

DISCOVERY FOUNDERS' FUND

Monthly Report for July 2025

For wholesale investors only – not for retail distribution

PORTFOLIO MANAGERS



CHRIS BAINBRIDGE

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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*	6.7%	16.2%	41.6%	49.6%	51.2%	223.9%
Index (NZD)**	3.9%	3.5%	10.6%	10.8%	10.2%	31.8%
Outperformance	2.8%	12.7%	31.0%	38.8%	41.0%	192.1%

*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

The Founders' Fund finished July up 6.7% vs the Index which finished up 3.9%. In the two years and ten months since inception, the Founders' Fund's annualised performance is 51.2% vs the Index of 10.2%.

It would be easy for us to describe our performance in July as solid and move on, but we prefer transparency.

Performance in July was driven by a strong market. Progress on tariffs and a robust start to US reporting season fuelled a continued rally in global markets with the Index finishing up 3.9%. Importantly, ASX small industrial companies (an area we focus on) finished the month up +5%. Typically, we outperform in up markets. Our outperformance in July was tempered for two reasons:

1 – it was a quiet month of news for companies in the Founders' Fund. The Fund moves on updates and there weren't many. The good news is that most of our companies will report full year results in August; and

2 – we made a number of errors. We've taken the lessons and sharpened the focus heading into August.

Featured Company

One company which contributed to performance in July was **Generation Development Group (ASX:GDG)**. We've discussed GDG in prior newsletters. By way of background, GDG is a fast-growing Australian based provider of investment products and financial services. The jewel in GDG's crown is the managed accounts business. The managed accounts business involves constructing and

managing client portfolios on the behalf of financial advisers. It has been an area of rapid growth, with GDG's FUM growing at a 100% CAGR since 2020. In February, GDG acquired Evidentia Group to create a market leader in the managed accounts space with \$25bn of FUM.

GDG's Q4 update in July was mixed. Investment Bond sales beat expectations, but Evidentia's FUM missed both original guidance and revised market expectations. Whilst Evidentia missed targets, the market focused on the prospect of improved revenue synergies, which point to longer term upside for managed accounts as GDG continues to take share.

Outlook

Markets have performed strongly since April. We don't have a crystal ball, but markets don't go up in a straight line and neither will the Fund. Expectations should remain grounded.

August is full year reporting for most of the companies in the Fund and a key litmus test of performance. It's a month we should be judged on. **We'll be on the road meeting companies at the beginning of September, so our August report will be released on Friday, 5th September.** We look forward to updating you on our performance post reporting season.

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.

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**

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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