

PORTFOLIO MANAGERS



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Founder and Portfolio Manager



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Founder and Portfolio Manager

NET PERFORMANCE	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	SINCE INCEPTION (P.A)	SINCE INCEPTION (TOTAL)
Discovery Founders' Fund*	-2.5%	8.1%	27.9%	61.3%	56.5%	175.6%
Index (NZD)**	-2.7%	0.3%	6.3%	11.1%	9.2%	22.0%
Outperformance	0.2%	7.8%	21.6%	50.2%	47.3%	153.6%

*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

December was a quiet month of company news for the Founders' Fund. In the absence of company specific news, the Founders' Fund tends to trade in-line with the overall market. That proved to be the case in December.

After a strong year of performance, global markets took a breather in December. The Founders' Fund finished December down 2.5%, slightly outperforming the Index which finished down 2.7%. In the 27 months since inception, the Founders' Fund's annualised performance is 56.5% vs the Index of 9.2%.

Featured Companies

One company which detracted from performance in December was **Life360 (ASX:360 / NASDAQ:LIF)**. 360 is dual-listed in the US. Last month, we mentioned that the Russell 2000 Index (the **Russell**) (a US small cap index), had announced a decision to up-weight 360. The up-weight required US\$250m of demand (nearly 20 days of average daily volume) to be purchased by 20th December. The up-weight announcement triggered a surge in buying into the end of November, driving 360's share price up nearly 20%. Unfortunately, the Russell incorrectly calculated the up-weight for 360. In early December, the Russell reversed its up-weight decision resulting in a wave of selling. 360 ended the month down 11%.

One company which updated during December was **Superloop (ASX:SLC)**. 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.

During December, SLC announced it had agreed to acquire Uecomm from Optus for \$17.5m. Uecomm has over 2,000km of high capacity fibre assets, including 800km of ducts, across the metropolitan areas of Sydney, Melbourne and Brisbane/Gold Coast and access to 1900 buildings. Optus acquired Uecomm for ~\$227m in 2004. The network likely has another 20 years of useful life.

SLC stated that the EBITDA contribution from Uecomm will be neutral in the first year. Overtime, the acquisition should provide SLC with a variety of benefits including the potential to improve margins (for example, reduced usage of third party fibre), additional product opportunities (Wholesale and Business) and improved unit economics in its Smart Community portfolio.

Outlook

Looking into 2025, we're focused on what matters: finding companies which we believe can rapidly grow earnings irrespective of the broader market conditions.

Thank you for investing alongside us. We hope you and your families have a relaxing break. We're early in the mission, highly aligned and determined to deliver again in 2025.

Select Holdings

1. Generation Development Group
2. Life360
3. Superloop

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