

## 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

During November the portfolio delivered an investment gain of 6.6%, compared to an increase of 4.7% in the MSCI World Net TR Index (AUD). Since inception, the investment portfolio is up 31.9% compared to 23.9% for the benchmark index over the same period. Note that investment performance and the benchmark index are both measured before taxes and expenses. Our Net Tangible Asset value increased by 5% during November and is up 20.9% since inception. The share price at the end of November was \$3.30, up 32% since inception.

Markets were again dominated by ongoing US China trade discussions, with tariff deal on-again/off-again reports continuing. The US reporting season came to a close, delivering what was overall a fairly healthy state of affairs for companies.

Of course, the main event in November was the 4<sup>th</sup> Annual Sohn Hearts & Minds Investment Leaders Conference that was held on November 22 at the Sydney Opera House. Along with famed investors Ray Dalio and Howard Marks giving their views on the world and markets, 12 prominent fund managers each pitched their highest conviction stock idea to the audience.

The stocks presented this year were A2 Milk (A2M.AX); Floor and Décor Holding (FND.US); Fortive (FTV.US); GDS Holdings (GDS.US); Mineral Resources (MIN.AX); Nickel Mines (NIC.AX); Sanken Electric (6707.JP); Smartsheet (SMAR.US); Spotify (SPOT.US); Tesla (TSLA.US); Trade Desk Inc (TTD.US); and Wizz Air (WIZZ.LN).

Hearts and Minds Investments allocates 35% of its portfolio to these stocks. The stocks presented at last year's conference are sold when, either a stock's thesis has played out, or after 12 months when the new conference stocks have been approved for investment. All of the stocks from this year's conference have now been approved for investment into HM1.

While some of the recommended stock names may be unfamiliar to shareholders, in previous years, lesser known stocks such as New Oriental Education (EDU.US), PagSeguro (PAGS.US), and Bandai Namco (7832.JP) were all outstanding performers for the portfolio, delivering returns of 35-75% each. We are excited to be investing in the new stocks for our shareholders. We will provide further details on the new conference stocks in coming months.

Our core portfolio, which comprises the three highest conviction stock ideas from each of our five managers continues to provide solid returns for the portfolio having returned 27% since inception. As a reminder, 65% of the funds are allocated to this section of the portfolio.

On 26 November our inaugural AGM was held in Sydney. One of the resolutions passed was the proposal to add a 6<sup>th</sup> core fund manager, TDM Growth Partners, to our portfolio. TDM Growth Partners have delivered above market returns to their investors over the past 14 years and we are delighted to partner with them. As a consequence of this, the Company is conducting a fully renounceable rights issue to raise \$62.5m by offering existing shareholders the right to buy 1 additional share for every 8 shares currently held on the record date (2<sup>nd</sup> Dec) at the original IPO price of \$2.50. Shareholders should have received details of this offer recently, if you haven't please contact the registry at heartsandminds@boardroomlimited.com.au or phone 1300 737 760.

## Investment Performance

	1 month	6 months	12 months	Since Fund inception
Investment Performance	6.6%	14.4%	30.1%	31.9%
MSCI World Net TR Index (AUD)	4.7%	15.7%	23.6%	23.9%

Investment performance and index returns are before expenses and taxes. Source: Hearts and Minds Investments Limited and www.msci.com. Fund inception 14 Nov 2018.

## Net Tangible Asset (NTA) Performance

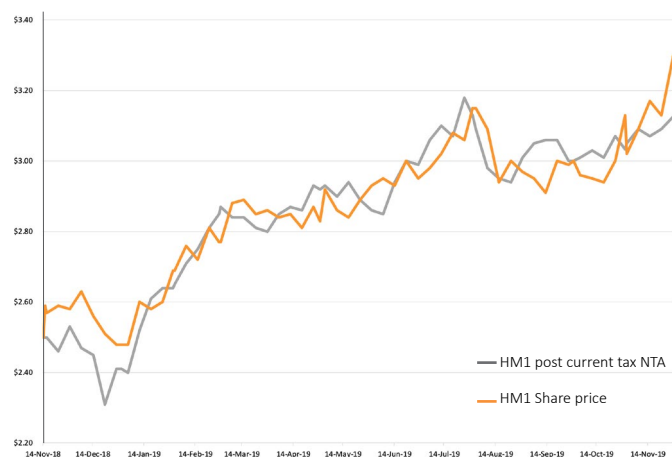
	1 month	6 months	12 months	Since Fund inception
Post Tax NTA Performance <sup>1</sup>	5.0%	10.0%	19.9%	20.9%

Source: Hearts and Minds Investments Limited and Citco Fund Services. Fund inception 14 Nov 2018.

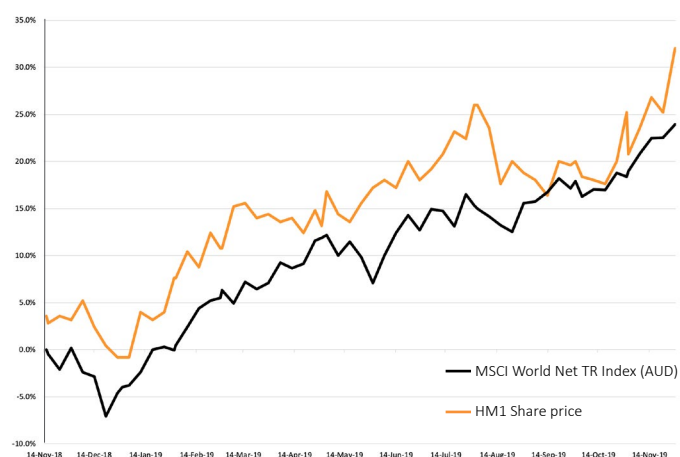
To receive these monthly investment updates via email please [click here](#).

<sup>1</sup>Post tax NTA includes the provision for tax on operating profits, and a provision for tax on both realised and unrealised gains and losses on the Total investment portfolio. \*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 figures are unaudited and indicative only. All numbers as at 30 November 2019 unless otherwise stated.

### HM1 share price vs post current tax NTA



### HM1 share price vs MSCI World Net TR Index (AUD)



#### Key details

Pre Tax NTA <sup>1</sup>	\$3.24
Post Current Tax NTA <sup>2</sup>	\$3.13
Post Tax NTA <sup>3</sup>	\$3.02
ASX code	HM1
Share price	\$3.30
Percent invested	88%
Listing date	14 Nov 2018

All numbers as at 30 November 2019 unless otherwise stated.

The table below sets out the estimated NTA backing per ordinary share as at close of business Friday 29 November 2019 assuming the maximum number of new shares are issued under the current Entitlement Offer.

#### Estimated NTA Backing Per Ordinary Share - After Entitlement Offer<sup>4</sup>

Pre Tax NTA <sup>1</sup>	\$3.16
Post Current Tax NTA <sup>2</sup>	\$3.06
Post Tax NTA <sup>3</sup>	\$2.96

All numbers as at 30 November 2019 unless otherwise stated.

#### Our 2019 Conference Fund Managers:

Airlie Funds Management  
 ARK Invest (USA)  
 Builders Union (UK)  
 Cooper Investors  
 Cota Capital (USA)  
 Montaka  
 Munro Partners  
 Oasis Management (HK)  
 Regal Funds Management  
 TDM Growth Partners  
 Tekne Capital Management (USA)  
 Tribeca Investment Partners

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<sup>1</sup>Pre tax NTA is the NTA of the company before the provision for current or deferred tax. <sup>2</sup>Post current tax NTA includes a provision for tax on operating profits, a provision for tax on realised gains and losses on the Total investment portfolio and a provision for tax on unrealised gains and losses on the Conference investment portfolio. <sup>3</sup>Post tax NTA includes the provision for tax on operating profits, and a provision for tax on both realised and unrealised gains and losses on the Total investment portfolio. <sup>4</sup>Assumes the issue of 25,000,000 new ordinary shares to raise \$62,500,000 under the Current Entitlement Offer. <sup>5</sup>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 figures are unaudited and indicative only. All numbers as at 30 November 2019 unless otherwise stated.

Core fund managers



Conference fund managers



Designated charities



Pro-bono service providers

