

DISCOVERY FOUNDERS' FUND

Monthly Report for September 2026

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	3 YEAR (P.A.)	SINCE INCEPTION (P.A.)	SINCE INCEPTION (TOTAL)
Discovery Founders' Fund*	2.6%	15.1%	-30.2%	20.5%	26.0%	152.7%
Index (NZD)**	-0.7%	5.5%	0.7%	15.6%	11.7%	55.7%
Outperformance	3.3%	9.6%	-30.9%	4.9%	14.3%	97.0%

*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 relatively solid month for the Fund as rising bond yields, rate rises and tensions in the Middle East put pressure on global markets.

The Fund finished up 2.6%, outperforming the Index which finished down 0.7%. In four years since inception, the Founders' Fund's annualised performance is 26% vs the Index of 11.7%.

Featured Company

One company which contributed positively to performance in September was **Megaport (ASX:MP1)**. MP1 provides the compute, network and storage infrastructure required to power artificial intelligence (AI) and high-performance computing applications. Founded in 2013, MP1 scaled rapidly into the world leading Network as a Service provider, helping businesses connect their IT infrastructure to cloud providers, data centres and other networks quickly and, on demand. After an extended investment-led growth phase, CEO Michael Reid was appointed and undertook a significant strategic reset, launching new products and, importantly, acquiring Latitude.sh in November 2025, a Compute as a Services provider.

Latitude.sh allows customers to rent traditional compute (for instance CPUs for file storage) and graphics processing units (GPUs), (specialised hardware used to power AI). The timing of the Latitude.sh acquisition was prescient. The explosion of AI inference demand from March 2026 has driven an inflection in demand for compute and, correspondingly, MP1's share price.

Since April, MP1 has signed \$2.3bn in strategic contracts and its share price is up 170%. Post implementation of recent contract wins, MP1 has an annualised EBITDA run-rate of over \$650m. This excludes the pool of GPUs it intends to establish in Q4FY27. MP1 stated the GPU pool could add an additional \$220m EBITDA. Given heightened levels of demand and recent pricing trends, the \$220m EBITDA is likely conservative. Including the GPU pool, MP1's FY28 annualised EBITDA run-rate is likely closer to \$900m. That doesn't bake in any growth from the networking business in FY28 or additional compute contract wins. The two key points remain demand and capital. Industry feedback is that demand remains strong with the key constraints being access to GPUs and supplier credibility. MP1 ticks both boxes.

Despite the compelling backdrop, we've taken profits. We've reallocated capital to companies which fit our Four Ps (Potential, Predictability, People and Profitability) and have a similar setup to MP1 just a couple of months ago: depressed valuations and near-term catalysts.

Outlook

October is a busy month of company news with quarterlies, conferences and AGMs. We expect updates from a number of our companies. We look forward to reporting on our performance.

Select Holdings

1. GR Engineering Services
2. Shape Australia Corporation
3. Zip Co

DISCOVERY FOUNDERS' FUND

Fact Sheet

For wholesale investors only – not for retail distribution

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