

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*	5.8%	-12.2%	-14.2%	10.0%	29.0%	160.6%
Index (NZD)**	-0.7%	-3.3%	22.0%	16.1%	12.3%	54.7%
Outperformance	6.5%	-8.9%	-36.2%	-6.1%	16.7%	105.9%

*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

It was a strong month for the Fund. Actual performance was significantly better than the 5.8% reported. However, as CTD's relisting has been delayed until August, we took the decision to write the investment down to close to zero.

Global markets finished down in June as sticky inflation caused a repricing of central bank interest rate expectations upwards. Despite the macro headwinds, market sentiment remained resilient, underpinned by strong corporate earnings and continued investment in AI.

Against a soft backdrop, the Fund performed strongly, finishing up 5.8%, outperforming the Index which finished down -0.7%. In over 3.5 years since inception, the Founders' Fund's annualised performance is 29% vs the Index of 12.3%.

Featured Company

One company which contributed to performance in June was **SRG Global (ASX:SRG)**. SRG is a diversified infrastructure services group that provides multidisciplinary construction, maintenance, drilling and geotechnical services to clients in sectors including Mining, Industrial Processing, Infrastructure and Renewable Energy.

SRG re-rated in June after announcing \$1.85 billion in contracts wins alongside an upgrade to FY26 EBITDA guidance and early FY27 EBITDA guidance.

The \$1.85bn in awards reflected contracts with blue chip clients across multiple sectors including Water, Defence and Energy. The keystone was an eight year contract to

deliver water infrastructure in Queensland. Water infrastructure is a key growth area over the next decade, with the wins reflecting SRG's success in this space post its acquisition of Diona in August 2024.

SRG also upgraded FY26 EBITDA guidance to the top end of its \$164m-\$168m range. At the top end of the range, this implies 32% EBITDA growth year on year, or circa 14% excluding the recently acquired TAMS business. More importantly, SRG provided early FY27 EBITDA guidance of \$190m-\$200m, significantly above market expectations for \$185m. In our view, FY27 guidance is conservative. The business is performing strong and SRG's balance sheet provides plenty of optionality for further accretive acquisitions.

SRG's management team has done an excellent job of transforming SRG from a construction business into a diversified infrastructure maintenance business with a strong growth runway ahead. However, given the expectations priced in and the plethora of other compelling investment opportunities, we've reduced our holding.

Outlook

July will be another busy month of company updates. Despite recent moves, valuations remain 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