



30 November 2023

The Manager  
ASX Market Announcements  
ASX Limited  
Exchange Centre  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Shareholders,

### **Presentation and Chairman's Address at 2023 Annual General Meeting**

Hearts and Minds Investments Limited (ASX:HM1) provides a copy of its Presentation and Chairman's address at the Annual General Meeting to be held today Thursday 30 November 2023.

For and on behalf of the board,

A handwritten signature in blue ink, appearing to read "T. Bloomfield", is positioned above the printed name of the signatory.

Tom Bloomfield  
Company Secretary

# Hearts and Minds Investment Limited

## Chairman's Address at 2023 Annual General Meeting

Good afternoon and welcome to the 5th Annual General Meeting of Hearts and Minds Investments Limited (which I will refer to as HM1 or the Company). My name is Chris Cuffe and I am Chair of the Company.

It is good to be holding our AGM in person again. It is also great to see that many of our shareholders have joined us online. The hybrid meeting allows as many shareholders as possible to participate in the meeting. Shareholders who are online can listen to the live webcast of the meeting, ask questions and submit votes. It is now past 4.00 pm, and I have been informed that there is a quorum present and I declare the meeting open. I am joined today by my fellow Directors and company officers:

Lorraine Berends (also Chair of the Investment Committee), Matthew Grounds, Michael Traill, Guy Fowler, Gary Weiss, Geoff Wilson, David Wright (also Chair of the Conference Fund Manager Selection Committee), Paul Rayson (Chief Executive Officer), Charlie Lanchester (Chief Investment Officer) and our Company Secretary, Tom Bloomfield. Scott Whiddett from our auditors, Pitcher Partners, is also present, and will be available to address any questions relating to the Company's financial statements.

I will now make some general comments about the year under review. Charlie Lanchester will then present his Chief Investment Officer report. We will then consider the financial statements and resolutions to be voted on, followed by questions. A copy of my address and the CIO's presentation have been lodged with the ASX and will be published on the Company's website.

### Performance Update

As you will know, HM1 is a listed investment company that was established in 2018 with the combined objective of providing a concentrated securities portfolio of the highest conviction ideas from respected fund managers, whilst also supporting Australian medical research organisations. It was born out of the investment and philanthropic vision of the Sohn Hearts & Minds Investment Leaders Conference.

During the last 18 months we made various changes to the way we manage the portfolio to improve longer term performance. These changes included:

We refined the selection process for Conference Fund Managers to provide greater diversification of fund manager style and sector exposure. We also implemented a pre-conference stock risk filter to avoid an over concentration of single risk factors. These changes were implemented for the current Conference Portfolio.

In November 2022, we appointed two new Core Fund Managers, Munro Partners, and Tribeca Investment Partners to replace Paradise Investment Management at the end of their mandate term. Munro Partners is an investment manager with a core focus on global growth equities. Tribeca Investment Partners manages a suite of specialist strategies across equities, credit, global natural resources and opportunistic mandates. Both Munro and Tribeca have previously been Conference Fund Managers for HM1 and have delivered good returns. Munro Partners' and Tribeca Investment Partners' mandate as a Core Fund Manager to HM1 will be for an initial term of 3 years.

Also in November 2022, we amended the portfolio investment guidelines for the Core Portfolio to provide additional flexibility to access the expertise, style and investment performance of our Core Fund Managers. The change permits HM1 to gain exposure to the highest conviction strategies of our Core Fund Managers, whether via listed or unlisted securities. The change is expected to provide performance and diversification benefits whilst retaining the essence of a high conviction portfolio. An investment in unlisted securities will be by exception only, and only where such investment provides HM1 with a better exposure to a particular Core Fund Manager's expertise, style and investment performance. An investment in an unlisted equity would only be made on the basis that the particular company was profitable and expected to list within 2 years. For clarity, HM1's portfolio exposure will remain predominantly listed equity exposures.

Following these changes, in January 2023 HM1 invested in two unlisted securities, Guzman y Gomez Ltd and Rokt Ltd, that are high conviction investments of TDM Growth Partners, one of our Core Fund Managers. HM1 also made an investment in an unlisted managed fund operated by another Core Fund Manager, Regal Funds Management.

In both these cases, HM1 determined that the investments are appropriate and provide HM1 with a better form of exposure to the expertise, style and investment performance of those Core Fund Managers.

In March 2023, we announced the appointment of Charlie Lanchester as the new Chief Investment Officer for HM1. Charlie is an accomplished fund manager and investor with over 30 years active funds management experience at leading investment organisations. We are delighted to have someone of his experience and calibre to select and manage HM1's suite of Core and Conference Fund Managers and oversee HM1's investment portfolio.

Over the last year the Board has been very focussed on addressing the discount at which the HM1 share price is trading to its net tangible assets (NTA). In light of the share price discount, and following shareholder feedback, the Board decided to modify the dividend policy to increase the frequency of dividend payments to twice yearly. The half-yearly dividend will be paid in April and October of each year.

We believe that the changes we have made to the management of HM1's investment portfolio will lead to a sustained improvement in investment performance. We further believe that this, combined with our modified dividend policy and improved insight and disclosure of our investment portfolio, will narrow the share price discount to NTA over time.

Since the inception of the Company in November 2018, HM1 has generated a compound pre-tax investment return of 7.5% per annum. For the year ended 30 June 2023, HM1 recorded a total comprehensive income after tax of \$63.0 million (2022: total comprehensive loss after tax of \$219.6 million).

## **Dividends**

In April 2023, HM1 paid its third annual dividend to shareholders. A fully franked dividend of 13.5 cents per ordinary share was paid on 13 April 2023. Our dividend reinvestment plan was operational and many shareholders reinvested their dividend in HM1 shares at the prevailing market price.

The Board aims to maintain a policy of paying fully franked dividends to shareholders subject to sufficient cash reserves, available franking credits and prudent business practice.

As noted above we have modified the dividend policy to increase the frequency of dividend payments to twice yearly. The first half-yearly dividend of 7 cents per share was paid in October 2023.

On 30 June 2023, HM1 had a Realised Profits Reserve equating to 67 cents per share and a Franking Account balance equating to 56 cents per share. Subject to the usual caveats, the Board is confident it can maintain its dividend policy for the foreseeable future.

## **Investment in Medical Research**

In line with its philanthropic objective, HM1 provides financial contributions equivalent to 1.5% of NTA per annum to leading Australian medical research organisations, to fund the development of new medicines and treatments and to drive a new generation of medical research in Australia. This is effectively funded by HM1's participating fund managers, its Board of Directors and Committees and many of our service providers all working on a pro bono basis. We sincerely thank everyone for their ongoing involvement and generosity.

During the year ended 30 June 2023, HM1 paid \$10.1 million to its designated medical research organisations and made provision for a further \$5.7 million. These donated monies will be used by the medical research organisations to fund important research into the prevention and treatment of chronic diseases and mental health disorders.

We would like to thank our Fund Managers and service providers for their support of HM1. We also thank you our shareholders for supporting HM1's combined objective of providing a distinct and compelling investment proposition whilst also supporting the advancement of medical research in Australia.

**-ENDS-**

**The Chair's Address and AGM Presentation have been authorised for release by the Chairman of the Company**



# Hearts and Minds Investments

(ASX: HM1)

AGM | November 2023



# Disclaimer



The information to be presented today is general information only and is not a securities recommendation or statement of opinion intended to influence any person in making an investment decision. You should consider seeking independent professional advice before making any investment decision.

30 November 2023



# HM1 Overview

1

## CONCENTRATED GLOBAL PORTFOLIO

Concentrated global portfolio of long equity positions in 25-35 securities

2

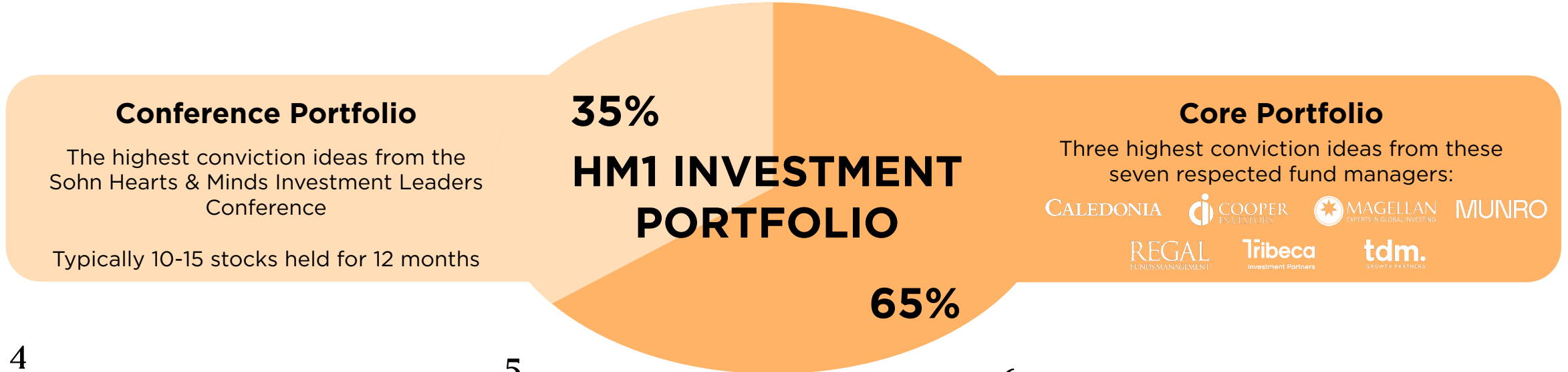
## DIVERSE PORTFOLIO

15 different fund manager's investment approaches, expertise and styles

3

## ACCESS TO HIGH CONVICTION IDEAS - NO FEES

Highest conviction ideas from selected fund managers; no fees, no minimum investment



4

## ATTRACTIVE DIVIDEND YIELD

Currently 5.8% fully franked

5

## IMPACT

1.5% of NTA donated to medical research. Currently \$10m per annum

6

## CURRENTLY TRADING AT DISCOUNT TO NTA

Gain access to HM1 portfolio at 15% discount to NTA



# HMI Dividend Policy



The Board is targeting the payment of a consistent fully franked twice yearly dividend, subject to sufficient cash reserves, available franking credits and prudent business practice.

**2021 Dividend**

12.0 cps

**2022 Dividend**

13.5 cps

**2023 Dividend**

13.5 cps

**2024 Dividend (Interim)**

7.0 cps

**Profit Reserve <sup>1</sup>**

67.0 cps

**Franking Account <sup>1</sup>**

56.0 cps

<sup>1</sup> at 30 June 2023. Franking account represents the level of future dividends (expressed as cents per share) able to be fully franked.

# HM1 Investment Performance

to 24 November 2023



HM1 Investment Performance	1 month	6 months	1 year	3 years p.a.	Since Inception p.a.
HM1 Investment Performance	4.0%	-1.1%	1.3%	-6.3%	7.5%
MSCI World Index (AUD)	4.7%	5.6%	12.9%	9.2%	10.2%

HM1 Investment Performance is calculated after expenses and before taxes. The comparator is the MSCI World price index in AUD. Source: Citco Fund Services and www.msci.com. Inception 14 Nov 2018.

HM1 Dividend History	2021	2022	2023	2024 (interim)
Dividends Paid – fully franked	12cps	13.5cps	13.5cps	7.0cps

# Core Fund Managers

Represents 65% of the portfolio



**HM1 Investment Committee**  
*Lorraine Berends (Chair); Chris Cuffe AO; Brett Paton; David Wright; Matthew Grounds AM; Paul Rayson (CEO)*

**CIO, Charlie Lanchester**



CALEDONIA



MUNRO

REGAL FUNDS



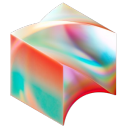
# Top 10 Holdings - Core Managers

At 31 October 2023



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**BHP**  
BHP.AX



**Block Inc**  
SQ.NYSE



**Eurofins Scientific SE**  
ERF.PA



**Formula One Group**  
FWONK.NAS



**Guzman Y Gomez**



**Intercontinental Exchange  
Ltd** ICE.NYSE



**Mastercard In**  
MA.NYSE



**Microsoft Corporation**  
MSFT.NAS



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**Rokt**



**Zillow Group Inc**  
Z.NAS

# 2023 Conference Fund Managers

Represents 35% of the portfolio



## Conference Fund Manager Selection Committee

*David Wright (Chair); Dr Gary Weiss AM; Michael Walsh; Charlie Lanchester (CIO)*

### Fund managers & stock picks



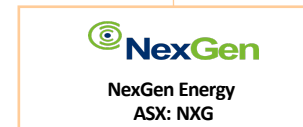
Angela Aldrich  
Bayberry Capital (USA)



Rikki Bannan  
IFM Investors (AUS)



Jeremy Bond  
Terra Capital (AUS)



Ravi Chopra  
Azora Capital (USA)



Martin Hughes  
Toscafund (UK)



Sharif el Khazen  
Metronome Capital (UK)



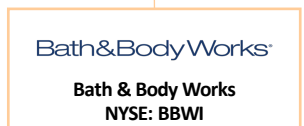
Chris Kourtis  
Ellerston Capital (AUS)



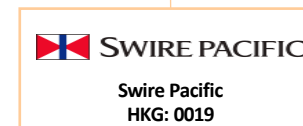
Jun Bei Liu  
Tribeca Investment Partners (AUS)



Dan Loeb  
Third Point (USA)



Tom Naughton  
Prusik Investment Mgmt (UK)



Kieran Moore  
Munro Partners (AUS)



Ricky Sandler  
Eminence Capital (USA)



Ashish Swarup  
Aikya Investment Mgmt (UK)





# Investing in Australian Medical Research

Proudly one of Australia's top 30 corporate philanthropists

**2023 Donation**  
**\$10.1m**

**Total Donations**  
**\$43.9m**

