

PORTFOLIO MANAGERS



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NET PERFORMANCE	1 MONTH	6 MONTHS	1 YEAR	2 YEAR (P.A)	SINCE INCEPTION (P.A)	SINCE INCEPTION (TOTAL)
Discovery Founders' Fund*	7.3%	-33.2%	-9.3%	8.2%	26.9%	135.6%
Index (NZD)**	5.1%	-1.7%	30.6%	15.4%	13.0%	55.1%
Outperformance	2.2%	-34.9%	-39.9%	-7.2%	13.9%	80.50%

*Performance is reported after all fees and expenses. Past performance is not a reliable indicator of future returns. Inception date 28th September 2022.

** Index is the S&P/ASX Small Ordinaries Accumulation Index in New Zealand Dollars.

Fund Review

Global markets rebounded in April reflecting cautious optimism regarding a resolution in the Middle East.

The Founders' Fund finished April up 7.3%, outperforming the Index which finished up 5.1%. In just over 3.5 years since inception, the Founders' Fund's annualised performance is 26.9% vs the Index of 13%.

Featured Company

One company which contributed positively to performance in April was **ZIP (ASX:ZIP)**. ZIP offers point-of-sale credit to consumers in the USA and ANZ. In February, we wrote:

The short duration of ZIP's lending product allows management to control bad debts quickly. Provided ZIP proves this, we believe the combination of strong growth and a low valuation provides an attractive set up.

This proved to be the case in April. ZIP re-rated significantly on the back of a Q3 update which was difficult to fault. US Net Bad Debts came in below expectations (and were guided lower for Q4), whilst topline and bottom-line metrics accelerated. Despite the re-rate, we believe ZIP has plenty of upside from current levels. ZIP's re-rate is a setup we believe will be reflected in a number of our portfolio companies over the next six months as they deliver earnings updates.

One company which detracted from performance in April was **Generation Development Group (ASX:GDG)**. Whilst a detractor, GDG is a neat example of being nimble. GDG is a fast-growing Australian based provider of managed

accounts and investment bonds. It's the market leader in both segments. Given recent market volatility, we judged the prospect for a miss on inflows at its Q3 update as high. Accordingly, we significantly reduced our position ahead of the print. Despite our view, the level of the sell off on the day (+20%) was extreme. We took full advantage to re-weight our position. GDG has already recovered a portion of the fall. If we're critical, we could have owned nothing into the print, but risk management is a difficult art which is typically obvious in hindsight and rarely considers liquidity. Flows will be lumpy as GDG is a market linked business. This doesn't change the structural tailwinds which have only strengthened on both sides of the business or our confidence in GDG's ability to execute on them.

Following a market update, we further wrote down the value of travel management company **Corporate Travel Management** in April. Whilst the update and discussions with management suggests the company will be relisting in 4QFY26, the expected refund amounts were higher than the prior guidance.

Outlook

May is a busy period of company updates. Valuations are incredibly low, which bodes well for prospective returns on a 6-12 month view. We look forward to updating you on our performance.

Select Holdings

1. Generation Development Group
2. Imdex
3. Zip Co

The Investment Opportunity

Discovery was established with one mission: outstanding performance. Mark and Chris believe there's three foundations for success:

Focus: one fund, one focus. Targeting 20 of the best companies in Australasia, delivered in one nimble, limited capacity fund.

Expertise: Mark and Chris are experts in Australasian equities. Discovery leverages over 20 years combined experience and the competitive drive of two founders to outperform.

Alignment: Mark and Chris have virtually their entire liquid networth invested in the Founders' Fund.

The Manager

Discovery Funds Management is a performance driven boutique investment management firm specialising in investing in high calibre companies for sophisticated investors. Discovery was launched in September 2022 and is wholly owned by Mark and Chris.

Our Approach

High Conviction: targeting 20 of the best companies in Australasia.

Active Manager: benchmark unaware.

Deep Fundamental Research: mosaic approach incorporating independent company sources, industry experts, feedback from customers and base rates derived from local and international competitors to generate unique insights.

Rigorous Risk Management: disciplined framework designed to minimise drawdowns and protect capital.

Limited Capacity: \$300m close to new investors.

MANAGER	Discovery Funds Management Limited
FUND TYPE	Wholesale (unregistered) PIE unit trust
STRATEGY	Long only concentrated portfolio of companies listed on the ASX/NZX
STOCK HOLDINGS	Target 20 holdings
STOCK LIMIT	10% at cost
CASH HOLDING	Generally, no more than 20%
APPLICATIONS	Minimum \$250,000 (unless otherwise agreed)
BENCHMARK	S&P/ASX Small Ordinaries Accumulation Index (NZD)
MANAGEMENT FEE	1.2% per annum (excluding GST) on the net asset value of the fund
PERFORMANCE FEE	20% (excluding GST) of the total return of the fund in excess of the Benchmark during a six month performance period and provided any underperformance has been recovered (high water mark)
UNIT PRICING	Daily in NZD
WITHDRAWALS	10 Business Days
AUDITOR FOR THE FUND	PricewaterhouseCoopers
LAWYER	Chapman Tripp
TRUSTEE	Public Trust
CUSTODY, REGISTRY AND FUND ADMIN	Adminis

Enquire about investing today

[Email our Team](#)



Investment enquiries can be made online via our website at www.discoveryfunds.co.nz or by contacting the team at info@discoveryfunds.co.nz or phone +64 22 192 2332