

PORTFOLIO MANAGERS



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NET PERFORMANCE	1 MONTH	3 MONTHS	6 MONTHS	SINCE INCEPTION
Discovery Founders' Fund*	7.9%	8.3%	18%	26.3%
S&P/ASX Small Ordinaries Accumulation Index (NZD)	2.8%	-3.6%	2.8%	5.9%
Outperformance	5.1%	11.9%	15.2%	20.4%

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

April was another strong month for the Founders' Fund

Fund Review

Our focus on company fundamentals paid off in April as inflation concerns subsided and the market turned its focus back to what matters: company earnings.

The Founders' Fund finished up 7.9% vs the Index which was up 2.8%. In the seven months since inception the Founders' Fund is up 26.3% vs the Index which is up 5.9%.

Contributors

It was a busy month of company updates with upgrades from Helloworld Travel and Duratec contributing to performance.

Travel and Tourism has been a key thematic for the Fund. One holding is **Helloworld Travel (ASX:HLO)**, a travel distribution company in Australasia. Helloworld reported a materially stronger than expected Q3 trading update, upgrading its full year earnings guidance by 31%-36% to \$38m-\$42m. The upgrade was Helloworld's second this year. Good things come in threes. With strong forward bookings, a founder CEO and a balance sheet which provides optionality for M&A or capital returns, we expect Helloworld to keep travelling well.

Maintenance and remediation specialist **Duratec (ASX:DUR)** continued to deliver, upgrading revenue and earnings guidance by +10%. Duratec's new guidance for

earnings of \$36m-\$39m represents growth of 90% over the prior year. When it comes to investing, you don't get extra points for difficulty. Find a great company with a strong tailwind and good things happen. Duratec's leveraged to defence, mining and building facades, all areas with strong demand tailwinds. Indeed, the Australian Defence Strategic Review issued this month suggest these winds are only strengthening for Duratec. Directors and management own 34.9% of shares on issue, so we're confident the team remain laser focused on outperforming.

Detractor

We have a six month sell rule. If we haven't made money in six months, we exit as we've either got the thesis or the timing wrong. That rule pushed us to exit a position during April. We got the numbers right but the share register wrong. Consistent selling from a large institutional shareholder capped the price. If you're not winning, you're learning, provided you make the changes to be successful. We've added a deep dive on the health of the share register to our list for future investments.

Outlook

April was a busy month for updates and that continues in May with conference season. We'll be on the road meeting companies. We look forward to keeping you updated.

Select Holdings

1. Aussie Broadband
2. Duratec
3. MMA Offshore

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) 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

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