Growth With Value
Your investment can make the difference

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Growth With Value Investment Fund – 30 September 2022 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	19.55 %	**GWV Fund Total Return**	120.03 %
Benchmark Annualised Return (XJOA)	5.94 %	**Benchmark Total Return (XJOA)**	29.00 %
Outperformance / (Underperformance)	13.61 %	**Outperformance / (Underperformance)**	91.03 %

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%	(4.5%)	(0.6%)	2.3%	3.4%	(5.9%)	(7.1%)	(0.0%)
XJOA FY22	1.1%	2.5%	(1.9%)	(0.1%)	(0.5%)	2.8%	(6.4%)	2.1%	6.9%	(0.9%)	(2.6%)	(8.8%)	(6.5%)
GWV FY23	11.1%	7.1%	(11.4%)										5.4%
XJOA FY23	5.8%	1.2%	(6.2%)										0.4%

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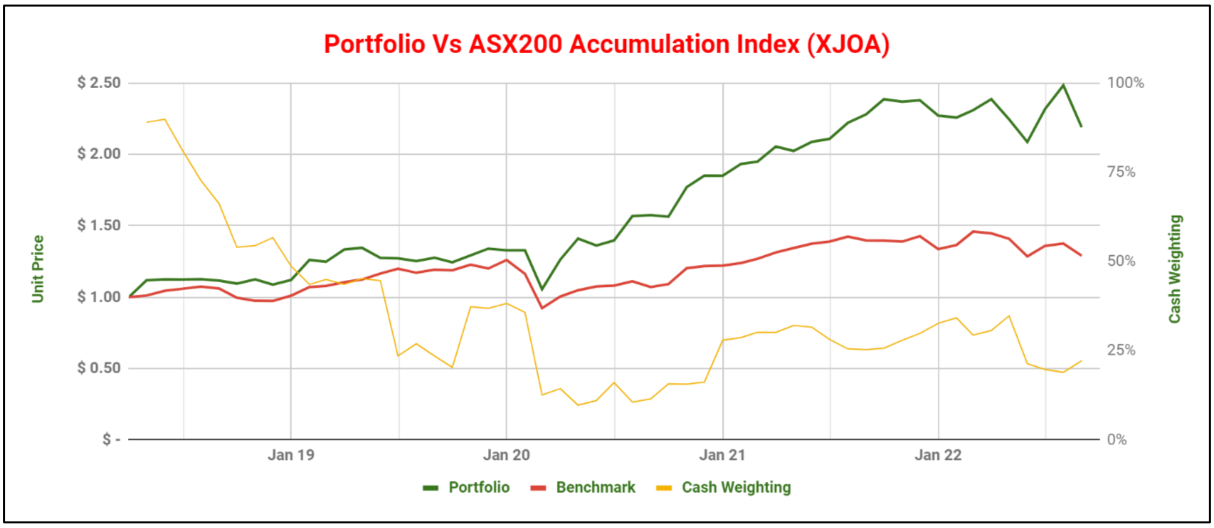
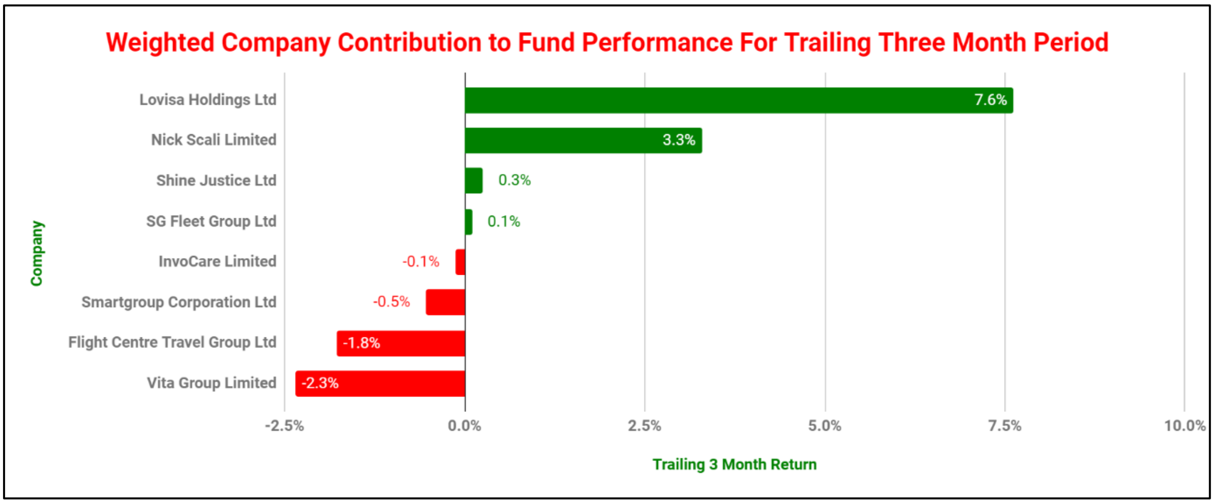
Fund versus Benchmark:



Portfolio:

Company	Initial Purchase Date	Ave. Purchase Price	Annualised Return*	Portfolio Weighting
Nick Scali	05/07/2018	$ 5.90	30.4%	25.6%
Cash			3.3%	22.7%
Lovisa	25/03/2020	$ 7.60	127.6%	20.7%
Flight Centre	16/03/2020	$ 13.04	(2.2%)	9.0%
InvoCare	02/05/2018	$ 10.47	2.0%	5.7%
SG Fleet	27/07/2019	$ 2.48	(4.5%)	5.3%
Vita Group	31/08/2018	$ 0.31	(7.9%)	4.8%
Smart Group	20/02/2020	$ 5.90	(0.9%)	3.8%
Shine Corporate	25/07/2019	$ 0.73	22.2%	2.4%

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



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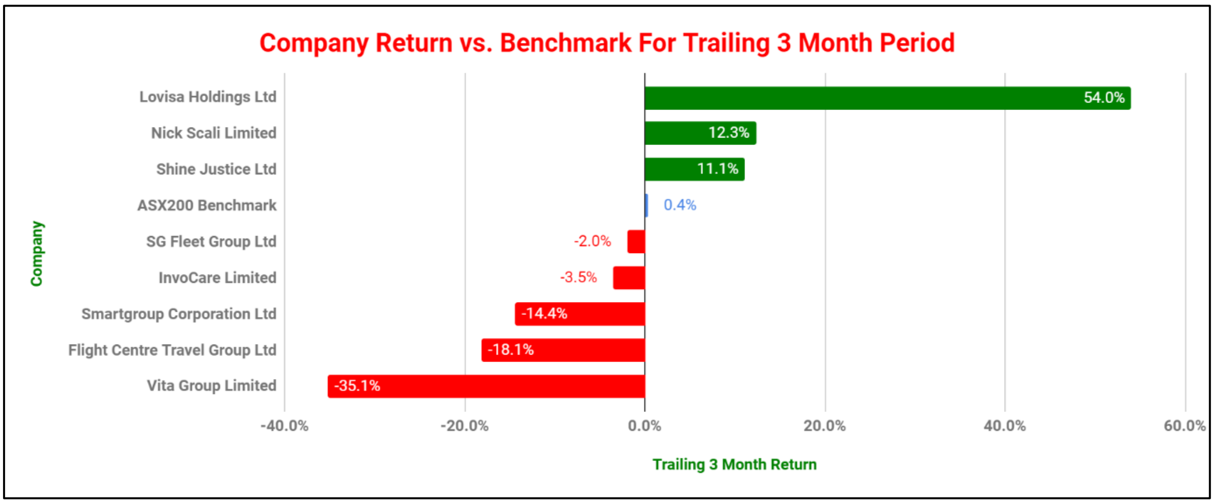

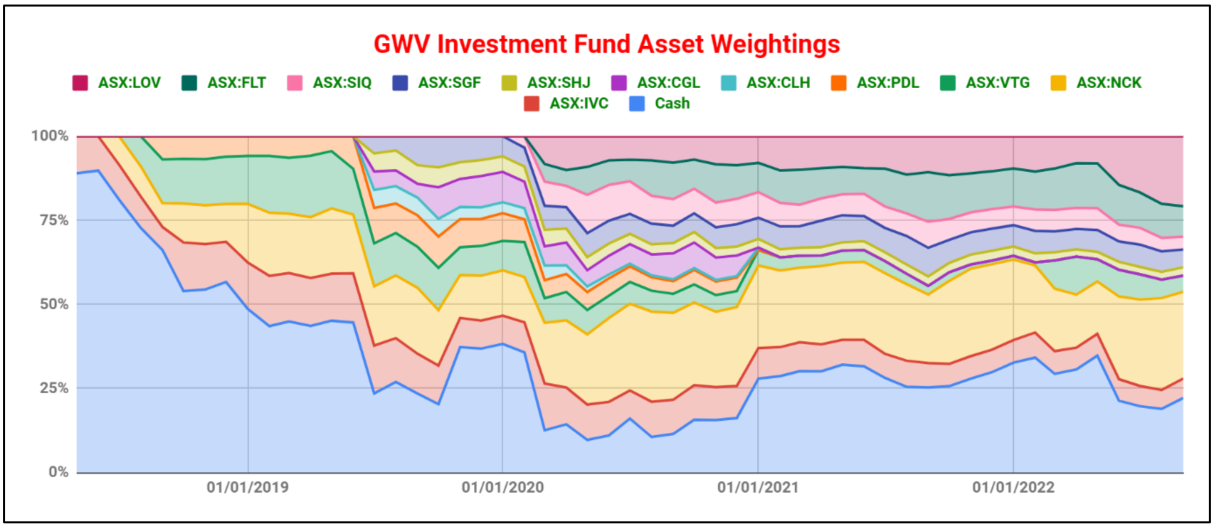

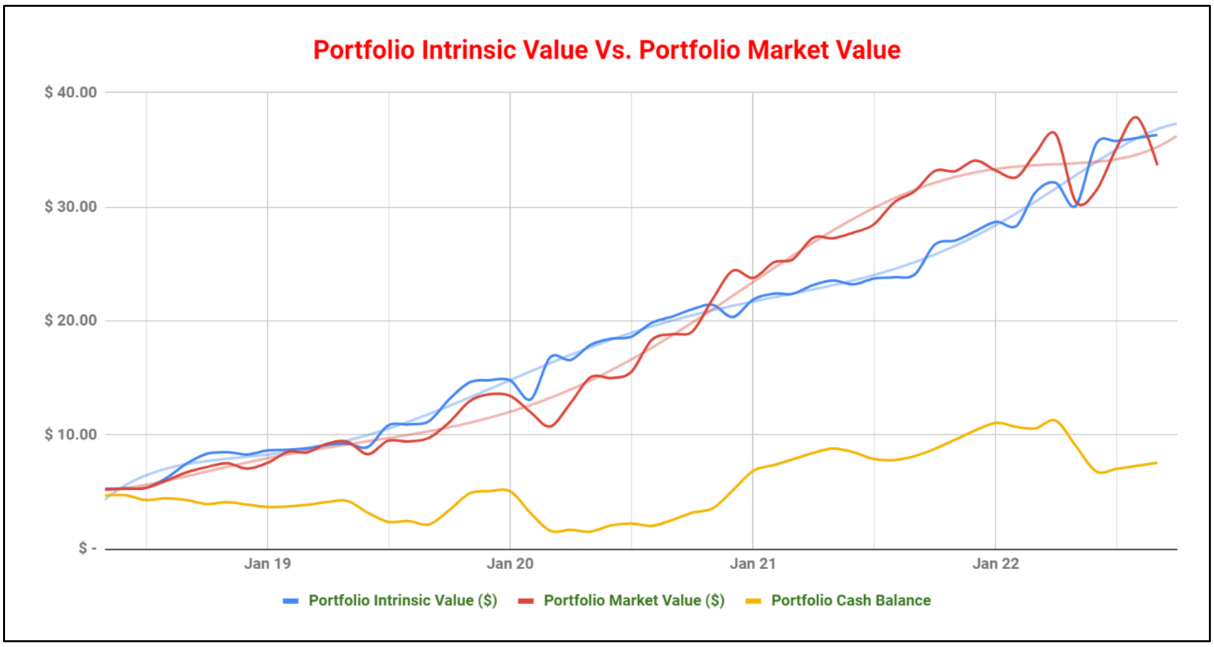

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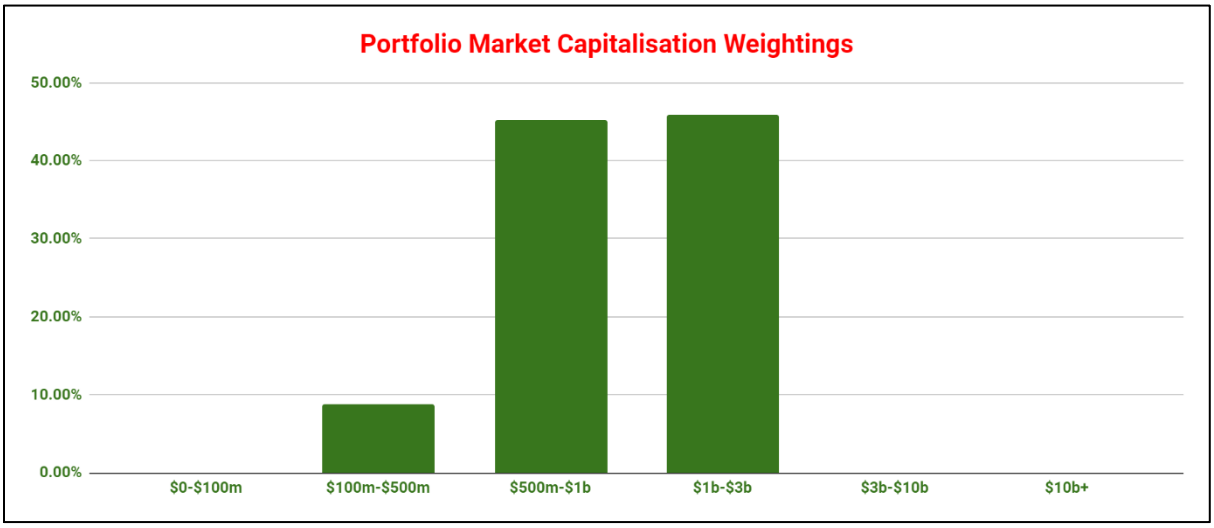

Median Market Capitalisation: 727 M
Weighted Average Market Capitalisation: 1,425 M

Performance:

For the Quarter ended September 2022, the Growth With Value Investment Fund returned 5.0% versus 0.4% for our Benchmark, the ASX 200 Accumulation Index (XJOA). This is an outperformance of 4.6%. At the end of this period, we held 22.7% 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 19.4%, resulting in a total return of 119.1%. Our Benchmark has an annualised returned of 5.9%, resulting in a total return of 29.0% over the same period.

Portfolio Activity:

Over the last 3 months we did not make any changes to our portfolio.

Company Updates:

Nick Scali: The Plush acquisition was completed in November 2021, adding an additional 46 showrooms across 6 states and territories. The net cost of the acquisition was $101.4 million, financed via a combination of debt ($65m) and cash ($36.4m). Net profit produced by Plush was $1.8m for the first two months of operation (about 15% of total profit for the company). This equates to about 10.5% return on acquisition cost, on an annualised basis.

With the Plush acquisition, we have seen margins fall and the cost of doing business increase, but this is likely to be temporary teething issues, with Plush seeing its gross margins increase by 240 basis points in the first 8 months of operation under Nick Scali management.

The store network now consists of a total 108 stores across Australia and New Zealand, with 62 Nick Scali stores (long term target of 86) and 46 Plush stores (long term target of 90-100). Revenue on a per store basis across the two brands is $5.7m for Nick Scali and $2.9m for Plush.

There is currently $104.8m of gross property held on the balance sheet (held at historical cost), $97.4m if we deduct depreciation.

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Lovisa: Shane Fallscheer stepped down late last year after spending 12 years as the inaugural CEO of Lovisa. The incumbent CEO, Victor Herrero, has over two decades in the fashion retail industry, working 15 years for Inditex Group, which owns brands such as Zara. During his time, he held numerous roles, including Managing Director of Greater China and Head of Asia Pacific. Victor also led the company's expansion across the Asia Pacific region, including China and India, rolling out over 800 stores. He also spent four years as CEO of Guess and was most recently CEO at Clarks shoes.

Cost of doing business is still high at 58% of sales, compared to historical levels at low to mid 50% range. This can be expected due to the ongoing disruptions such as logistics due to Covid.

The company has $24.5m net cash with no debt current debt, however, it has a $50m debt facility in place.

104 new stores were opened in the 2022 financial year with 19 stores closed over the same period, 8 of these closures coming from the beeline acquisition. These stores were closed once their lease expired, the reason being they did not meet Lovisa's standard. There are now a total of 629 stores across 17 different countries and regions, with 118 in the US, second behind Australia at 154.

Lovisa was able to increase prices in Q3 as a response to inflationary pressures. This appeared to have little effect on sales, with same store sales up 20% for the financial year and had minimal impact on sales volumes.

Flight Centre: Flight Centre extended its corporate travel network into Japan in September last year via a joint venture with Tokyo-based NSF Engagement Corporation. Flight Centre now has a corporate network covering 100 countries, with corporate now being the largest contributor to revenue.

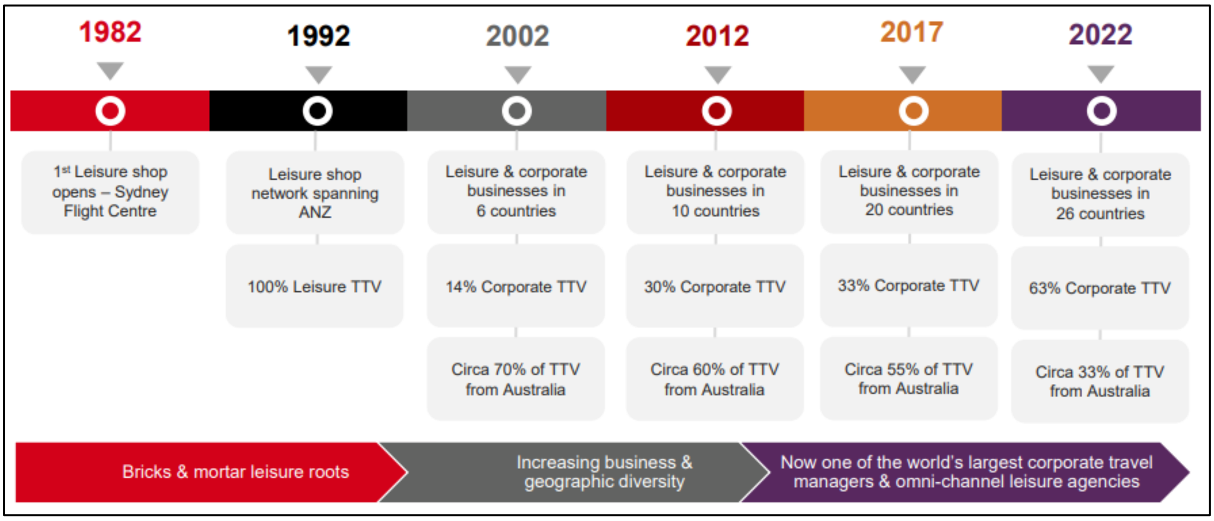

Figure 1 Source: Flight Centre's FY22 First Half Result Presentation

Flight Centre produced $2m in Operating Cash Flow in March 2022, the first profitable month since the pandemic. All of Flight Centre's regions, except for Asia and Other segments, returned to profit in Q4. The Leisure business provided $10m profit for Q4, with the Corporate business delivering $38.6m in profit over the same period, providing a total Corporate profit for the year of $13.5m. The Corporate market share across Australia, US, UK, Canada, New Zealand and South Africa is 7%.

Costs continue to remain low, with monthly costs averaging $120m during FY22, compared to $230m pre-COVID. The company has $700m in liquidity with a $1.3b cash and investment portfolio.

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The Global Retention Rights program has been extended for an additional 12 months, providing employees with $30m - $35m in share rights to assist with retaining staff and aligning shareholder and employee interest.

Overall, there are signs of strong demand for both corporate and leisure travel globally, although not likely to see a full recovery during FY23.

InvoCare: InvoCare returned to profit and has shown steady growth across its range of services, with the pet segment displaying the largest growth, albeit from a small base. You can see below the breakdown of the business in terms of services and locations.

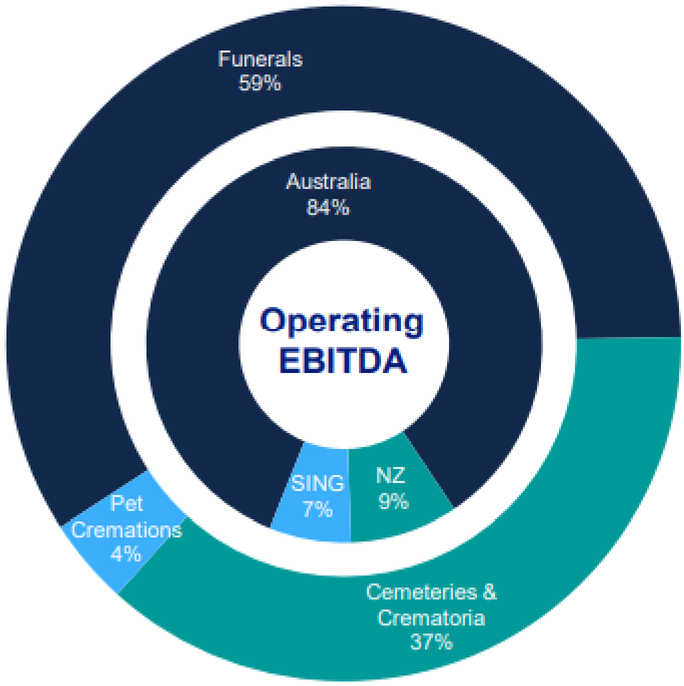

Figure 2 FY21 Results Investor Presentation

SG Fleet: It has been 10 months into the LeasePlan acquisition, and it appears to be progressing smoothly, although there is some room for improvement. SG Fleet provided a Net Margin of 10.5% versus just 5% for LeasePlan. Pre Covid, SG Fleet's Net Margin was in the 20s. Pre Covid ROE was also in the high 20s, but currently it is sitting around 13%, and ROCE is 8.5% versus pre Covid levels of around 20%.

Vita Group: Revenue fell by 13% in FY22, which is somewhat disappointing. Given the industry in which the business operates, results have been heavily impacted by Covid restrictions. The current clinic network stands at 18, which includes 4 non-Artisan branded clinics. During FY22, four clinics merged into two due to being in close proximity to one another. Management is focused on organic growth within the Artisan business and only once organic growth consistently meets expectations will the recommencement of expanding the Artisan clinics continue. I believe this to be a sound approach. The current target is for monthly underlying EBITDA to be break-even in FY24.

Smartgroup: In September last year, Smartgroup received an acquisition proposal of $10.35 per share. This was later downgraded to $9,35, at which point the board decided to decline the offer.

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During calendar year 2021, 100% of the top 20 contracts that fell due were renewed, with the largest client, the Department of Defence, renewing for a further 5 years. However, in June this year, long-term top 20 client, the Department of Education and Training Victoria, decided not to renew its contract, likely resulting in a loss of revenue for 2023 of less than 5%.

Average vehicle order to delivery times for new vehicles has increased from just under 20 days pre Covid to now over 80 days, with signs of this continuing to increase.

Shine Justice: Revenue was up 15% and NPAT up 22% for FY22. The business has been focusing on diversifying revenue. This has seen the largest stream of income in Personal Injury falling from 70% of revenue in FY17 to 46% of revenue in FY22.

Below is a graph displaying our current holdings, with a comparison of their respective purchase costs versus current market values and gross dividends received over the course of our investment. As you can see, the vast majority of our excess returns have stemmed from just two companies, Nick Scali and Lovisa.