

DISCOVERY FOUNDERS' FUND

Monthly Report for November 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*	-9.5%	9.1%	12.9%	45.3%	44.1%	219.2%
Index (NZD)**	-1.5%	23.7%	23.9%	23.4%	14.9%	55.4%
Outperformance	-8.0%	-14.6%	-11.0%	21.9%	29.2%	163.8%

*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

Three factors impacted performance in November:

1. Markets entered risk-off mode. Almost every year markets give investors an opportunity, a moment where fear overrides fundamentals and quality businesses are indiscriminately marked down in value. November was one of those months. It won't last;
2. We didn't get them all right (e.g. CTD, 360); and
3. Companies posting positive updates weren't rewarded.

How have we responded? We're sticking to the process. We used the sell-off in growth companies as an opportunity to build positions in high quality compounders with near term catalysts. We've had difficult periods before. We always respond strongly. We're confident in the process, we're confident in the portfolio and we're working hard to make sure that's reflected in performance.

The Founders' Fund finished November down -9.5%, underperforming the Index which finished down -1.5%. In just over 3 years since inception, the Founders' Fund's annualised performance is 44.1% vs the Index of 14.9%.

Featured Company

The key detractor in November was travel management company **Corporate Travel Management (CTD)**.

CTD entered a trading halt in August announcing a restatement of its financials was required. The restatement

was in respect of the timing of revenue and expense recognition of its European division. The European division made up 17% of group revenue and the company advised the changes were non-cash and only a timing matter. At the same time, the company reported strong current trading performance across the group and a robust cash position. Given the halt, we prudently took a partial write down of the investment.

On Black Friday, CTD announced that the restatement of its financials would be much worse than expected. Following a report from KPMG, CTD advised that, among other things, it had recognised revenue between 2021-2023 in its European business which it shouldn't have. As a consequence, clients will need to be refunded leading to a potentially material cash impact. CTD noted that none of the issues identified in prior years are applicable to current trading. CTD will release another announcement no later than the 19th December. Given the potential cash impact, we have written down the investment by an additional 50%.

What is the lesson? The restatements relate primarily to actions taken in 2021-2023. That was difficult to foresee as the customers had paid CTD. However, CTD was a position with relatively high short interest. We have amended the process to account for this moving forward.

Select Holdings

1. Generation Development Group
2. Life360
3. Zip Co

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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
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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