Growth With Value
Your investment can make the difference

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Growth With Value Investment Fund – 31 December 2021 Quarterly Report

The Growth With Value Investment Fund focuses mainly on investing in Australian listed businesses. Our concentrated portfolio will consist primarily of businesses which are able to generate strong Returns on Capital, provide solid Profit Margins, carry little or no Debt and present long-term growth prospects. We also apply an ethical perspective when investing in a business. We look for a business which respects our environment, including both flora and fauna, and cares for its people and customers. We also avoid businesses which produce or provide a service that is considered an addictive substance. Our investment decisions are based on fundamental analysis with a long-term mind set, paying little regard to short term fluctuations in the market. We choose to invest only when the business presents us with an opportunity to buy below its Intrinsic Value. You can expect, over the long term, this portfolio to outperform our benchmark, the ASX 200 Accumulation Index (XJOA).

Fund Performance Since Inception (May 2018):

GWV Investment Fund versus ASX 200 Accumulation Index – Total and Annualised Returns			
Annualised Return		**Total Return**	
GWV Fund Annualised Return	26.67%	GWV Fund Total Return	137.92%
Benchmark Annualised Return (XJOA)	10.18%	Benchmark Total Return (XJOA)	42.67%
Outperformance / (Underperformance)	16.49%	Outperformance / (Underperformance)	95.25%

Fund Month by Month Performance Since Inception (May 2018):

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
GWV FY18	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11.8%	0.6%	12.5%
XJOA FY18	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.1%	3.3%	3.3%
GWV FY19	(0.1%)	0.2%	(1.0%)	(1.8%)	2.7%	(3.2%)	3.0%	12.5%	(1.0%)	6.9%	0.9%	(5.3%)	13.3%
XJOA FY19	1.4%	1.4%	(1.3%)	(6.1%)	(2.2%)	(0.1%)	3.9%	6.0%	0.7%	2.4%	1.7%	3.7%	11.6%
GWV FY20	(0.2%)	(1.5%)	1.8%	(2.6%)	4.0%	3.6%	(0.9%)	(0.0%)	(20.6%)	19.8%	11.7%	3.5%	6.9%
XJOA FY20	2.9%	(2.4%)	1.8%	(0.4%)	3.3%	(2.2%)	5.0%	(7.7%)	(20.7%)	8.8%	4.4%	2.6%	(7.7%)
GWV FY21	2.6%	12.2%	0.5%	(0.7%)	13.3%	2.0%	(0.0%)	4.5%	0.8%	5.4%	(1.9%)	3.1	53.3%
XJOA FY21	0.5%	2.8%	(3.7%)	1.9%	10.2%	1.2%	0.3%	1.5%	2.4%	3.5%	2.3%	2.3%	27.8%
GWV FY22	1.0%	5.3%	2.7%	4.6%	(0.7%)	0.4%							14.0%
XJOA FY22	1.1%	2.5%	(1.9%)	(0.1%)	(0.5%)	2.8%							3.8%

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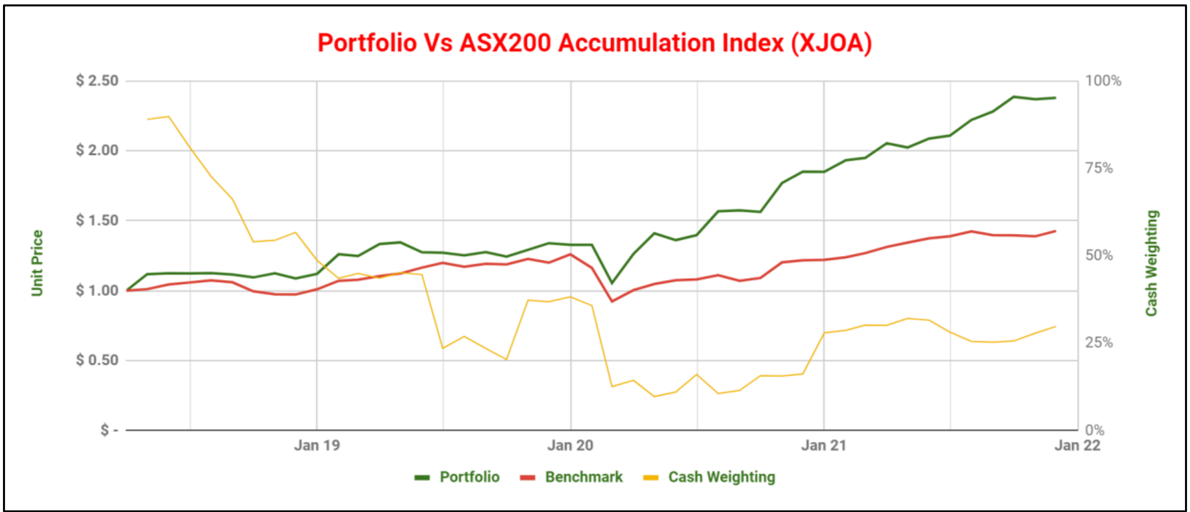
Fund versus Benchmark:



Portfolio:

Company	Initial Purchase Date	Ave. Purchase Price	Annualised Return*	Portfolio Weighting
Cash			3.4%	29.8%
Nick Scali	05/07/2018	$ 4.48	55.1%	25.5%
Flight Centre	16/03/2020	$ 13.04	9.4%	11.2%
Lovisa	25/03/2020	$ 2.86	193.9%	10.4%
InvoCare	02/05/2018	$ 10.47	6.4%	6.7%
SG Fleet	27/07/2019	$ 2.48	0.7%	6.6%
Smart Group	20/02/2020	$ 5.90	19.2%	5.8%
Shine Corporate	25/07/2019	$ 0.73	38.0%	2.9%
Vita Group	31/08/2018	$ 1.09	1.9%	1.1%

Note: For companies held for less than 12 months, the Annualised Return has been substituted with Total Return.

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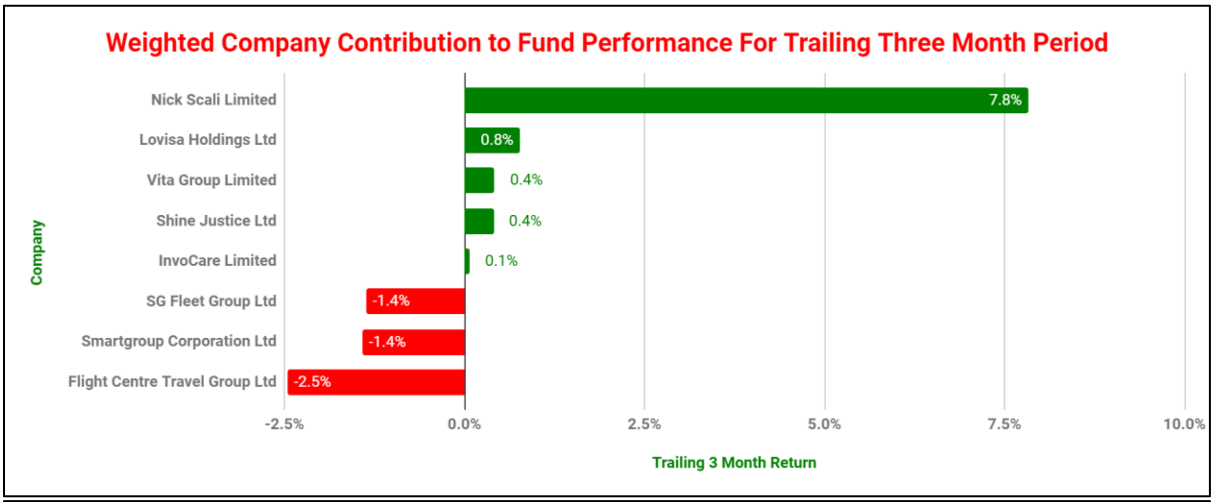

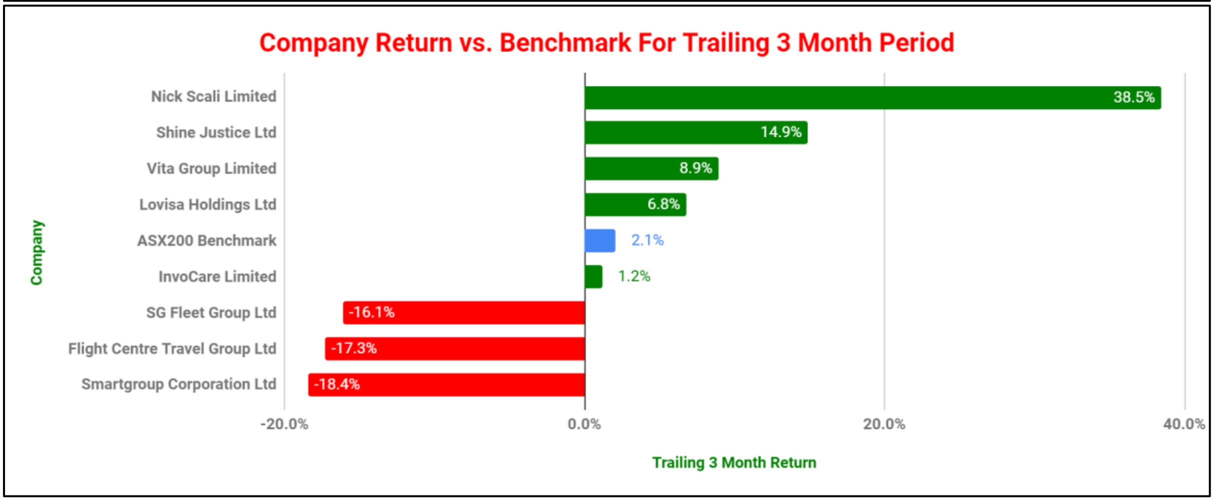

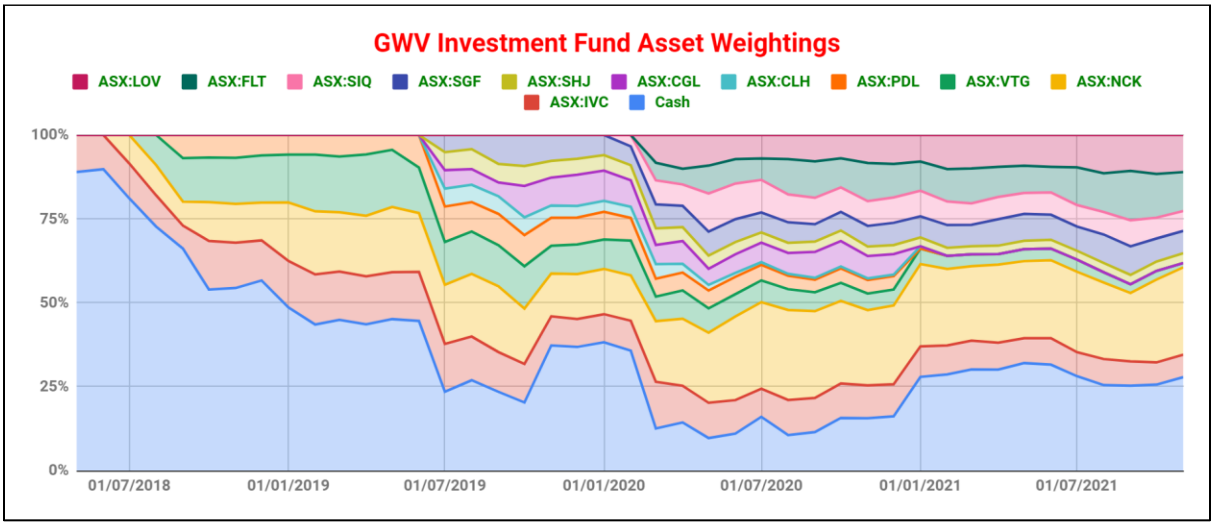

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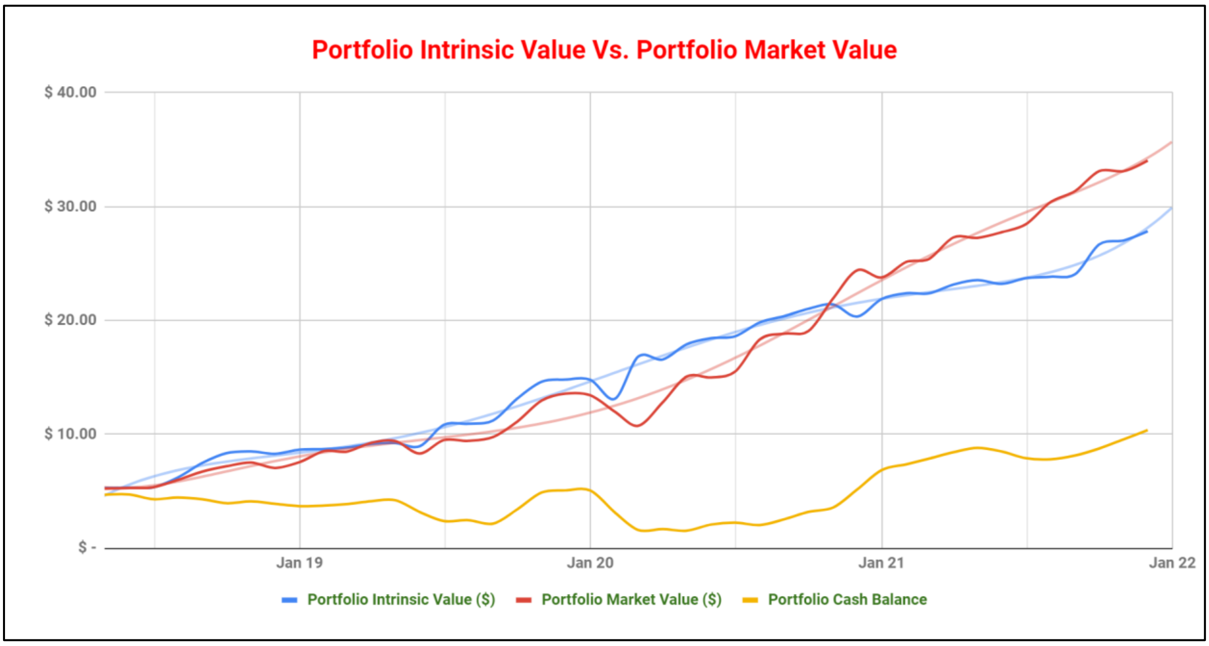

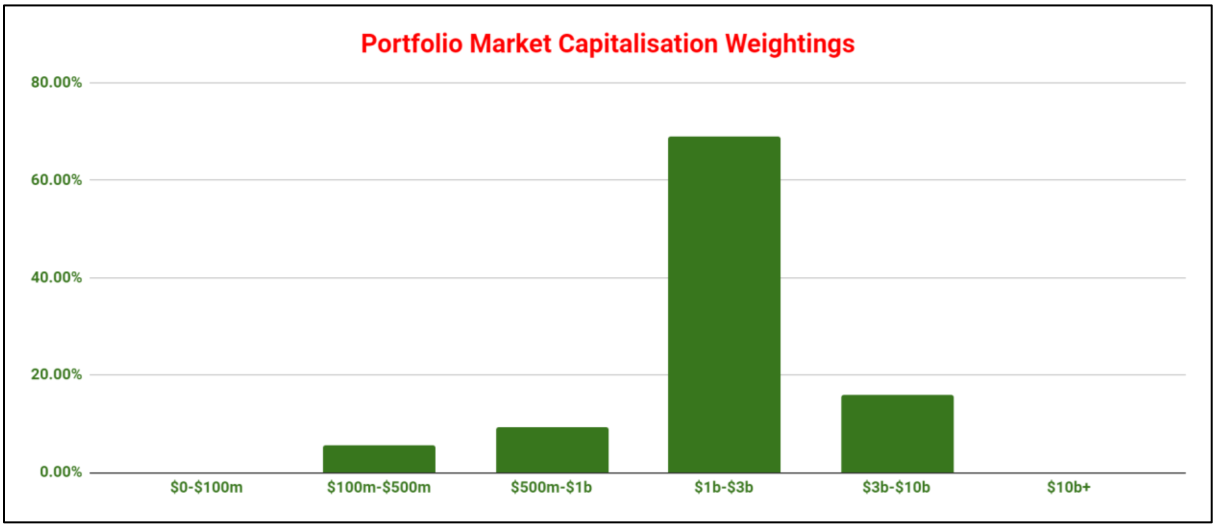

Median Market Capitalisation:	1,139 M
Weighted Average Market Capitalisation:	1,672 M

Performance:

For the second quarter ended December 2021, the Growth With Value Investment Fund returned 4.3% versus 2.1% for our Benchmark, the ASX 200 Accumulation Index (XJOA). This is an outperformance of 2.1%. At the end of this period, we held 29.8% in cash and had eight open positions. We did not make any sales during the period.

Since its inception, the Fund has provided an annualised return of 26.7%, resulting in a total return of 137.9%. Our Benchmark has an annualised returned of 10.2%, resulting in a total return of 42.7% over the same period.

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Portfolio Activity:

During the quarter, Nick Scali Furniture completed the acquisition of Plush Sofas, which consists of 46 showrooms across Australia and sales revenue of more than $120m for FY21. Nick Scali CEO, Anthony Scali, mentioned in his AGM address to shareholders that he expects to more than double the number of Plush showrooms over time. Management also expects to improve Plush's margins through efficiencies such as incorporating Plush's third-party logistics provider into Nick Scali's own managed distribution centres. We can also expect to see improvements in purchasing power, a reduction in advertising expense per dollar of sales, and the consolidation of management, all assisting to increase margins.

At the end of September, Smartgroup received a proposal from a consortium comprising TPG Global, LLC. and Potentia Capital to acquire 100% of the shares in Smartgroup by way of a Scheme of Arrangement at a price of $10.35 per share. The consortium later revised its intended purchase price to $9.25, at which point Smartgroup's board unanimously concluded not to proceed with discussions. I see the decision to not continue discussions as positive news for us as shareholders. As discussed in last quarters report, it is a more efficient use of our capital to be able to leave it invested in a wonderful business, compounding away at above average rates of growth. The alternative being, forcing us to sell, pay tax on our profits, and then hope to find another investment in which we can continue to compound our capital.

Lovisa saw its founding CEO, Shane Fallscheer, step down after 12 years of service. He has left the company in a very strong position, paving the way for the new CEO, Victor Herrero, to continue leading the company through its rapid global expansion. Victor Herrero has vast experience in the fashion retail sector and is well equipped to see the business continue its strong performance. The board has provided strong incentives for Victor Herrero to rapidly expand the business. About 50 cents of each dollar increase in EBIT that is above a base rate increase of 50% in the first year, 40% in year second year and 6% in year the third year, is to be granted as performance bonus. This equates to a maximum incentive payable of $12m in the first year and then $28m in years two and three, with his fixed remuneration being $1.3m. This does appear to be quite a little excessive, however, if he fails to achieve at least those base rates of growth, he will not receive any performance bonus at all. At the recent AGM, the remuneration package only just passed with just 52% of the votes.