

PORTFOLIO MANAGERS



CHRIS BAINBRIDGE
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*	9.1%	18.3%	21.4%	76.6%	59.3%	155.0%
Index (NZD)**	5.6%	6.0%	1.8%	20.6%	10.2%	21.6%
Outperformance	3.5%	12.3%	19.6%	56.0%	49.1%	133.4%

*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.

Two Years

The Founders' Fund reached the two year mark on 28th September. In 24 months, the Founders' Fund is up 155% vs the Index which is up 21.6%.

Two years proves nothing. We need to demonstrate performance over the medium term. That is the focus. What gives us confidence is our structure.

- We have a singular focus;
- We've limited the size of the Fund to remain small and nimble; and
- We're highly aligned. Mark and I have virtually all our liquid networth invested in the Founders' Fund.

Looking ahead, investor expectations need to remain grounded. The last two years have been a favourable environment for investing. We don't have a crystal ball, but markets don't go up in a straight line and likely neither will the Fund.

Balanced against this, our mission remains outstanding performance. We're focused, energised and ambitious about what we can achieve for investors in Year 3. Thank you for investing alongside us.

Fund Review

Last month we said:

"August is a crucial month for performance as companies

which report well in August often continue to perform as the market reallocates capital toward them."

That proved to be the case in September. The Founders' Fund had a strong September finishing up 9.1%. It's important to acknowledge that the Index provided a solid tailwind to our performance. An interest rate cut in the US and China stimulus provided the backdrop for a concerted rally with the Index finishing September up 5.6%. The Index performance of 5.6% set a solid benchmark for active managers to outperform in September.

Featured Company

One company which updated during September was **Superloop (ASX:SLC)**. SLC is a fast growing provider of broadband services in Australia. We've previously mentioned SLC in conjunction with fellow telco challenger **Aussie Broadband (ASX:ABB)**. During the month ABB sold its 12% stake in SLC at \$1.66. The sale reflected prudent capital allocation from ABB which banked a 43% gain on its investment.

Outlook

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

Select Holdings

1. AUB Group
2. Life360
3. Superloop

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

**Launch your investment
with Discovery today**

Apply online

Email our Team

Application 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