

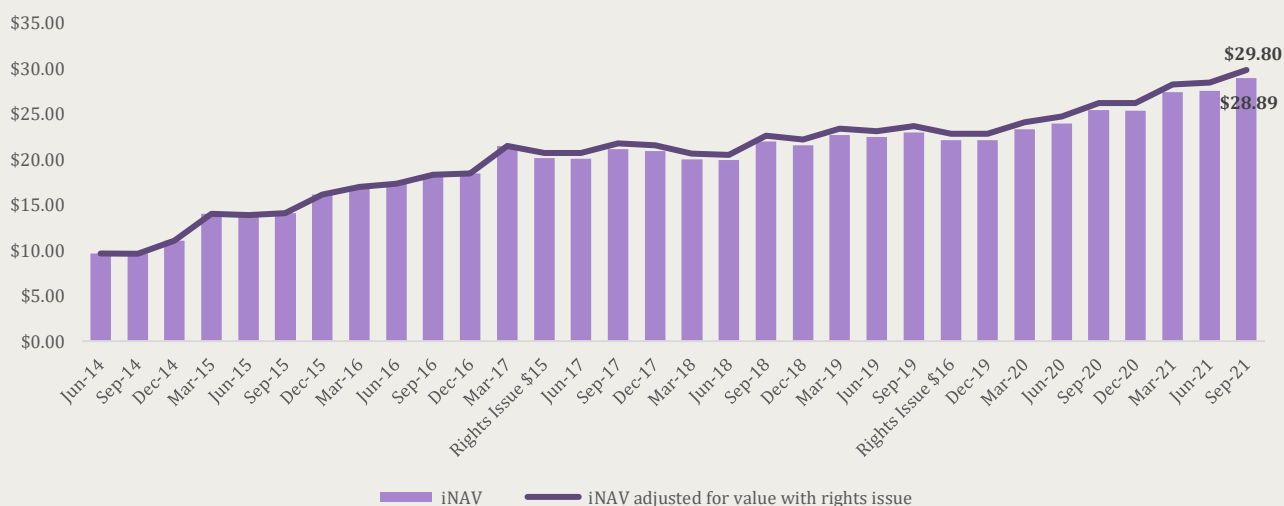
# Punakaiki Fund Limited

## September 2021 Quarterly Report

Key Statistics	
Total Asset Value	\$78.21 million
Investor Net Asset Value (iNAV)	\$70.83 million
Shares on issue	2,451,672
<b>Total Asset Value / share</b>	<b>\$31.90</b>
<b>iNAV/share</b>	<b>\$28.89</b>

Performance	
Annualised Share price Return – last 12 Months <sup>1</sup>	13.9%
Annualised Share price Return - Since Inception <sup>1</sup>	16.3%
Annualised Internal Investment Returns <sup>2</sup> – All Investments	21.1%
Internal Total Value to Paid-in Capital (TVPI) <sup>2</sup> – All Investments	2.0x

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



<sup>1</sup> Assumes full participation in option and rights issues.

<sup>2</sup> Internal performance measures are exclusive of all fund costs.

Dear Investors,

The break-out year continues for Punakaiki Fund, and I'm pleased to announce our investment into two winning companies.

Each of the companies are multiple Hi-Tech Awards winners. We are delighted to be the only fund sponsoring the Hi-Tech awards, the tech sector's premier event.



The first investment was into Moxion, winner of the 2021 Punakaiki Fund Hi-Tech Start-up Company of the Year as well as winning in another category. Moxion is a company that is changing the way movies are made. With a client and project list we all want to watch, Moxion makes it easy for movie makers to quickly review results and adjust their filmmaking processes. We invested as part of a round where the company raised funds from existing security (share and convertible note) holders, and where some of the other investors sold their securities to Punakaiki Fund. We are very happy with the progress of the company, which is growing well.

Even more recently we invested into Whip Around, Winner of the Hi-Tech Emerging Company of the year, the next category up from the Hi-Tech Start-up Company of the Year award for larger companies. While we don't sponsor this category, Whip Around is a former winner of the Start-up Company of the Year category, and continues to excel.

Whip Around is a New Zealand based software as a service business providing solutions that streamline commercial vehicle fleet inspection and maintenance management, replacing paper-based process with an efficient and information-rich digital alternative.

Most of Whip Around's customers are in the US, where the Department of Transportation requires drivers to submit inspection reports at each shift, and digital solutions which ensure compliance are becoming increasingly sought after.

Altogether, Whip Around has 70 staff in offices in Auckland, New Zealand and Charlotte, North Carolina from which they service their customers in the US and around the world.

Headed by Noah, the Whip Around leadership and culture is what impressed us the most. They are experienced executives who have grown companies before, and are highly professional in building Whip Around.

We have had our eye on Whip Around for some years, and after our investments in Vend and Timely, each sizeable companies, were sold, we are happy to be able to fill the gap in our portfolio for a large SaaS company.



During and after the quarter we also placed investments with Weirdly and Conqa, and each company is now focused on growing and a possible larger round in 2022.

Funding these investments was easy in 2021 – with Vend and Timely's exits combining to deliver around \$15 million in cash. We have now converted all of the Lightspeed shares resulting from the Vend sale into

cash. We nervously watched the share price fall, rise, fall, and then rise and fall during the Lightspeed share lockup period. We sold 15,414 Lightspeed shares, as soon as we could, averaging around US\$66 each, and the remainder shortly after the lockup period expired, for an average of \$96.75 each. Overall, our average sale price was US\$86.80 per share, well above the original transaction price of \$58.50. This means that we have received just under \$10 million from the sale of Vend, with another \$0.2 million in cash escrow remaining.

We have also been busy working on or assisting with potential major M&A events, with two major deals keeping us on our toes. The largest of these fell away, but another seems likely to proceed, so we factored the value of that, probability adjusted, into our September-end valuation.

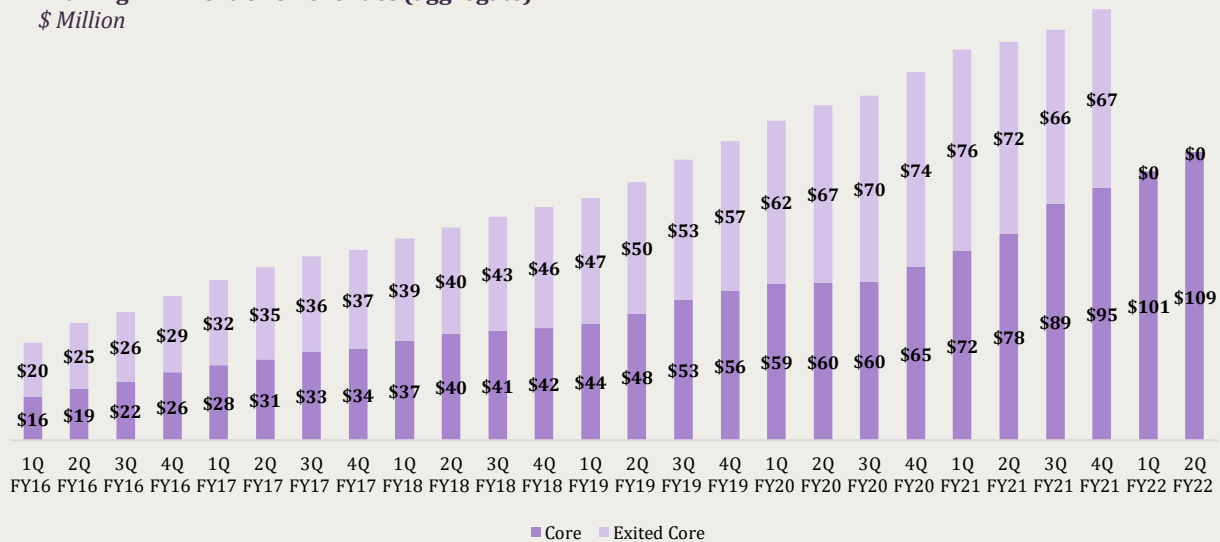
This contributed to a rise in the investor net asst value per share to \$28.89, and total assets of \$78 million.

## Company Revenue

The total twelve months revenue from our 14 core portfolio companies was \$109 million, up from \$78 million a year ago. This excludes revenue from companies that were sold over the last year.

### Trailing 12m Portfolio Revenues (aggregate)

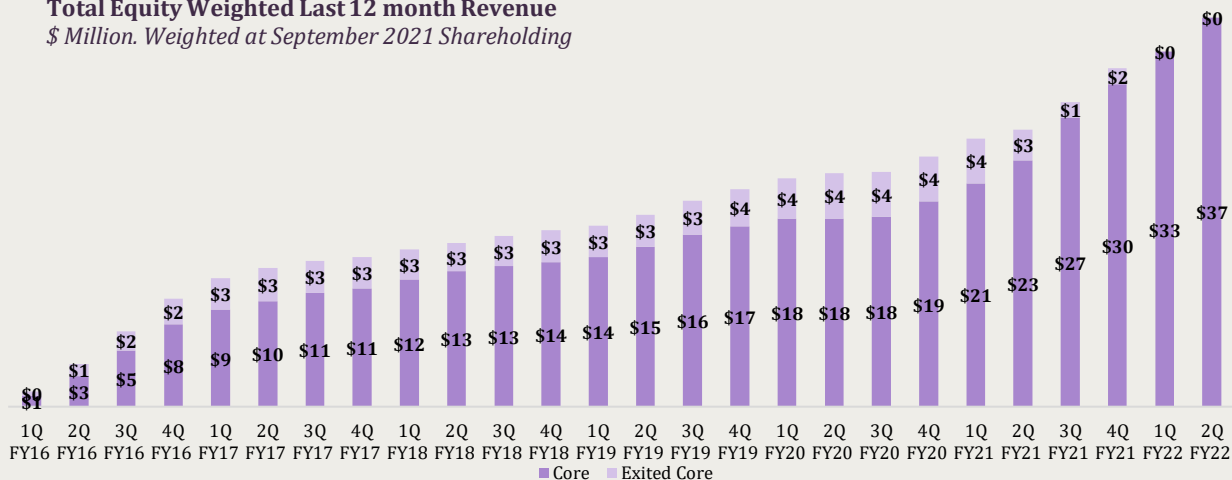
\$ Million



The equity weighted revenue chart has taken a sharp uplift, driven by the performance of Devoli and their successful partnership with Contact Energy. If Punakaiki Fund had its share of each Portfolio Company's revenues, we would be a \$37 million revenue company.

### Total Equity Weighted Last 12 month Revenue

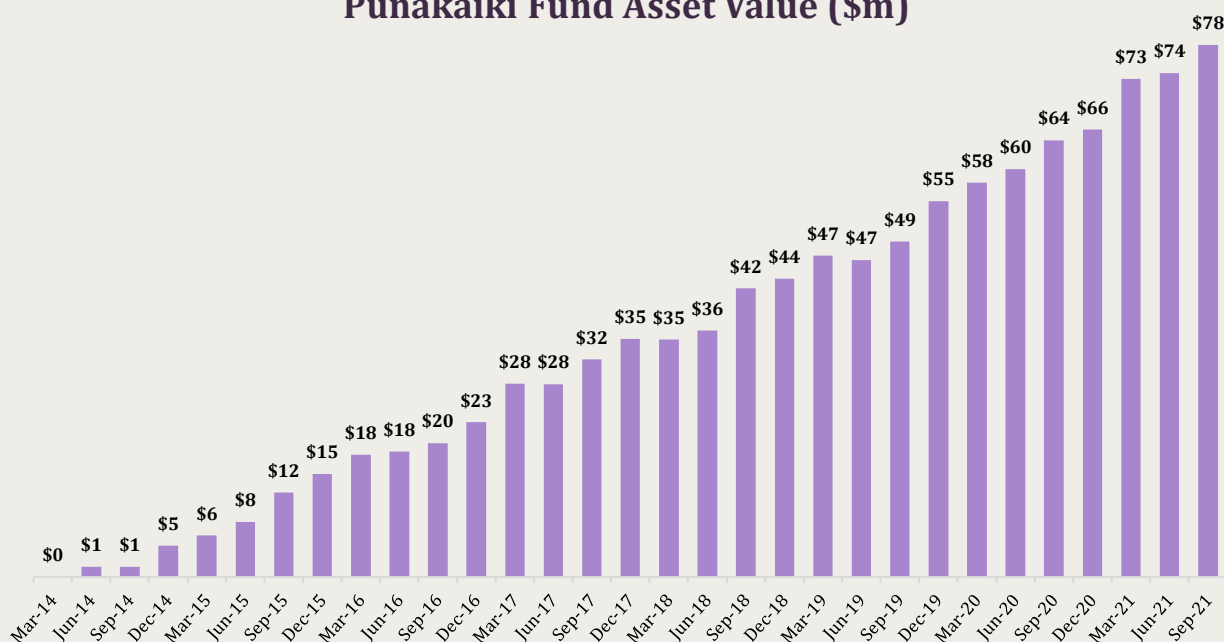
\$ Million. Weighted at September 2021 Shareholding



## Asset size

The revenue growth fuels the growth of company value, and combines with fund raising to produce the chart below – to total assets of the fund. We have come a long way, and still have a good journey ahead of us. The next target is \$80 million, which we would like to easily surpass in the upcoming retail offer.

### Punakaiki Fund Asset Value (\$m)



## Team

While Auckland is in lockdown, our team is spread throughout the country. I'm here in Auckland, with our young family, as are Yvonne, Anahita and Vincent (with their own families). Anum is in Auckland with her recently enlarged family, which is why she is on maternity leave. Chris and Andy are enjoying their spare time in the outdoors in Te Anau, and Nadine managed to be out of town for the Auckland lockdown near Hamilton, before timing her, now extended, visit with family to Wellington perfectly, a day before Hamilton lockdown commenced.

The time in lock-down seems to blur, and it was helped to an extent that I, along with a group of other activists, decided to spend our nights planning our run for the Entrust election in Auckland. Entrust is the controlling owner of Vector, the listed electricity lines company for Auckland. I have always held space aside for one public service role in the work that I do, successfully standing for Internet NZ's Council several years ago, and providing pro-bono support to various entities over the years. Rohan MacMahon, a partner with the Climate VC Fund, is Chair of the Lifewise Trust, and he was also part of the team seeking to challenge the Entrust status quo. We didn't win, and we didn't expect to, but we halved the majority held by the incumbents. I will continue to set aside a small amount of my time for public good activities like this.

## Quarterly Webinar and Quarterly Share Trading Auction

We will not be holding a share trading window or webinar this quarter, as we are holding our 2021 Retail Offer. We have provided details of two launch events for that offer to shareholders, where you will be able to ask questions on any matter.

# Portfolio Company Update

Key highlights for the September 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's broadband end user base has grown by 12%, from 51,000 to 57,000 in three months.
- Devoli continues to expand into Australia and employed an experienced telco industry expert as its first Country Manager, Keith Masterton, operating out of Sydney.
- Devoli has built an API 2.0 'zero touch onboarding' feature and is rolling out with Contact Energy. The company is also building their Fixed wireless and mobile proposition currently.



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.*

- The Mirakl Platform has been fully implemented, is up and running, and revenue is growing significantly as a result.
- A Consumer Compliance review has been completed and a programme put in place.
- Several new roles, including a Customer Experience Manager and a Head of Merchandising have been created and filled.



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.*

- Jeff Gleason joined the team as Head of Sales, bringing with him 20 years of experience working in the tech sector.
- Qubedocs rolled out a major new feature, Audit Logfile Search, aimed at supporting large, listed customers in the USA who are highly regulated.
- CEO Richard Johnson relocated to the USA (from Auckland), to be better able to serve US based clients.



Shareholding: **24.7%**

First Investment: **Nov 2017**

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

- Further progress on significant opportunities with a key existing customer have been made, supporting achievement of growth targets. Initial purchase orders have been received as part of this deal.
- The team moved into new premises in mid-August, just before Auckland went into Level 4 Lockdown. In Level 3 select staff have returned, allowing operations and production to continue, with products again being shipped to customers.
- A new US salesperson has been added to the team, starting work in October 2021.



Shareholding: **14.6%**

First Investment: **Oct 2015**

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

- Mobi2Go has rebranded and is now MOBI. The new brand will be introducing a new visual identity to better fit the enterprise segment.
- MOBI analytics began beta testing with some customers in July, with overall positive feedback. A production ready version is expected to be rolled out by the end of the year.
- MOBI currently has ~1300 locations in the onboarding phase (with signed Master Services Agreements), with one deal representing a large enterprise brand with over 300 locations.



Shareholding: **20.0%**

First Investment: **Feb 2017**

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

- Conqa has had another quarter of strong growth, just shy of 10% quarter-on-quarter, which equates to 31% growth year-to-date.
- Conqa is concluding a convertible note capital raise of up to \$3 million, led by Punakaiki Fund. The round has been well supported by both customers and existing shareholders.
- The team welcomed Zac Smith onboard as Senior Product Engineer, and Ben Murray as the new Account Manager.



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 has been working hard on their 'Alerting' functionality, a highly anticipated feature for current users that will allow alerts to be generated across their suite of products.



Shareholding: **48.1%**

First Investment: **Mar 2015**

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

- Redseed experienced steady sales despite lockdowns in both New Zealand and Australia, earning 3 new customers in Australia and developing a healthy pipeline for future growth.
- RedSeed has brought on two new customers from the recently acquired KiwiHost customer base, with several more under negotiation.
- The company released a free customer service course dealing with mask use to use as a lead generation tool and the offering has been successful in getting conversations with potential new clients started.
- The company is working closely with Anaconda from Australia to build a level 4 sales programme.



# orah

Shareholding: **31.1%**

First Investment: **Feb 2015**

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

- Orah hired 6 new full-time employees, needed to keep pace with their rapid growth.
- The team launched a new navigation and separate 'homeboard' as part of their Self-Service Model, which further improves their ability to cater to clients preferring ala carte options for module selection.
- Orah released their Reports and Profiles tool, further enhancing their product functionality.



Shareholding: **32.3%**

First Investment: **Dec 2014**

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

- The Ministry of Health confirmed extension of their Psychosocial Wellbeing contract with Melon beyond the November 2021 date when it is currently scheduled to end, and ACC began a trial using Melon to support people with mental injuries filing a sensitive claim.
- Melon was selected as the Diabetes Prevention Program provider for the San Joaquin Health Plan in California.
- Melon launched their Youth Mental Wellbeing program with the West Coast PHO, which supports both counsellors and young people struggling with health-related issues.

# weirdly

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 closed a \$3 million capital raise, led by Punakaiki Fund and followed by K1W1, which extends their runway for a minimum of 12 months.
- The company hired a VP of sales, a Senior Business Development Manager, and a Senior Marketing Manager – all key personnel tasked with building the sales engine.
- Weirdly began formal experimentation and discovery into candidate monetisation, allowing them to narrow their focus onto options which provided the greatest potential for revenue. This process involved approaching and engaging with more than 150,000 candidates over the quarter.



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 began discussions with MedTech regarding a partnership that would open up opportunities in the general practice segments in both the New Zealand and Australia markets.
- With the expansion of the Central Adelaide LHN, Core Schedule is now being considered as a rostering solution for the state-wide system. They are also shortlisted as a provider for the state-wide Vic Dentals RFP, which has unfortunately been postponed until 22 January 2021, due to Covid-19.
- Core Schedule has implemented a digital marketing strategy including SEO, PPC, and paid advertising, and are starting to see results from the effort through increased web traffic and conversions and lead generation activity.



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 has successfully brought their development team in-house, an exciting move made possible with the addition of two new hires, a Junior Stack Developer and an Intermediate Full Stack Developer.
- The company procured a large sales deal with Delta which resulted in many GPS devices being purchased. The onboarding has required software integration with both Satellite Devices and EROAD, both of which have been successful.
- Get Home Safe have updated their brand with a website refresh, new content, and a new look for the Web Portal, which was moved to React and now provides a cleaner and clearer user interface.
- United Kingdom entry has been set up and team member Sophie is well underway investigating the United Kingdom market, providing better support to northern hemisphere clients (due to less of a time change), and has signed up the companies first United Kingdom clients to boot.



Shareholding: **10.6%**

First Investment: **Aug 2021**

*[Moxion](#) provides services to the movie and television series creation industry. They have a cloud based, real-time system to help create, distribute and work on "dailies."*

- Moxion platform can manage filmmaking workflow from on-set to post-production, and includes Dolby Vision, HDR10 playback and strong security
- Participants can use secure applications on iPad, Apple TV, Mac or Windows, and also access lower quality content through normal web browsers.
- Moxion's platform has been adopted by large production studios in New Zealand, USA, Canada and Europe.



# They ride at dawn

## Conqa saddles up for post-Covid ride and sets an eye on the USA

The Covid-19 pandemic has proven a game of two halves for Conqa. The construction software company which started in 2015 had a stellar first few years, winning customers in Australia and New Zealand and getting backing from investors such as Punakaiki Fund. With a pipeline of new products and a staff of 30, the future looked, well, conquered.



Then came 2020. The building industry took a dive as lockdowns closed building sites on both sides of the Tasman. Customers, worried about survival, put their tech spending on the backburner.

The timing was especially rotten for co-founder Daniel O'Donoghue who moved to Melbourne to drive the Aussie growth. Months later the city entered what would become the world's longest known lockdown.

But as with many of the other Punakaiki Fund companies, Conqa has turned the 'pandemic pause' into an advantage and has bounced back to rude health, with a renewed focus on a core market, a rebound in customer demand and a lovely dollop of new capital.

How has that happened?

## Start with a problem

To understand how Conqa beat the Covid blues you need to revisit its origins. From the start, the three founders Peter Simons, Daniel O'Donoghue and Barney Chunn have taken the path less travelled by small businesses – by thinking strategically. Their first decision was to start a software company. Doing exactly what, they didn't know, but they'd seen the success of companies such as Xero and Vista and admired these firms' ability to reach global scale from New Zealand.

But if software was the solution what was the problem? Again, they took a managed approach, searching for industries that could benefit from tech disruption. From conversations with builders they already knew that compliance was an ongoing sore in construction. Every build must meet hundreds of standards, many obscure and sometimes differing between jurisdictions. Catching mistakes before they happen is the key to finishing projects on time and to budget. So the trio settled on quality assurance as their field of interest.



*Barney, Pete and Dan: neither builders nor software developers*

Then they began asking questions, starting with people on site. They cold called site and project managers, trying to understand their problems and testing their ideas and assumptions.

“Taking a ground-up and user-centric approach has been fundamental to our product's success. So many construction technology solutions solve problems for head office, forgetting the crucial stakeholders out on site. A solution may have all the bells and whistles, but if it's not easy to use, it doesn't get engagement, and largely becomes a fancy sales tool.”

The real-world feedback proved invaluable. It uncovered pain points and suggested solutions. This mature approach was in part prompted by another smart decision: to seek the advice of an experienced mentor, Vista Group co-founder and chief executive Murray Holdaway.



*Murray Holdaway*

Murray is one of New Zealand's leading tech entrepreneurs, building a global SaaS business for the cinema industry. He provided guidance and set a few tasks for them to carry out to test their mettle. Once satisfied, he provided them with the initial capital to hire a developer and to get the product to market.

“Which was necessary, because none of us were software developers,” laughs Daniel.

## Nail guns blazing, but ...

The first three years were a blast.

“From zero to \$1 million revenues it was really gung-ho and we had a lot of fun,” Daniel says. “But growing from \$1 million to \$2 million was difficult. We had a hard time raising capital and then Covid happened, putting a lot of uncertainty into the market.”



*The team in 2021*

Many business owners have thrown up their hands at the Covid disaster but the Conqa team used the quiet time to reflect on the last few years and ask ‘how can we do this better?’

“As we reflected we realised that we ended up chasing too many market opportunities. So we went back to basics and asked: who really needs our solution? Who is this product really for? The answer is really clear: it’s the subbies. So we’ve refocused the business on the subbies market – that’s really helped.”

Quality assurance belongs on the frontline; it’s the fence that stops anyone falling off the cliff and can only be done on site as the work is being completed. So it makes sense that the Conqa solution is put in the hands of those frontline workers.



Now, the word subbies might conjure images of sole traders, the ‘man in the van’, which is a disparate and hard group to reach. But Daniel says many of the subbies are large companies with sometimes hundreds of staff with really complex lists of compliance issues. Conqa provides the checklists that can reduce rework – which is expensive and super time-consuming and often ends up in dispute.

As an example Conqa is currently working with a plumbing firm on an apartment project. Each apartment has multiple jobs requiring a quality assurance sign-off amounting to a 22,000 point checklist. “You can’t do that manually, it needs to be digitised and standardised. It’s all done on their phone so it’s really practical for the subbies.”



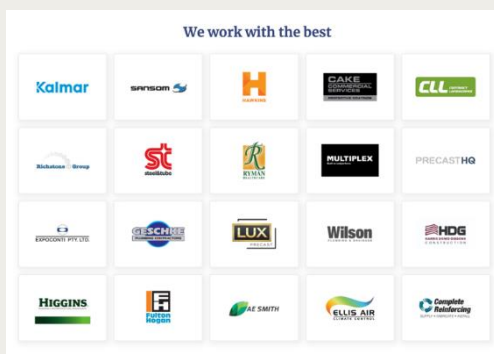
## Riding to the horizon

The refocus of this critical market is reaping rewards and is well timed to match the rebound in post-Covid construction. The company is hiring again and has a pipeline of product improvements.

**“What started with a customer wanting to invest \$400k quickly grew once we took the investment opportunity to our shareholders. Given our market traction, our raise increased to \$2.5 million.”**

The growth has also prompted a capital raise. “We were burning up capital to manage the growth we experienced in 2021 and so needed an injection to meet customer demand. It’s been a bit surprising, really. We’d had a pretty quiet 2020, with the impact of Covid. What started with a customer wanting to invest \$400k quickly grew once we took the investment opportunity to our shareholders. Given our market traction, our raise increased to \$2.5 million.”

Punakaiki Fund is leading the round, injecting \$1 million in what is really a bridging round before a more ambitious Series A early next year.



What will Conqa spent the money on? Daniel is predictably precise. “Two thirds of the investment will be going on improving the site experience, recording better information, onboarding, integrations, security and so on. We’ll need to increase the team to do all that and then the remaining third will go on sales and marketing with 10% on validation of the US and a partnership with a construction invoice financier.”

The prospect of the US is tantalising but Daniel warns us to curb our enthusiasm.

“We’re being very cautious. We’re just exploring the market fit. We’ve done similar investigations into other countries and found that they don’t have quite the same dynamics or are structured differently from New Zealand and Australia. So, we’ll see. We don’t want to go if there is no gap for us.”

But if there was a gap, then what? Well, he says, the US is a huge market and the construction sector is massive. It’s also the largest capital market, so going there could have the dual benefit of increasing Conqa’s revenue but also giving access to local VC funds. “You know, winning US-based customers will be critical to doing a capital raise over there. But it will hinge on what we discover in the USA. Regardless, we’re growing and expect to see a post-Covid uptick, so yeah, capital for growth is needed.”

## Saddle up, partners

Six years on, Peter, Daniel and Barney remain pals. They split the tasks: Daniel on sales, marketing and fundraising; Barney on operations, delivery and implementation including HR; and Pete on product.

“And yes we’re still good friends but it’s been challenging to do the social stuff during Covid. I came back in July when we hit \$3 million in recurring revenue and had a team celebration. But now we’re all back to lockdown so it’s screen time only.”

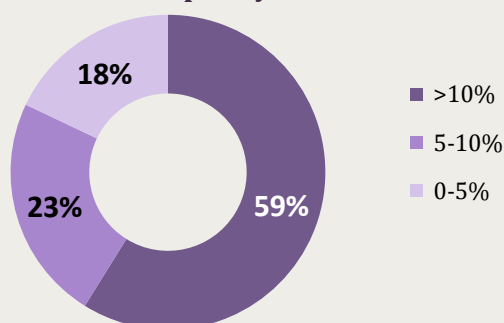
Whatever the next year holds you get the feeling these ambitious entrepreneurs are in for an exciting ride. That’s fine by us. At Punakaiki we love the bare knuckle ride. Conqa’s a good horse to saddle.

# Portfolio Valuation Splits

## (as at 30 September 2021)

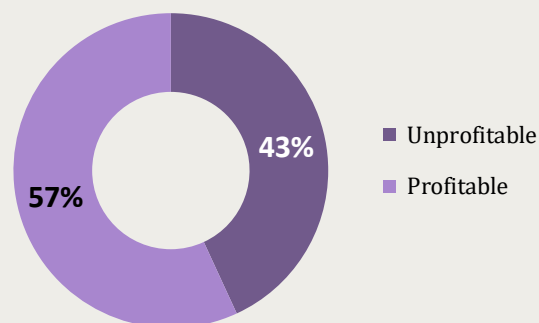
The diagrams below show various splits of the valuation of our 16 core portfolio companies including Timely and Vend.

### Valuation Split By Concentration



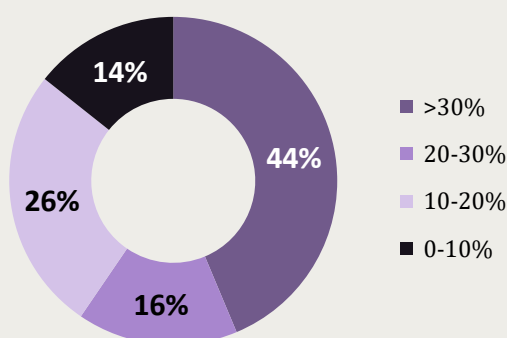
Investments in eight companies represent 82% of the value of Punakaiki Fund's portfolio.

### Valuation Split By Profitability



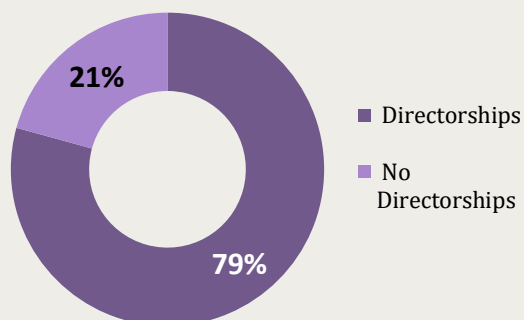
There is a good mix of profitable and unprofitable (investing for growth) companies. We are comfortable with the sustainability of the companies for now, given each's cash reserves.

### Valuation Split By Ownership %



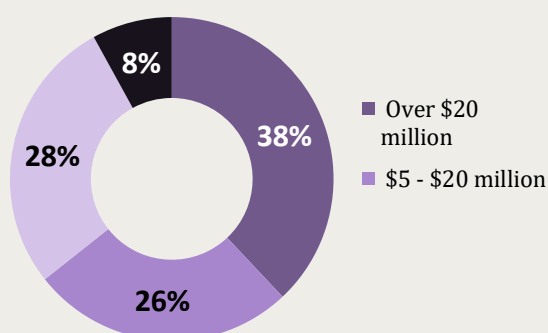
Unusually for a venture capital firm, we have large shareholdings in a number of companies – and that is where the value is increasingly concentrated.

### Valuation Split By Directorship



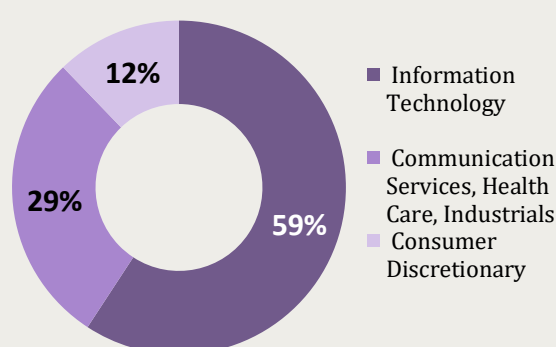
Directorships reflect that we are able to contribute where we have larger shareholdings, and thus have more visibility of and influence on company performance.

### 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 New

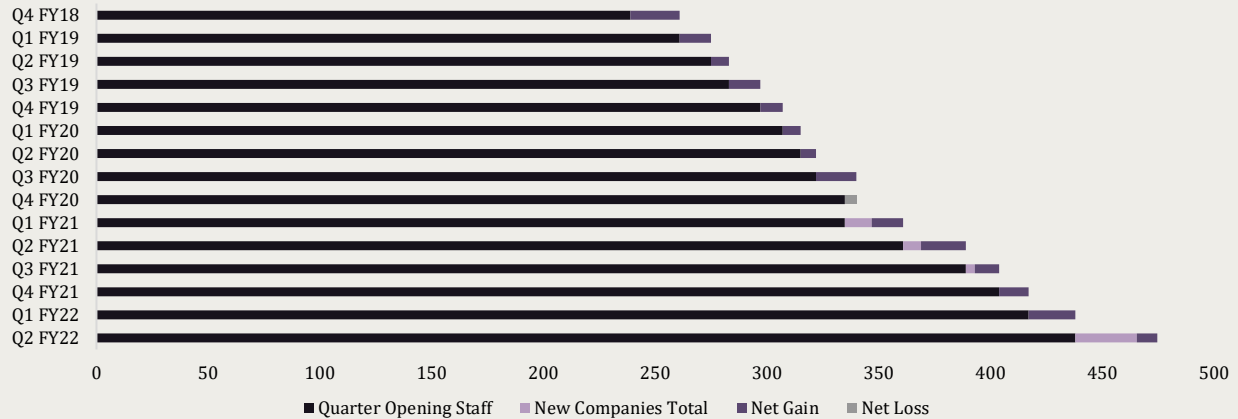
<b>Conqa</b>	<a href="#">Legislations Changes Driving PropTech Uptake</a>
	<a href="#">Subcontractor-first approach pays off for Auckland tech firm</a>
<b>Devoli</b>	<a href="#">SourceAI enters NZ distribution agreement with Devoli, eyes up telco market</a>
<b>Melon Health</b>	<a href="#">World-class Wellington: How to use her Melon to stay healthy</a>
<b>Mobi2Go</b>	<a href="#">World-class Wellington: even years without an income, now only way is up for Mobi2Go founder</a>
	<a href="#">Food Delivery Service Software Market Size, Analysis By Segmentation And Geography Overview</a>
<b>Onceit</b>	<a href="#">Online Retail Up 129% Month On Month As Kiwis Shop Online During Lockdown</a>
<b>Orah</b>	<a href="#">Amazon investment: New Zealand has 10 years to supercharge our SaaS sector</a>
<b>Quantifi Photonics</b>	<a href="#">Quantifi Photonics Secures 15M Series-B, to Expand Auckland Manufacturing</a>
	<a href="#">Auckland startup Quantifi Photonics raises \$15m in all-local, 'pay it forward' round</a>
	<a href="#">Quantifi's \$15 million capital-raising shows KiwiSaver could end high-tech companies' need to go overseas for funding</a>
<b>Qubedocs</b>	<a href="#">Qubedocs: Transforming the documentation process across organizations</a>
<b>Raygun</b>	<a href="#">Skills crisis: Video gaming boss unloads on Immigration NZ</a>
	<a href="#">NZ tech firm says 'no jab, no meeting', introduces \$1200 vaxx incentive for customers</a>
	<a href="#">Raygun named 2021 AWS ISV Partner of the Year</a>
	<a href="#">AWS honours top A/NZ partners</a>
<b>Redseed</b>	<a href="#">Should sales training change in the face of online retail?</a>
<b>Timely</b>	<a href="#">EverCommerce Completes Acquisition of Timely, Leading Business Management Software for Beauty Industries</a>
	<a href="#">Timely deal worth \$135m, US filing shows</a>
	<a href="#">Amazon investment: New Zealand has 10 years to supercharge our SaaS sector</a>
	<a href="#">Baker steps down from Timely role</a>
<b>Vend</b>	<a href="#">Covid-19: There's lots of choices NZ has to make on the road to the new normal</a>
	<a href="#">Chris Keall: Billionaire SpaceX tourist's Kiwi shoutout</a>
<b>Punakaiki Fund</b>	<a href="#">Power List: New Zealand's top 20 most influential venture capitalists</a>
	<a href="#">Venture capital firm Punakaiki Fund overpays investors in \$577k transaction 'mix up'</a>



# Employment Monitor

## (September 2021 Quarter)

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



**That's 475 jobs as at the end of the September quarter – a net 37 more than at the end of June.**



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

# Corporate Update

## Governance

The Board convened on 29 October 2021 for the quarterly Board meeting to consider, among other matters:

- The value of Punakaiki Fund's investment portfolio as at 30 September 2021;
- A review of Punakaiki Fund's investment portfolio;
- The Punakaiki Fund Future Growth and Management paper;
- The capital raising strategy; and
- This quarterly report.

The three director candidates, Nigel Scott, Candance Kinser and Tracey Jones, were inducted during the week, and also attended the Board meeting as observers. The Board's next meeting is planned to be held in early February 2022.

## Financial Reporting

The Investor Net Asset Value ("iNAV") of the fund after all contingent performance fees at 30 September 2021 was \$70,828,772 (or \$28.89 per share), an increase from the 30 June 2021 iNAV of \$67,496,397. This change is mainly from a net increase in portfolio company valuations which had an upward impact on both the iNAV and 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 \$76,123,602 at the end of the quarter, compared to \$72,125,822 at the end of the June 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 July 2021 of \$1,850,422;
- \$2,649,122 was invested in Moxion and Weirdly;
- \$4,584,699 was received from the sale of Vend, Timely and Mindfull;
- Management fees of \$334,517 were paid to LWCM;
- Administration fees of \$144,325 were paid to LWCM in relation to the June quarter and September quarter administration services provided to Punakaiki Fund;
- \$9,373 was paid for accounting services;
- \$27,313 was paid for Board recruitment services;
- \$57,169 was paid for audit services;
- \$4,475 was paid for legal services;
- GST refunds of \$26,971 were received; and
- A closing cash balance of \$3,218,364 as at 30 September 2021.

The interim accounts are being prepared, and we expect to see an \$18,129 increase in our cash balances to that noted above from funds which had been held in our Jarden's foreign currency account relating to proceeds from the sale of Vend. This does not affect the Investor Net Asset Value per share, which should remain at \$28.89.

Punakaiki Fund Limited - Unaudited Financial Position	
as at 30 September 2021	NZ\$
<b>Current Assets</b>	
Cash on Deposit	3,218,364
Accounts Receivable	1,055
Prepayments	4,551
<b>Non-current Assets</b>	
Investments	74,990,000
<b>Total Assets</b>	<b>78,213,970</b>
<b>Current Liabilities</b>	
Accounts Payable	31,268
<b>Non-current Liabilities</b>	
Accrued Performance Fee	2,059,101
<b>Equity</b>	
Retained Earnings - Operations	(5,535,256)
Retained earnings - Accrued Performance Fee	(7,353,931)
Share-based Payment Reserve	5,294,830
Asset Revaluation	43,419,338
Share Capital	41,412,829
Capital Raising Costs	(1,114,209)
<b>Total Equity and Liabilities</b>	<b>78,213,970</b>
<b>Accounting NAV</b>	<b>76,123,602</b>
<b>iNAV (after deduction of the performance fee)</b>	<b>70,828,772</b>
<b>iNAV per Share</b>	<b>\$28.89</b>

Punakaiki Fund Limited - Cash Flow Summary	
for the Quarter Ending 30 September 202	NZ\$
<b>Operating Cash Flows</b>	
Gross Interest Received	615
Bank Fees	(26)
Payments to External Advisors	(98,329)
Management Fees	(334,517)
Administration Fee	(144,325)
Other Net Expenses	(3)
GST Refunds	26,971
<b>Total Operating Cash Flows</b>	<b>(549,613)</b>
<b>Investing Cash Flows</b>	
Investments Made	(2,649,122)
Investments Realised	4,584,699
Dividends Received from Investments	-
<b>Total Investing Cash Flows</b>	<b>1,935,577</b>
<b>Financing Cash Flows</b>	
New Capital Received	-
Brokerage Fees	(18,023)
Dividends Paid	-
<b>Total Financing Cash Flows</b>	<b>(18,023)</b>
<b>Total Cash Movements</b>	<b>1,367,942</b>
Opening Cash Balance	1,850,422
Closing Cash Balance	3,218,364

### Expected Cash Flows for the December 2021 Quarter

Since the September 2021 quarter-end, an interim quarterly management payment of \$335,828 (including GST) has been made to 2040 Ventures. The Administration Fees for the December 2021 quarter (totalling \$72,163 including GST) have been paid to 2040 Ventures. Legal fees of \$5,143 have also been paid.

\$4.301 million was received from the sale of Lightspeed shares on 22 October 2021, amounts released from escrow by Lightspeed and the repayment of the first tranches of loan principal and interest by EverEdge. Investments totalling \$4.500 million have been made into Conqa and Whip Around.

\$1,408 in GST refunds have been received.

### Capital Raising Plans

Our retail offer is scheduled to open in November.

### 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](mailto:lance@2040ventures.com)

+64 21 526 239

### **Chris Humphreys**

2040 Ventures Limited

[chris@2040ventures.com](mailto:chris@2040ventures.com)

+64 27 622 7803

For Governance queries, please contact:

### **Mike Bennetts**

[chair@punakaikifund.co.nz](mailto:chair@punakaikifund.co.nz)