

# DISCOVERY FOUNDERS' FUND

## Monthly Report for August 2025

For wholesale investors only – not for retail distribution

### PORTFOLIO MANAGERS



**CHRIS BAINBRIDGE**

Founder and Portfolio Manager



**MARK DEVCICH**

Founder and Portfolio Manager

NET PERFORMANCE	1 MONTH	6 MONTHS	1 YEAR	2 YEAR (P.A)	SINCE INCEPTION (P.A)	SINCE INCEPTION (TOTAL)
Discovery Founders' Fund*	7.6%	28.1%	49.1%	53.3%	53.1%	248.5%
Index (NZD)**	10.2%	16.7%	26.2%	16.8%	13.6%	45.3%
Outperformance	-2.6%	11.4%	22.9%	36.5%	39.5%	203.2%

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

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

### Fund Review

August is full year reporting for most of the companies in the Fund and a key litmus test of our performance.

We underperformed. Markets were strong and we failed to capitalise. Basically, our strike rate on important positions was 50%. That's unacceptable. The only good news, is that we have plenty of room for improvement.

The Founders' Fund finished August up 7.6% vs the Index which finished up 10.2%. In the two years and eleven months since inception, the Founders' Fund's annualised performance is 53.1% vs the Index of 13.6%.

### Featured Company

One company which detracted from performance in August was **Superloop (ASX:SLC)**. By way of background, SLC is a fast-growing provider of telecommunications infrastructure, cloud and broadband services to consumers, businesses and wholesale customers in Australia. Put simply, SLC provides customers with access to cheaper and faster internet than the incumbents telco providers like Telstra and Vocus.

Superloop delivered a strong result in August. Revenue lifted 31% year on year to \$552m and underlying EBITDA lifted 70% to \$92m, ahead of recently upgraded guidance. Operating Cash Flow lifted 84% to \$76m and whilst SLC didn't provide guidance, it added 17k net new consumers in the first seven weeks of FY26, up an estimated 76% year on year. Despite the beat, cashflow and outlook, SLC sold off on result day and ended August down 10%.

The initial sell-off largely focused on concern regarding SLC's Consumer additions. Consumer additions slowed in 2HFY25 as SLC raised prices ahead of NBN Co. price rises in July 25. This meant for two months in 2H25 SLC's product/pricing was not as compelling, and customer churn lifted temporarily. Net adds have reaccelerated in 1HFY26.

The key reason for SLC's derate appears to lie in investors rotating from SLC to competitor Aussie Broadband (ASX:ABB). Prior to ABB's result, SLC traded at a 49% premium to ABB. ABB's More/Tangerine contract win and solid result has seen a rotation back into this name.

Despite underperforming in August, the structural tailwinds propelling SLC remain intact. With upside to earnings expectations and optionality around M&A, SLC remains well placed to exceed expectations.

### Outlook

As we noted last month, markets have performed strongly since April. Markets don't go up in a straight line and neither will the Fund.

After a disappointing August, we've reset. Reporting delivered plenty of fresh ideas and we're determined to capitalise on them. We look forward to updating you on our performance.

### Select Holdings

1. Generation Development Group
2. Life360
3. Superloop

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## Fact Sheet

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### 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.

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

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today**

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Investment enquiries can be made online via our website at [www.discoveryfunds.co.nz](http://www.discoveryfunds.co.nz) or by contacting the team at [info@discoveryfunds.co.nz](mailto:info@discoveryfunds.co.nz) or phone +64 22 192 2332