



22 February 2023

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

Dear Shareholders,

Please find attached the Half-Year to 31 December 2022 Results Announcement for Hearts and Minds Investments Limited.

For and on behalf of the board,

A handwritten signature in blue ink, appearing to read "T. Bloomfield", is written over a light blue horizontal line.

Tom Bloomfield
Company Secretary

Dear Fellow Shareholder,

Hearts and Minds Investments Limited (ASX: HM1) today announced its results for the half-year to 31 December 2022. HM1 recorded a total comprehensive income after tax of \$30.6 million for the half-year compared to a total comprehensive loss after tax of \$24.3m in the prior December half. The result for the period reflects a significant recovery in the unrealised market value of the investment portfolio as of 31 December, partly offset by realised losses from disposals during the half.

Significant realised losses were incurred on the disposal of the 2021 Conference portfolio over the 12 month holding period. As we reported in the 2022 Annual Report, we have made changes to the selection process for fund managers and the risk parameters of the Conference Portfolio. There are early signs that these changes are having a positive impact. The overall investment portfolio recovered a little better than the broader market over the six months recording an investment return of 7.4%. The stocks for the latest Conference Portfolio were acquired during November 2022 and comprise the high conviction recommendations from our selected Conference Fund Managers. The Conference Portfolio has been constructed with a risk overlay to provide greater diversification of sector exposure and risk factors.

The Net Tangible Assets (NTA) of the Company increased over the half-year from \$641.1 million on 30 June 2022 to \$671.8 million on 31 December 2022. This equates to a post-tax NTA per share of \$2.95 on 31 December 2022.

Investment Portfolio Performance

Performance to 31 December 2022	6 Months	1 Year	3 Years per annum	Since Inception ¹ per annum
HM1 investment portfolio performance	7.4%	-26.0%	1.9%	8.1%
MSCI World Net Total Return (AUD) Index	4.4%	-12.2%	6.2%	9.7%

¹ Inception was 14 November 2018.

Broad share market indexes recovered slightly over the six months to 31 December 2022. As mentioned above, the changes we have made to our fund manager selection process and risk overlays are beginning to show positive signs with the total portfolio increasing 7.4% over the six months to 31 December 2022. We believe the changes we have made will better balance the risks in the portfolio but retain the essence of a high conviction growth strategy.



Dividend

The significant realised gains we have achieved over the first three years of operation has meant HM1 has built up a large profits reserve and franking credits balance. Given this, the Directors are pleased to declare an unchanged fully franked dividend of 13.5 cents per share payable on April 13, 2023. We retain a buffer in our profits reserve and franking accounts to cover dividend payments at this level for at least the next three years.

The Dividend Reinvestment Plan (DRP) will be in operation and participating shareholders can reinvest their cash dividend in new HM1 shares at the DRP issue price. The DRP issue price will be based on the market price of shares acquired under the on market acquisition provisions of the DRP. Eligible shareholders can elect to participate in the DRP or amend their current election online by [clicking here](#).

Key Dividend Dates

	Cents per ordinary share	Franking %
Dividend per ordinary share	13.5	100%

Dividend dates:

Ex-dividend date:	15 March 2023
Record date:	16 March 2023
DRP election date:	20 March 2023
Payment date:	13 April 2023

Medical Research

In line with its philanthropic objective, HM1 provides financial support to leading Australian medical research organisations in order to help the development of new medicines and treatments and drive a new generation of medical research in Australia. HM1 and its participating fund managers and service providers forego any fees and instead an amount equivalent to 1.5% of net tangible assets per annum is donated to designated charities. In the half-year to 31 December 2022 the Company paid \$5.2m in donations and has accrued a further \$5.0m as of 31 December 2022.

We sincerely thank our fund managers and service providers for their ongoing generosity in supporting the operations and objectives of HM1. We would also like to thank you, our shareholders, for supporting HM1's combined objective of providing a compelling investment proposition whilst also supporting the advancement of medical research in Australia.

For further information on HM1 and our results for the half-year ended 31 December 2022, visit the HM1 website at www.hm1.com.au.

Kind regards,

A handwritten signature in black ink, appearing to read "Chris Cuffe".

Chris Cuffe AO
Chairman