

### PORTFOLIO MANAGERS



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Founder and Portfolio Manager



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Founder and Portfolio Manager

NET PERFORMANCE	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	SINCE INCEPTION (P.A)	SINCE INCEPTION (TOTAL)
Discovery Founders' Fund*	11.0%	26.3%	28.8%	59.6%	57.3%	90.7%
Index (NZD)**	1.2%	9.6%	5.0%	5.9%	8.1%	11.7%
Outperformance	9.8%	16.7%	23.8%	53.7%	49.2%	79.0%

\*Performance is reported after all fees and expenses. Past performance is not a reliable indicator of future returns. Inception date 28<sup>th</sup> September 2022.

\*\* Index is the S&P/ASX Small Ordinaries Accumulation Index.

## 'February: a stock pickers' month.'

### Fund Review

February was half year reporting for most of our Australian companies. On the surface, the Index was relatively flat. However, this muted performance hid the most volatile reporting season on record. Good results were re-rated, poor ones were punished. It was a perfect month for stock pickers.

39 of the companies in the ASX300 were up more than 20% during February, which means there were plenty of opportunities to outperform.

Against this backdrop, our performance was solid, with the Founders' Fund finishing February up 11%. However, a higher than usual number of errors left us with room to improve.

In the seventeen months since inception, the Founders' Fund's annualised performance is 57.3% vs the Index of 8.1%.

### Featured Company

Contributing to performance in February was **PWR Holdings (ASX:PWH)**. PWH is the leading provider of customised cooling solutions to the global motorsports market (that's a fancy way of saying it makes radiators and intercoolers for F1), with market applications rapidly expanding into the aerospace and defence industries. PWH has a market leading position in motorsports, the ability to

leverage technical capabilities into new end-markets, strong margins and a high return on capital.

PWH's half year result demonstrated all of these positive attributes. PWH's growth in its 'mature' motorsport segment continued to impress with the division growing 19% year on year. However, it's the burgeoning opportunities in aerospace and defence (A&D) which have the market revved up.

Demand for PWH's cold plate and micro matrix technology saw A&D revenue grow 125% year on year. Whilst this represents just 12% of current revenue, PWH is confident A&D will continue its rapid growth. Giving substance to this confidence is PWH's expanding pipeline. For example, the number of A&D programs PWH is in discussions for, or, has been nominated as a supplier for, has jumped to 42 (up from 31 programs at the AGM in October). With plenty of potential, a track record of delivery and founder Kee's steady hand on the wheel, PWH looks set to accelerate.

### Outlook

Half year reporting was an exciting month with over 100 meetings. We've continued that momentum into March. Experience has taught us that companies which report well in February often continue to perform as the market reallocates capital toward them. We look forward to updating you on our performance.

### Select Holdings

1. Aussie Broadband
2. Duratec
3. MMA Offshore

### 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.

<b>MANAGER</b>	Discovery Funds Management Limited
<b>FUND TYPE</b>	Wholesale (unregistered) PIE unit trust
<b>STRATEGY</b>	Long only concentrated portfolio of companies listed on the ASX/NZX
<b>STOCK HOLDINGS</b>	Target 20 holdings
<b>STOCK LIMIT</b>	10% at cost
<b>CASH HOLDING</b>	Generally, no more than 20%
<b>APPLICATIONS</b>	Minimum \$250,000 (unless otherwise agreed)
<b>BENCHMARK</b>	S&P/ASX Small Ordinaries Accumulation Index (NZD)
<b>MANAGEMENT FEE</b>	1.2% per annum (excluding GST) on the net asset value of the fund
<b>PERFORMANCE FEE</b>	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)
<b>UNIT PRICING</b>	Daily in NZD
<b>WITHDRAWALS</b>	10 Business Days
<b>AUDITOR FOR THE FUND</b>	PricewaterhouseCoopers
<b>LAWYER</b>	Chapman Tripp
<b>TRUSTEE</b>	Public Trust
<b>CUSTODY, REGISTRY AND FUND ADMIN</b>	Adminis

**Launch your investment  
with Discovery today**

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