Onceit dividends.

With the remaining proceeds from the 2020 Retail offer, the March 2021 wholesale offer and the receipt of the cash proceeds from Vend, less recent investments in Mobi2Go, we now have



over \$5.3 million in cash (and another \$1.4 million coming soon), with more to come from the future sale of Lightspeed shares (which currently have a market value of \$3.1 million).

We intend to use funds to lead an \$8-10 million investment round into Quantifi Photonics, and have other internal and external options for the remainder of the funds. We continue to see compelling investment opportunities within our mandate.

### **Quarterly Webinar and Quarterly Share Trading Auction**

We have not held a share trading window for quite some time, holding off due to fund raising and also because we knew about the now obvious material events.

We will hold the next share trading window in the week beginning 7 June, with final bids due on the morning of Friday 11 June. We will email shareholders requesting offers to buy and sell shares on Friday 4 June, and the first collation of results and will be on Tuesday 8 June, as Monday 7 June is a public holiday.

Our quarterly webinar will be held on Thursday 3 June at 3:30pm. We will cover the contents of this report, and anything else that investors ask. [Register now](#)

Our thanks for your on-going support. 2021 is proving to be a good year for the fund so far.

**Lance**



# Portfolio Company Update

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



First Investment: **Aug 2015**

*[Vend](#) provides cloud-based, point-of-sale software that includes ecommerce, inventory management, customer loyalty and analytics.*

- Lightspeed announced the acquisition of Vend in March 2021

*\*Fully diluted shareholding after accounting for employee options*



Shareholding: **53.9%**

First Investment: **Jun 2014**

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

- Asha Thierney replaces Grant Wakelin being the interim CFO of Devoli. Grant was CFO of Devoli during an important transition period and remains close to us at Punakaiki Fund. We wish him the best.
- Contact Energy reported 44,000 broadband connections in their Operating Report for March 2021, up by 22,000 since the same month a year earlier.
- Contact reported a 52% productivity increase in broadband connections per full time employee, attributing the change to their change in provider to Devoli.



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.*

- Onceit increased their focus on own stock production in order to drive better margins;
- Onceit implemented returns process for faulty stock; and
- Onceit continues working on the MIRAKL implementation, expected to be operational in the next quarter.



Shareholding: **19.6%**

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.*

- Quebedocs signed two large European companies in the later part of the year which are a global pharma company and the largest German auto manufacturer;
- Qubedocs had a very strong close to their financial year; and
- Qubedocs is currently recruiting for new VP of Sales in US.



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.*

- EverCommerce entered into an agreement to acquire Timely.



Shareholding: **17.7%**

First Investment: **Nov 2017**

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

- Quantifi Photonics continued efforts for their Series-B investment round, with Punakaiki Fund likely to lead a substantial round.





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 held their second Tech event at Dockside Wellington which was well received;
- Raygun switched the majority of their plans to include on-demand billing which is successful and positive results shown in the YE financials; and
- Raygun hired Roger Nisbett as their CTO.



Shareholding: **12.9%**

[Mobi2Go](#) is a digital ordering and engagement platform for the hospitality sector.

First Investment: **Oct 2015**

- Mobi2Go undertook the first close of a substantial fund raising round; and
- Continues to secure large chain customers for its software and payments solution.



Shareholding: **20.0%**

[Conqa](#) provides software allowing the construction industry to do their quality assurance planning and execution online.

First Investment: **Feb 2017**

- Conqa closed a pilot deal with two of New Zealand's largest civil & infrastructure companies - Downer and Piritahi. These pilots are evidence of Conqa's continued penetration into the infrastructure sector, which became a particular sales focus after COVID lockdowns; and
- Stephen Farrell joined Conqa as the product manager with a focus on data sharing and reporting capabilities.



Shareholding: **48.5%**

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

First Investment: **Mar 2015**

- Redseed completed the acquisition of iconic company Kiwihost. Kiwihost has trained over 250,000 people in service and leadership, and their courses will add to the already considerable suite of online courses for RedSeed. The company will continue to offer face to face training, but also migrate customers to Redseed's effective cloud and local coach based platform.



Boardingware

Shareholding: **31.1%**

[Boardingware](#) helps schools manage their students' movements and pastoral care using SaaS product.

First Investment: **Feb 2015**

- Boardingware was mainly focusing on hiring key roles and started recruiting in India;
- Under the help of NZTE, Boardingware refined their Oran platform offering through deeper market research; and
- Boardingware hit their sales pipeline targets for the quarter.



Shareholding: **32.3%**

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

First Investment: **Dec 2014**

- Melon Health extended the COVID-19 Psychosocial and Mental Wellbeing contract with MOH;
- Nadine Hill, the investment manager of LWCM, joined the Melon Board; and
- Melon hired a Head of Product.





Shareholding: **37.7%\***

First Investment: **Feb 2015**

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

- Weirdly made the finals for the Hi-Tech Kamupene Māori o te Tau – Māori Company of the Year;
- Weirdly commenced recruitment of key roles in the company; and
- Weirdly product has taken a big leap forward from security, stability, and scalability perspectives. They have built a standard portal and communication platform to work with customers more efficiently, and rebuilt their full infrastructure with all latest security models in place.

*\*Fully diluted shareholding after accounting for employee options*



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 significantly ramped up sales activity, engagement and opportunities. This has started to flow through to the new financial year with three new clients added in the first week of April.
- Core Schedule met with their customers in Western Australia and received positive feedback that customers are extremely happy with the support they are receiving from Core Schedule and the innovations Core Schedule is bringing to them; and
- Core Schedule adjusted annual fees for some of their legacy clients.



Shareholding: **16.7%**

First Investment: **Dec 2020**

*[Get Home Safe](#) 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.*

- Get Home Safe moved their office in early March to accommodate the larger team; and
  - Get Home Safe has been working on refreshing the brand image of Get Home Safe and is expecting to see a fresh new look rolled out in the near future; and
  - Soft launch of their major new journey Management Planning and Approval feature.
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## Founders' Journey

# Kurt and Paul's excellent adventure.

## The story of Orah



*By Vincent Heeringa*

The journey to entrepreneurial success rarely follows a straight line. It's almost always a series of zig-zags, some backwards, some forwards, linked by chance meetings and opportunities seized.

The story of Orah, formerly known as Boardingware, is no exception. Its founders, Paul Organ and Kurt Meyer, are the first to point out that Orah's remarkable success is less a well-mapped plan than a series of lucky breaks and good decisions, each building on the last. The company defies the usual trajectory of Kiwi companies: the founders are of Maori and Cook Island descent, one lives in Tokyo, the official office is at Paul's home in Auckland, it has staff in three continents and clients in New Zealand, Australia, USA.

The team at Punakaiki Fund loves Orah. We've invested three times to have a 30.4% shareholding. It makes software for managing attendance and the pastoral needs of school students. Founded in 2014 as Boardingware, it initially focussed on the boarding school market but this year it has expanded to include all private schools and rebranded as Orah, derived from the Maori word for wellbeing.

How did it all start?

## A different kind of architecture

Cast your mind back to 2012. We're just coming out of the GFC, Gotya and Kimbra have released the hit song 'Somebody I used to know' and Barack Obama is about to become president of the USA. Kurt and Paul are studying architecture at Auckland University. They're not enjoying it – or not as much as they should be.

During a semester break the pair received a scholarship to investigate how [software](#) could assist the design process. They found it intriguing, especially how fast software designers could enact change compared to the laborious task of designing a building.

Their lack of interest in architecture wasn't lost on their lecturers. One tutor suggested applying to the prestigious Architecture Academy in London. "It was either that or doing something else altogether. But the cost of getting to London was beyond either of us. So we decided to quit and double down on software," says Paul.

Their first build was a real estate search engine that added school zones and shops as criteria. "It was Homes.co.nz before homes.co.nz, basically, but we didn't know anything about venture capital or how to monetise a marketplace back then. So we dropped it."

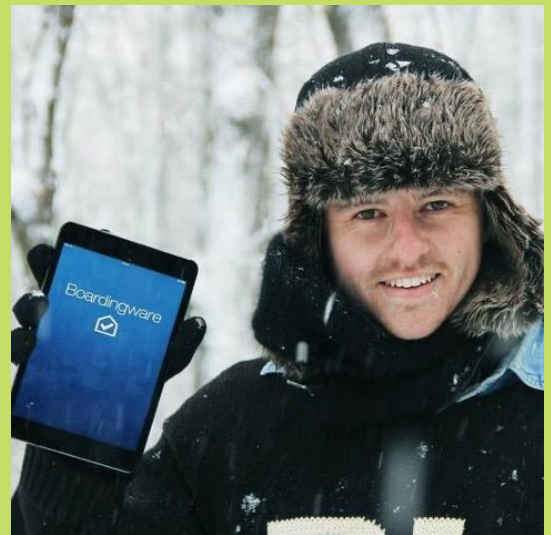
The second job was for the Cook Island's government, but that didn't pan out. By now they'd got a taste for the business and started searching for ideas. "We both went to boarding schools and so we had the idea of asking our former housemasters about the pain points in their business. When they explained how hard it was to manage the welfare and whereabouts of the students we thought, yeah, we could fix that. So we built this thing in a PDF and the guy at my old school, Auckland Boys Grammar, said 'yes we'll buy that, how much?'. We were like, um, no idea! Plus it was still only a PDF so we then had to go and build it."

## Baby Boardingware

The pair raced back to their flat and scribbled out ideas. The name and logo was conceived in an hour and a company website set up in a few days. Boardingware was born.

Ironically, the Auckland Grammar job didn't happen until much later. But the sales pitch was working. The first client was Mt Albert Grammar, followed by other New Zealand schools. "Within six months we'd got enquiries coming in from South Korea and even Texas. The US one was interesting because over the phone they said, 'okay let's do this - how do we pay?' We had no idea. In the US talking about price was very normal. That was a big realisation."

Looking back now Paul laughs at how naïve the pair were. "The second time we got paid was a cheque written out to Boardingware but we didn't even have bank account. I think we've still got the cheque somewhere."



Was he sure they'd made the right decision to leave university? "I wish I could say I had doubts. But I didn't. So long as we could buy food and beer, it was fine. We were building something that had no ceiling. In architecture I could see the career path and it had a ceiling. With a business like this there was no end."

### **A chance with Lance**

In 2014 Paul saw an ad on Facebook for a pitch competition at the Webstock conference in Wellington. By now the company was in full swing, with two engineers working part time and more enquiries coming in from the website. "I didn't think we'd win the Webstock thing but we entered anyway. We were so poor one of our engineers had to bus down."

Sure enough, they lost the pitch but did meet a judge, Lance Wiggs.

"We didn't know anyone in tech. So it was cool meeting Lance. He told us to keep going. It felt like a real endorsement."

The chance meeting bore fruit six months later when an unusual request came through the website. It was from an eldercare home in Queensland. Strictly speaking the request was outside of the schools' market so didn't fit the mould. But then again, what a market! The field of eldercare was booming.

"We wanted to talk to someone in tech about it and Lance was the only person we knew. So we met up and he said the Queensland job was a distraction and to focus on the core business. Then he said, 'anyway, how you guys going?'. I said that we're pulling in about \$100,000 in sales and Lance said: 'Holy f@ck! Really? Do you guys want \$250k?'"

Paul laughs now at their reaction. "We were like 'what for?' It took us a while for the idea to sink in. We could pay our engineers. We could pay ourselves. We could grow. At that stage we still weren't paying ourselves, so Kurt made a plan that included paying us \$500 a week."

The deal was done and Paul's first job was to jump on a plane to the USA to win some business. He was too young to hire a car and didn't have a driver's licence anyway so arranged for a mate from Ireland to fly over and be his driver.

"We drove all over the place. I saw about 30 schools in 20 days. It was mental. We'd have a meeting in North Carolina at 2pm then be in New York for breakfast the next day. But it worked. Twelve of those schools are now customers and the whole trip cost about \$8,000, I think. The biggest thing was getting the feedback from customers."

### **Growing up**

It's hard to reconcile the sophisticated company we see now with that cartwheeling young enterprise. Paul says he and Kurt have grown at the same pace as the company. On the plane home from the US, for example, Paul watched a documentary about obesity. The lifestyle of beer and takeaways had taken its toll: both lads were overweight and soon made changes to shed the flab.

The pair started to read management texts by the doyens of business: Peter Drucker, Jim Collins, Ray Dalio and the 2015 hit [Scaling Up](#). They were particularly struck by a presentation online by Dalio and decided to build management disciplines into the company (see below for more). "I saw his [TedTalk](#) about radical transparency and shared it on my Facebook page. It resonated with me

because when I grew up radical transparency was normal. I was big on sports and my mum would point out what else I could have done, even if I'd done a good job."

The disciplines have proven their worth. The company survived the shock of Covid lockdowns – and Kurt's unusual decision to decamp with his partner to Japan. The move was initially treated as an experiment so they could live closer to his partner's family and embed themselves into Japanese culture. But then Covid struck and the couple had to make decision: stay or come back to Auckland. "We asked Lance and were kind of surprised when he said, 'stay!'. We both thought we could make it work as we'd already had an employee in London and a salesperson in Sydney."

The exercise has helped reinforce a culture of trust and flexibility. "Some people relish the freedom to work from home, some people need the office and that's why we can do it. And it's led to a bigger conversation about autonomy. We don't do time tracking. We have goals and ask people to do this themselves and choose how they get there," says Kurt.

It's working. The company expects to hire more staff this year and the expansion from boarding schools to private schools expands its scope to a \$1 billion market.

### **Try, learn and improve**

Orah's unique journey has also created a culture of learning.

Kurt says: "We're really lucky that the mistakes we've made haven't ruined us. We've succeeded despite our inexperience. But I guess we've had the ability to adapt and evolve; to learn and overcome.

"For example, sales is not my thing. I can do it if I need to, I've learned how to do that, I just had to get over my reluctance. Another example is our approach to product development. Looking back, our first product was pretty bad but we did it anyway and now we do it a lot better. Also building a team was something we had to learn. We didn't know how so we had to try, make mistakes, recover and then get better. This whole approach has created a resilience and drive to improve."

So what does success mean now?

"At first we were driven by achieving financial independence," says Paul. "Getting to \$500 a week was kind of a moment. It was enough to pay rent and feed ourselves. We quickly realised there are more costs in this life, but we don't regard getting rich as the only measure of success."

Success is being purpose driven: making a difference in the lives of students and parents.

Success also means taking people along them on the journey. Paul says he's starting to turn to Te Ao Maori principles for insights. His whakapapa is found in Te Arawa and the sub-tribes of Ngati Tuara and Ngati Kearoa, near Horahora in Waikato. "Recently I've been looking into Maori values such as planning for the long term, intergenerational kind of thinking. And also kaitiakitanga – the responsibility we have for people and planet."

In just six years Orah has come a long way from two disgruntled students to fast-growing SaaS company. Architecture's loss is New Zealand's gain.

## Principles for success



Early on, Paul and Kurt were exposed to the thinking of Ray Dalio, the founder of Bridgewater Associates, one of the world's largest hedge funds. Dalio is equally famous for capturing his advice for life and business in a book called *Principles*. It's also a [30 minute video](#) and a self-assessment [tool](#).

"Neither of us have trained in commerce or business so we realised that we had to become learners. If your brain is the main tool then you

need to master learning and thinking. In some ways it doesn't matter what we chose to do. If Kurt wanted to started a rocket company I'd follow. Skills can be learned but thinking is our strategic advantage," says Paul.

Following Dalio's example, Kurt and Paul developed their own principles, built them into the values of the company and reiterate them at the weekly staff meetings. They are:

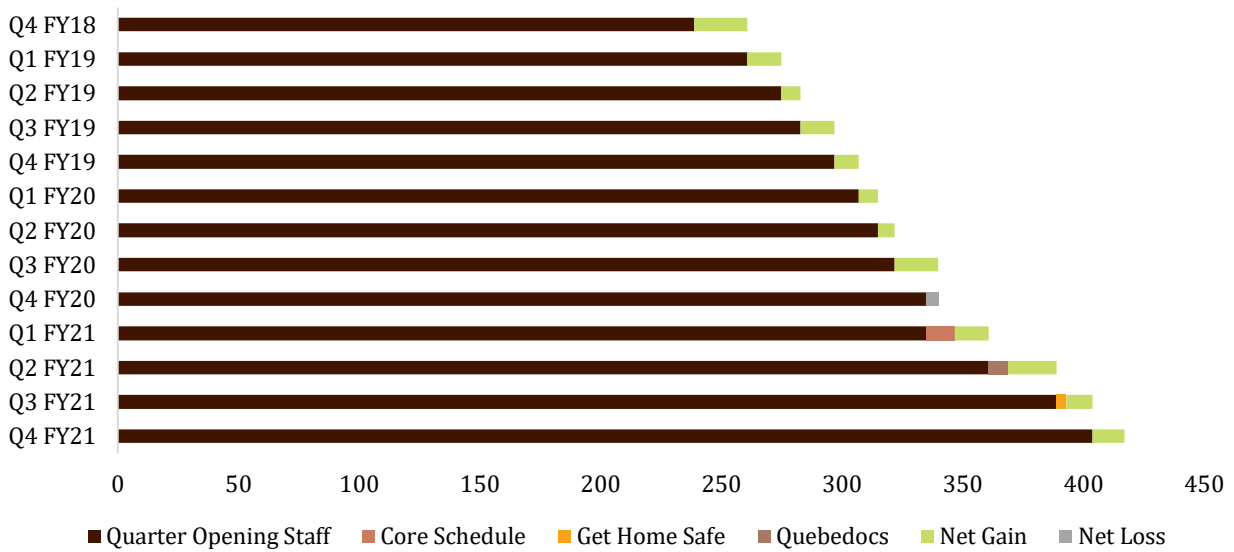
- **Good is the enemy of great:** Derived from Collins' *Good to Great*, this principle asks 'what is the cost of mediocrity?' If you're going to do something you might as well do it well.
- **Honest thoughts on the table:** Some people don't always pipe up. This is about transparency; we create the opportunity (lots of feedback, segments in meetings targeting feedback, we say it a lot 'put your honest thoughts on the table').
- **Continuous improvement:** We're always reading. Every staff member gets a books budget. We measure as much as we can (you can't improve what you don't measure). And we share the measurements so everyone can see.
- **Integrity;** This is a basic human value but an example is that with sales we avoid saying things about our competitors or over promising. Integrity makes you a better person and gives you better economic return, so why wouldn't you? This one gets brought up sometimes if customers discover glitches in the software. It's the way we fix them that matters. If people stop trusting us then we lose our business.
- **Start with questions:** It's too easy to assume the rationale behind people's actions. So we depersonalise it and solve the problem, not the person.
- **Thrifty.** We haven't taken a lot capital over time, we like to grow organically and do more with less. Time and energy are related so let's be resourceful.

# In the News

<b>Melon Health</b>	<a href="#">More wellbeing support for young people from Govt</a>
<b>Devoli</b>	<a href="#">Youth mental health funding boost of \$10m 'small start' amid 'tsunami of need'</a>
<b>Vend</b>	<a href="#">Devoli helps Contact Energy grow broadband numbers</a> <a href="#">Kiwi tech company Vend sells to Canada-based Lightspeed for \$484m</a> <a href="#">NZ retail software company Vend sold for \$455m - NZ Herald</a> <a href="#">Ben Kepes: Reflecting on Vend's full cycle after \$455 million sale</a> <a href="#">Conversations about capital gains tax 'miss the benefits'   Stuff.co.nz</a> <a href="#">Is Lightspeed POS a buy right now? - Cantech Letter</a> <a href="#">Bell Gully Advises On Two Significant Inbound Technology Acquisitions   Scoop News</a> <a href="#">13 hot tech companies sold offshore: Did NZ benefit? - NZ Herald</a> <a href="#">Success stories highlight the NZX's shortcomings   Stuff.co.nz</a> <a href="#">There has never been a better time to invest in technology   Stuff.co.nz</a> <a href="#">New Zealand's tech sector even stronger after death threat   Stuff.co.nz</a> <a href="#">2021 New Zealand Hi-Tech Awards finalists named - NZ Herald</a>
<b>Raygun</b>	<a href="#">Tech accelerates 5 years in 8 weeks thanks to Covid</a> <a href="#">Green shoots sprout from tech sector in the wake of Covid-19   Stuff.co.nz</a> <a href="#">New Zealand's tech sector even stronger after death threat   Stuff.co.nz</a>
<b>Timely</b>	<a href="#">Green shoots sprout from tech sector in the wake of Covid-19</a> <a href="#">The one responsibility board and directors often forget? Not sticking around too long</a>
<b>Weirdly</b>	<a href="#">Green shoots sprout from tech sector in the wake of Covid-19   Stuff.co.nz</a> <a href="#">Weirdly quizzes candidates to ensure they fit jobs</a> <a href="#">AI and social justice: Hack Games 2021 reveals the future of retail</a> <a href="#">Your recruitment team could be hiding the secret to improving your CX</a> <a href="#">2021 New Zealand Hi-Tech Awards finalists named</a>
<b>Core Schedule</b>	<a href="#">My Net Worth: Marisa Fong, Madison Group co-founder and investor</a> <a href="#">Latest PodCast with Archer Gowland Redshaw advisors in Australia- Internal Resources/ Blog released and ramped up.</a>
<b>Get Home Safe</b>	<a href="#">Venture capital boost for developer</a> <a href="#">Lone-worker safety app GetHomeSafe bags investment</a> <a href="#">Safety first: Alarms being introduced for Hawke's Bay DHB community workers</a>

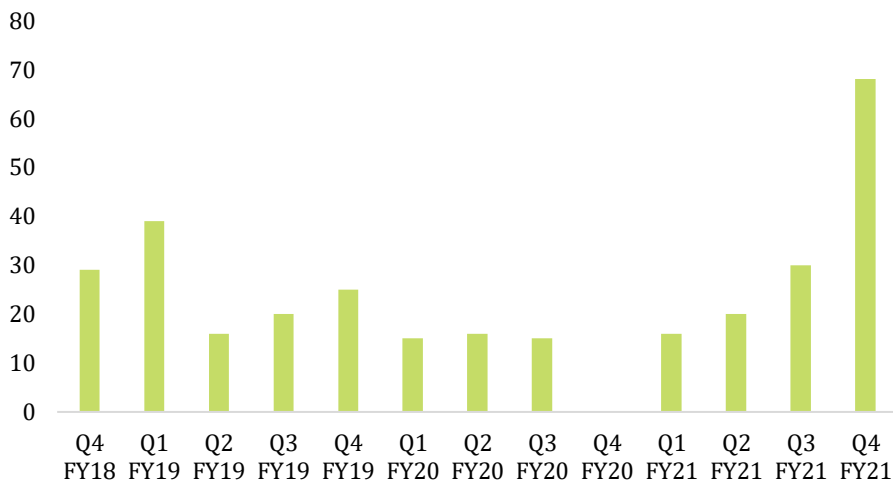
# Employment Monitor (March Quarter)

Here is a snapshot of our portfolio companies' employment situation at the end of March 2021:



**That's 417 jobs as at the end of the March quarter - a net 13 more than at the end of December.**

## Hiring Intentions



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



# Corporate Update

## Governance

The Board convened on 30 April 2021 for the quarterly Board meeting to consider, among other matters:

- A review of Punakaiki Fund's investment portfolio;
- To consider the new Risk Management Policy;
- To consider the revised Statement of Investment Policies and Objectives;
- To consider the revised Socially Responsible Investment Policy;
- To consider the approach recommended to value the Punakaiki Fund portfolio;
- This quarterly report.

The Board's next meeting is planned to be held on 28 May 2021.

## Financial Reporting

The valuation of Punakaiki Fund's investments as at 31 March 2021 has not yet been determined and the financial year-end valuation process is still underway. This information will be released in the 2021 Annual Report, which is expected to be issued in 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 2021 of \$2,213,493;
- \$250,000 was invested in Mobi2Go;
- \$190,699 was received from the sale of Mindfull;
- \$432,000 was raised from investors via a wholesale capital raising round in March;
- \$59,364 was paid to LWCM for the December 2020 retail capital raise brokerage fee;
- Management fees of \$309,207 were paid to LWCM;
- An administration fee of \$47,438 was paid to LWCM in relation to the March quarter administration services provided to Punakaiki Fund;
- \$47,500 was paid for director fees;
- \$5,175 was paid for accounting services;
- \$5,101 was paid for legal services;
- \$8,050 was paid for branding work;
- Dividend of \$27,537 were received from Onceit;
- GST refunds of \$24,355 were received;
- Income tax refunds of \$12,056 were received; and
- A closing cash balance of \$2,167,471 as at 31 March 2021.





<b>Punakaiki Fund Limited - Unaudited Financial Position</b>	
<b>as at 31 March 2021</b>	<b>NZ\$</b>
<b>Current Assets</b>	
Cash on Deposit	2,167,471
Accounts Receivable	9,289
Prepayments	28,743
<b>Non-current Assets</b>	
Investments	
<b>Total Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	90,532
<b>Non-current Liabilities</b>	
Accrued Performance Fee	1,776,541
<b>Equity</b>	
Retained Earnings - Operations	
Retained earnings - Accrued Performance Fee	
Share-based Payment Reserve	
Asset Revaluation	
Share Capital	41,244,079
Capital Raising Costs	(1,096,186)
<b>Total Equity and Liabilities</b>	
<b>Accounting NAV</b>	
iNAV (after deduction of the performance fee)	
iNAV per Share	

<b>Punakaiki Fund Limited - Cash Flow Summary</b>	
<b>for the Quarter Ending 31 March 2021</b>	<b>NZ\$</b>
<b>Operating Cash Flows</b>	
Gross Interest Received	237
Bank Fees	(26)
Payments to External Advisors	(18,326)
Management Fees	(309,207)
Administration Fee	(47,438)
Other Net Expenses	(36,489)
GST Refunds	24,355
<b>Total Operating Cash Flows</b>	<b>(386,894)</b>
<b>Investing Cash Flows</b>	
Investments Made	(250,000)
Investments Realised	190,699
Dividends Received from Investments	27,537
<b>Total Investing Cash Flows</b>	<b>(31,764)</b>
<b>Financing Cash Flows</b>	
New Capital Received	432,000
Brokerage Fees	(59,364)
Dividends Paid	-
<b>Total Financing Cash Flows</b>	<b>372,636</b>
<b>Total Cash Movements</b>	
Opening Cash Balance	2,213,493
Closing Cash Balance	2,167,471

### Expected Cash Flows for the June 2021 Quarter

The March 2021 Wholesale offer is now closed. As at 31 March, PFL raised \$432,000 from both existing and new shareholders and a further \$168,750 was raised in the offer after 31 March 2021.

Since the March 2021 quarter end an interim quarterly management payment of \$335,309 (including GST) has been made to LWCM. Accounting fees of \$3,226, comparable company valuation information fees of \$4,600, director advisory and recruitment fees of \$20,125 and director fees of \$10,063 have also been paid (all including GST).

\$4.372 million was received from the sale of Vend shares on 20 April 2021 and a further \$1.416 million in proceeds from the sale of Lightspeed share is expected to be received shortly. A \$1,370 was also received.

### Capital Raising Plans

We are planning for a Retail offer later this year, likely in October.

### 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**

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