

5 June 2024

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

Dear Shareholders,

Please find attached Hearts and Minds Investments Limited's May Investment Update.

If you would like to receive these monthly investment updates via email please [subscribe here](#).

For and on behalf of the board,



Eryl Baron
Company Secretary

Investment Objective

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

Portfolio Commentary

Volatility continued in May after a poor April with US markets rebounding driven by a small cohort of mega cap stocks. Nvidia up 26.9%, Apple up 12.9%, Meta up 8.5%, and Alphabet up 6.0% drove most of the rebound. Utilities and Real Estate were the other sectors to do well. For the month of May, the Nasdaq was up 6.9%, the S&P 500 was up 4.8%, locally the ASX was up 0.5%. The MSCI World Index in AUD was up 1.8% impacted by an increase in the AUD which rose nearly 3% against the USD to 66.5 US cents. The HM1 portfolio return for the month was also impacted by the rising AUD and was up 0.5% for the month of May. The HM1 portfolio is up 12.4% over the past year and has delivered an annualised pre-tax investment return of 9.3% pa since inception in November 2018 and has paid fully franked dividends totalling 53 cents per share.

This month we deep dive into Telix Pharmaceuticals (TLX.AX), the [stock pitched at the 2023 Sohn Hearts & Minds Conference](#) by **Rikki Bannan of IFM Investors**. It's been one of the best performers (currently up c.90% since our purchase). It's been a busy 6 months for Telix on the regulatory front with filings for its renal cancer diagnostic Zircaix, regulatory application for the ProstACT Global prostate cancer therapy trial, and a new drug application for a second generation prostate imaging product. In terms of Telix's commercial activities, the company continues to take share in the growing prostate imaging market. Most recently, Telix reported Illucix growth of ~18% QoQ for Q1, ahead of market expectations and demonstrating continued share gains from major competitor Lantheus. Having been on the market for just over 18 months Illucix is generating US\$450m of annual revenue and we estimate it has a 35-40% share of the market. There's also been a number of important clinical developments, the most notable being the recent release of radiographic progression free survival (rPFS) data from Telix's Phase 2 prostate therapy trial, ProstACT SELECT. Telix reported a rPFS of 8.8 months, which was a very encouraging result. There are plenty of catalysts to come over the next 6 months, including 3 significant regulatory approvals. Success in any one of these, particularly the approval of Zircaix or Illucix 2.0, will likely see a very strong share price reaction. For further insights, listen to [our latest Hearts & Minds podcast episode featuring Rikki Bannan](#).

We also note that one of our portfolio investments, Guzman Y Gomez Limited (GYG) lodged a prospectus for its Initial Public Offering (IPO) on Friday 31 May 2024. Under the IPO shares in GYG are being offered at a price that is 22% above HM1's current carrying value of GYG shares and pleasingly 37% above HM1's original investment cost of GYG shares. The IPO of GYG is not scheduled to complete until 20 June 2024 and therefore remains conditional on several factors. Accordingly, HM1 will continue to carry its investment in GYG at its current valuation pending completion of the IPO. Once GYG is listed, HM1 will mark to market its investment in GYG consistent with the balance of our listed portfolio of investments. If GYG trade at the IPO price, it would have a positive impact on the HM1 net asset value per share of just over 2 cents per share.

We remain comfortable with our current portfolio positions and are encouraged by our improved investment performance over the past 12 months.

Pre-Tax NTA	\$3.07
Post-Tax NTA	\$3.03
Share Price <small>(ASX: HM1)</small>	\$2.49
Investment Performance p.a. <small>(Since inception 14 Nov 2018)</small>	9.3%
Latest Dividend <small>(Interim dividend paid 18 April 2024)</small>	7cps
Fully Franked Dividend Yield¹	5.6%
Cash Weighting	4%
Profits Reserve <small>(At 31 December 2023)</small>	49cps
Available Franking Credits² <small>(At 31 December 2023)</small>	56cps
Cumulative Medical Research Funding	\$48.9m

¹Fully franked dividend of 14.0cps divided by share price on 31 May 2024. ²Represents the level of future dividends (expressed as cents per share) that can be fully franked. All figures as at 31 May 2024 unless otherwise stated. Fund inception 14 Nov 2018. This communication has been prepared by Hearts and Minds Investments Limited (ABN 61 628 753 220). In preparing this document the investment objectives, financial situation or particular needs of an individual have not been considered. You should not rely on the opinions, advice, recommendations and other information contained in this publication alone. This publication has been prepared to provide you with general information only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Past performance is not a reliable indicator of future performance.

HM1 Investment Performance

Investment Performance	1 month	6 months	1 year	3 years per annum	Since Inception per annum
HM1 Investment Performance	0.2%	13.1%	12.4%	-3.1%	9.3%
MSCI World Index (AUD)	1.8%	13.3%	19.8%	10.5%	11.7%

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.

Dividend History

Dividend History	FY21	FY22	FY23	FY24
Dividends – fully franked	12cps	13.5cps	13.5cps	14.0cps

Top 10 Core Portfolio Holdings

Represents 45% of total portfolio holdings (in alphabetical order)



Block Inc
SQ.NYSE

Brookfield

Brookfield Corp
BN.TO



Formula One Group
FWONK.NAS



Guzman Y Gomez



Intercontinental Exchange Ltd
ICE.NYSE



Mastercard Inc
MA.NYSE



Microsoft Corporation
MSFT.NAS



NVIDIA Corporation
NVDA.NAS

ROKT

Rokt



Zillow Group Inc
Z.NAS

Conference Portfolio Holdings

Represents 30% of total portfolio holdings (in alphabetical order)



AIA Insurance
1299.HK



Ashland
ASH.NYSE



Games Workshop
GAW.L



International Flavours & Fragrances Inc.
IFF.NYSE



International Workplace Group
IWG.L



Lamb Weston
LW.NYSE



Miniso Group
9896.HK



NexGen Energy
NXE.TO



Swire Pacific
0019.HK



Telix Pharmaceuticals
TLX.AX



Webster Bank
WBS.NYSE



Wise
WISE.L

News from the **HM1 Network**

The Hearts & Minds Podcast is back!

Join our hosts **Maggie O'Neill, Head of Marketing and Operations, CIO Charlie Lanchester** and **CEO Paul Rayson** who will guide you through meaningful conversations on impact and investing with our incredible Hearts and Minds community. From engaging conversations with respected investors to insightful explorations with groundbreaking researchers, you'll gain a deeper understanding of the impact you're directly helping to create.

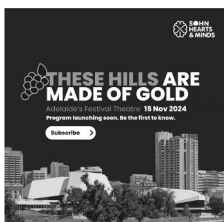
Our first episode for 2024 is with HM1 Conference Fund Manager, **Rikki Bannan of IFM Investors** who shares valuable investment insights into the current market and an update on her conference stock pick, **Telix Pharmaceuticals (TLX.AX)**. [You can listen to the episode here.](#)



According to **Qiao Ma, Portfolio Manager of Munro Partners** (Core and Conference Fund Manager), Nvidia's rise is "nowhere close to being over". Speaking at the recent *Australian Financial Review AI Summit*, she shared that the market is grossly underestimating the impact of AI. [Read the full article here.](#)



Gerald Stack, Head of Investments, Head of Infrastructure, & Portfolio Manager of Magellan was featured in 'Views on the Top' with Livewire Markets to share his insights on infrastructure returns and the types of companies Magellan likes to invest in within this space. [Watch the full interview here.](#)



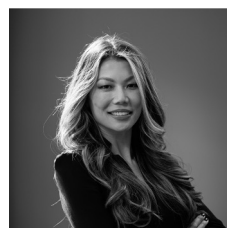
We have an exciting lineup of international and local speakers for the **Sohn Hearts & Minds Conference on 15 Nov 2024** in Adelaide. Stay tuned for our official launch for more details. You can also join our conference [mailing list to be the first to know more.](#)



The **Paediatric Intensive Care Unit at Westmead Children's Hospital** supports over 1,500 children with life-threatening conditions every year. **Senior Specialist Dr. Marino Festa** shares important research dedicated to improving the quality of care and long-term outcomes for these young patients. [Don't miss his insightful episode here.](#)



Kieran Moore of Munro Partners (Core & Conference Fund Manager) recently shared insights with *Livewire Markets* on how Munro identifies a globally-listed company as a "consistent compounder", sharing the quantitative and qualitative factors important in selecting these stocks. [Read the full article on Livewire here.](#)



While investors are focused on chipmakers like Nvidia, **Jun Bei Liu of Tribeca Investment Partners** says storage, energy and software are equally important sectors. Discover her Aussie stock picks to watch, including one of her recommended Core Holdings for HM1: **NEXTDC (NXT:ASX)**. [Read the article here.](#)

Core Fund Managers









Conference Fund Managers














Designated Beneficiaries





















Pro-Bono Service Providers







