

Investment objective

Provide a concentrated portfolio of long-only positions in 25-35 Australian and globally listed securities based on the highest conviction ideas from leading fund managers. The Company will forego any investment fees and instead donate to leading Australian medical research institutes.

Portfolio Commentary

We are delighted to say that during June our pre-tax NTA increased by 4.6% to reach \$3.00 for the first time. This new high watermark was achieved in a month when the whole market was up strongly, the MSCI World Index showing a gain of 6.5% for the month.

After a very weak May, markets rebounded solidly on the back of expectations that the Federal Reserve would cut rates pre-emptively to protect against downside from trade headwinds. Later in the month, hopes that the US-China trade war would ease also added to the positive sentiment.

One of conference stocks, DocuSign Inc., reported in June. Year on year billings growth was strong at 27%, however the markets initial reaction was negative which saw it trade down almost 20% on the news. After speaking with the recommending manager, Babak Poushanchi from Cota Capital, who maintains his strong long term conviction in DocuSign, we utilised some of the cash from previous realised sales and bought a small additional position in the company. Pleasingly, as the market has further digested and reflected on the result, the price has rebounded strongly and has recovered much of its initial losses. Across our initial and subsequent investments in DocuSign, to date we have achieved a gain of 27%.

Both the Core Portfolio (which you will recall comprises three high conviction recommendations from each of our five Core Fund Managers - Caledonia, Cooper Investors, Magellan, Paradise and Regal) and our Conference Portfolio (which now comprises ten stocks) are both performing equally strongly.

The strong result in June means that since our listing (just over seven months ago) our pre-tax NTA has grown by 20%, far outstripping the MSCI World Index which is up 8.1% for the same period.

We are extremely proud of this return, and reiterate that it is a function of a number of factors;

- We have been in a rising market since we invested the proceeds from the IPO;
- We have essentially been fully invested for this whole period (i.e. we haven't been sitting on cash);
- We have had some benefit from currency movements; and most importantly,
- We only hold the highest conviction stock recommendations from a truly elite group of fund managers.

High conviction stock recommendations are likely to be more volatile than the market as a whole. By definition, they are the companies that our managers believe will outperform the broader market. As a result, we would hope to be outperforming in a strong market.

A cautionary word however. It is quite possible, even probable, that when viewed over a short timeframe, our portfolio will also experience more volatility on the downside in a falling market.

We have always maintained that HM1 will be a relatively high volatility portfolio and the results achieved to date confirm this view. Again, whilst there will be short term volatility - both up and down - we continue to hold the view, that over the medium to long term, HM1 will provide strong returns to patient shareholders.

Performance

	1 month	3 months	6 months	Since Fund inception
Pre-tax NTA ¹	4.55%	6.79%	24.07%	19.60%
MSCI World Index	6.45%	3.32%	15.61%	8.09%

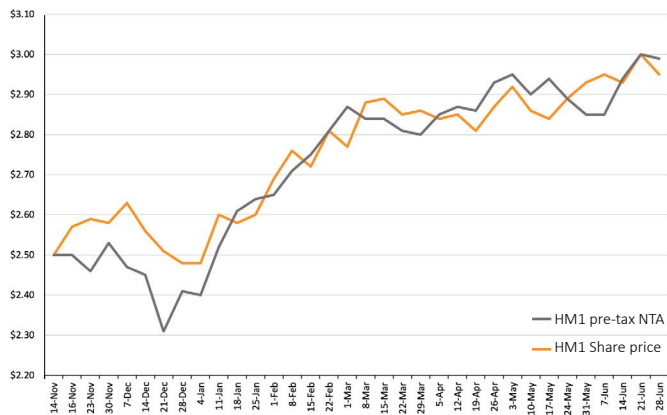
Source: Citco Fund Services and www.msci.com. Fund inception 14 Nov 2018

To receive these monthly investment updates via email please [click here](#).

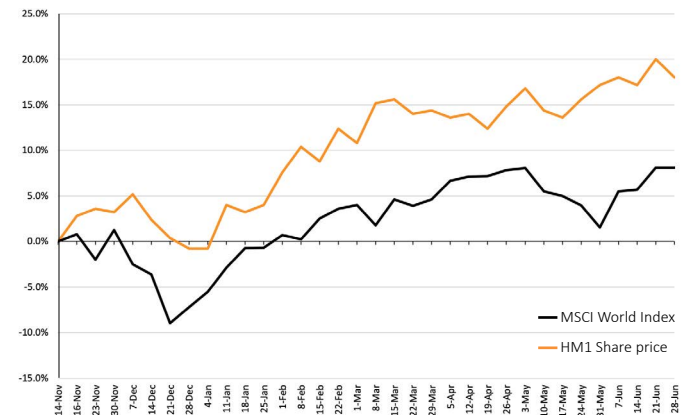
¹Pre-tax NTA is calculated before the provision for tax on realised and unrealised gains and losses on the investment portfolio. ²Post-current tax NTA is calculated after the provision for tax on realised gains and losses on the investment portfolio. ³Post-tax NTA is calculated after the provision for tax on realised and unrealised gains and losses on the investment portfolio.

**All NTA figures are unaudited and prepared by Citco Fund Services. *The performance figures quoted are historical, calculated using end of month prices. Performance can be volatile and future returns can vary from past returns. All numbers as at 30 June 2019 unless otherwise stated.

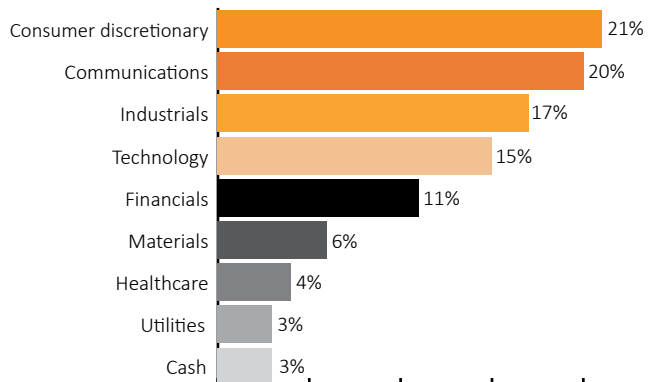
HM1 share price vs pre-tax NTA backing



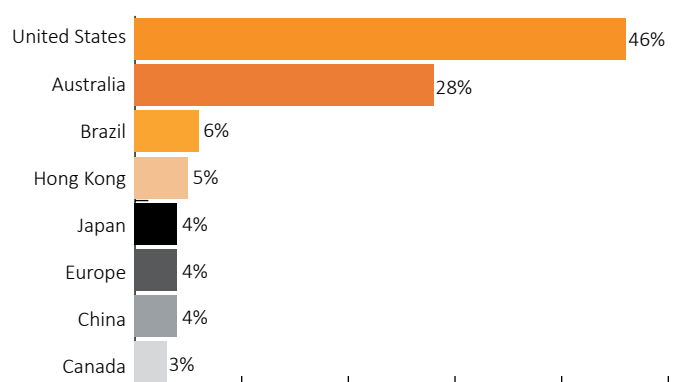
HM1 share price vs MSCI World Index



Sector allocation



Business domicile⁴

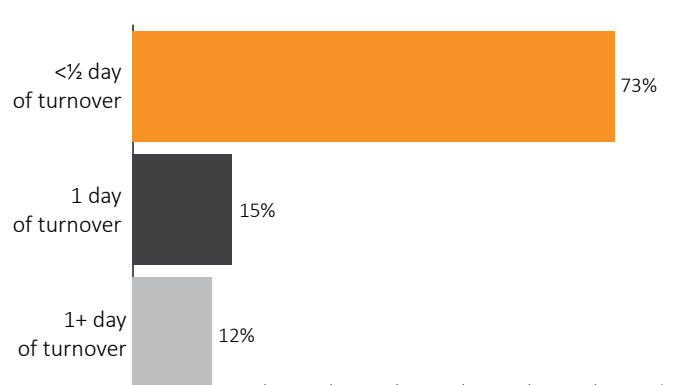


Key details

Pre-tax NTA ¹	\$3.00
Post-current tax NTA ²	\$2.99
Post-tax NTA ³	\$2.85
ASX code	HM1
Share price	\$2.95
Percent invested	95%
Listing date	14 Nov 2018

All numbers as at 30 June 2019 unless otherwise stated.

Portfolio liquidity⁵



To receive these monthly investment updates via email please [click here](#).

¹Pre-tax NTA is calculated before the provision for tax on realised and unrealised gains and losses on the investment portfolio. ²Post-current tax NTA is calculated after the provision for tax on realised gains and losses on the investment portfolio. ³Post-tax NTA is calculated after the provision for tax on realised and unrealised gains and losses on the investment portfolio.

** All NTA figures are unaudited and prepared by Citco Fund Services. ⁴Determined by location where primary business takes place. ⁵Based on 20 day average daily turnover.

⁵The performance figures quoted are historical, calculated using end of month prices. Performance can be volatile and future returns can vary from past returns.

All numbers as at 30 June 2019 unless otherwise stated.

Sohn Hearts and Minds Investment Leaders Conference

Manager recommendation in focus

Munro Partners - Nick Griffin

Munro Partners is an independent global absolute return equity manager with a core focus on growth equities. The business is owned and controlled by key staff and was founded in 2016 by an award-winning investment team with a 13-year proven track record of strong absolute returns. Via its proprietary investment process, worldwide network and unique knowledge base, Munro Partners seeks to invest in and benefit from some of the key structural changes that occur in our world today. The business has over \$1.2 billion in funds under management, is Australian domiciled, with its head office based in Melbourne.

<https://munropartners.com.au/>



Nick Griffin
Founding Partner

Recommendation: Amazon (AMZN:US)

Amazon.com, Inc., a Fortune 500 company based in Seattle, opened on the World Wide Web in July 1995 and today seeks to be the world's most customer-centric company. Where customers can find and discover anything they might want to buy online, and endeavours to offer its customers the lowest possible prices. Amazon also runs the biggest cloud computing business in the world, Amazon Web Services.

What Nick says about Amazon

- Amazon is unique because it sits at the centre of two large structural growth trends, e-commerce and cloud computing, both of which are still closer to the beginning of their growth runways.
- In e-commerce, Amazon is the world's largest player and looks set to benefit from the structural shift of retail sales from 'in store' to 'online' where customers are serviced directly via a distribution centre. E-Commerce makes up just over 10% of all retail sales today and we would expect this to grow to a 30% share over time.
- In cloud computing, organisations look to save money and improve security by hosting more of their data and processes in the cloud or in 'Infrastructure as a Service' (IAAS). Amazon is again the largest global player with the world's largest data centre footprint and looks set to benefit as IAAS goes from 10% of all workloads today to 50% within the next 5 years.
- Based on the above expectations, we would expect Amazon's revenue to grow at a CAGR of 15% over the next 5 years, with EBITDA likely to grow at a 23% CAGR over the same period as margins expand. Assuming Amazon can maintain its current 19.5x forward EBITDA multiple, a discount to numerous consumer staples such as Coca Cola, then this would result in a 17%+ annualised return as these structural trends play out over the next 5 years.
- All of this analysis is based on Amazon's existing businesses and discounts any further growth businesses that Amazon may generate from its prolific scale and R&D spend in the future.

Company information

Ticker code	AMZN US
Market capitalisation	USD 925bn
Average daily volume	USD 7.2bn
52-week range	USD 1,307- 2,050
Bloomberg consensus	51 Buys, 1 Hold, 1 Sell
Average price target	USD 2,254

AMZN US: 5 year share price history



Core fund managers



Conference fund managers



Designated charities



Pro-bono service providers

