

DISCOVERY FOUNDERS' FUND



Monthly Report for June 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*	3.8%	10.2%	40.9%	52.5%	49.6%	203.7%
Index (NZD)**	1.0%	4.0%	10.6%	10.4%	9.0%	26.8%
Outperformance	2.8%	6.2%	30.3%	42.1%	40.6%	176.9%

*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

June was a solid month for the Founder's Fund. Despite heightened tensions in the Middle East, global markets were resilient. The Founders' Fund finished up 3.8% vs the Index which finished up 1.0%. In the two years and nine months since inception, the Founders' Fund's annualised performance is 49.6% vs the Index of 9.0%.

\$3 Unit Price

A keen observer noted that the Fund's unit price surpassed \$3 during June. That means an individual who invested at inception has tripled their investment in less than three years. Whilst pleasing, there's no celebrations. It's performance over the long term that counts. We're early in the mission and have a lot to prove.

Featured Company

We don't get them all right. One company which detracted from performance in June was **Duratec (ASX:DUR)**. DUR provides maintenance and remediation services to the defence, energy, building and mining sectors. Each of these sectors has strong demand tailwinds, particularly defence.

Australia plans to lift defence spending from 1.9% of GDP to 2.3% by 2033. Part of the lift in spend relates to AUKUS' plan to base US submarines in Perth from 2027. DUR has been awarded early contracts for the planning phases to deliver the infrastructure upgrades required to host the subs. In June, the US announced it would put AUKUS under review. DUR sold off on the back of this announcement. We believe the review is a negotiating

tactic as the US seeks to pressure Australia to increase defence spending to 3.5% of GDP. In an increasingly militarised Indo-Pacific, AUKUS is likely to assume greater importance, with the potential for increased defence spending by Australia a positive. We believe DUR is well positioned for strong medium-term performance.

Hiring

We are seeking a highly motivated and experienced senior investment analyst to join our small, high-performing team. This is a pivotal (and demanding) role for an individual with a proven track record of successful ASX investments and value generation. We offer a competitive package and a significant opportunity for professional growth.

Additional details can be found at:

<https://www.linkedin.com/jobs/view/4258352986/?refId=JU UZK2VpgvIaD1QUPhPQhA%3D%3D&trackingId=JU UZK2VpgvIaD1QUPhPQhA%3D%3D>

Applications submitted to mission@discoveryfunds.co.nz.

Outlook

Whilst June was quiet in terms of company updates, most of our companies will report in either July or August. It's a period we look forward to.

Select Holdings

1. Generation Development Group
2. Life360
3. Superloop

This information refers to investments in the Discovery Founders' Fund (the **Fund**). Any person wishing to invest in the Fund should review the Information Memorandum and seek legal, financial and taxation advice. The Fund is a Wholesale Offer as defined in the Financial Markets Conduct Act 2013. **An investment may achieve a lower than expected return and investors risk losing some or all of their principal investment. Past performance is no indication of future performance.**

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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**

[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