

Hearts & Minds Investments FY24 results and increased fully franked dividend

+11.7%

Investment portfolio performance for FY24

9.3% per annum

Investment portfolio performance since inception

5.8%

Fully franked ^{**} dividend yield

\$54m

Medical research cumulative funding

The Hearts and Minds Investments Ltd (ASX:HMI) Board of Directors have declared an increased half-yearly fully franked dividend of 7.5 cents per share payable in October 2024. During the year ended 30 June 2024, HMI paid fully franked dividends amounting to 14 cents per share. The half-yearly dividend of 7.5 cents equates to an annualised fully franked dividend yield of 5.8%, and a grossed up yield of 8.3% on the HMI share price at 30 June 2024.

For the year ended 30 June 2024, HMI recorded a total comprehensive income after tax of \$53.5 million (2023: total comprehensive income after tax of \$63.0 million). We are pleased to report that following the changes we made to the management of our investment portfolio, 18 months ago, investment performance has improved. The HMI investment portfolio increased by 11.7% for the year ended 30 June 2024, building on gains made in the prior year. The current year's investment performance was primarily driven by the technology holdings in our Core Portfolio and improved performance in the current Conference Portfolio. Since the inception in November 2018, HMI has generated a compound pre-tax investment return of 9.3% per annum.

The Core Portfolio performed well in FY24 driven by large share price gains in several of our Core Portfolio holdings, namely NVIDIA, TSMC, Microsoft, Amazon, NextDC, Brookfield Corp and ICE. The addition of Munro Partners as a new Core Fund Manager has had a significant positive impact on our Core Portfolio. The material detractors to performance in the Core Portfolio were Just Eat Takeaway, Opthea and Eurofins. The relevant Core Fund Managers continue to see upside in these holdings. We also note that Guzman y Gomez listed on the ASX on 20 June 2024. At 30 June 2024 the share price of Guzman y Gomez was \$27.42. HMI invested in Guzman y Gomez in January 2023, prior to its initial public offering, at a price equivalent to \$16.00 per share providing a very attractive return of over 70% during the 18 months holding period.

Top 10 Core Portfolio Holdings



Amazon
AMZN.NAS



Block Inc
SQ.NYSE



Formula One Group
FWONK.NAS



Guzman Y Gomez
GYG.AX



Intercontinental Exchange Ltd
ICE.NYSE



Mastercard In
MA.NYSE



Microsoft Corporation
MSFT.NAS



Rokt



TSMC
TSM.NYSE




Zillow Group Inc
Z.NAS

**Annualised fully franked dividend of 15.0cps divided by share price on 30 June 2024.

This announcement has been authorised by the Board of Hearts and Minds Limited.

The current Conference Portfolio has also performed well, up 15% over the 7 month holding period to 30 June 2024. We realised significant early profits in our holdings of Bath and Body Works (up 55%), Unicredit (up 38%) and Resmed (up 26%). We also have significant unrealised gains on our current holdings of Telix Pharmaceuticals and Swire Pacific. Poorer performers in the Conference Portfolio are those holdings exposed to the Chinese economy, namely Miniso and AIA.

Conference Portfolio Holdings

| | | | | |
|--|---|--|---|--|
|  AIA Insurance 1299.HK |  Ashland ASH.NYSE |  Games Workshop GAW.L |  International Flavours & Fragrances Inc. IFF.NYSE |  International Workplace Group IWG.L |
|  Miniso Group 9896.HK |  NexGen Energy NXE.TO |  Swire Pacific 0019.HK |  Telix Pharmaceuticals TLX.AX |  Webster Bank WBS.NYSE |
|  Wise WISE.L | | | | |

HMI's share price increased from \$2.26 on 30 June 2023 to \$2.58 on 30 June 2024. The share price discount to NTA per share narrowed to a 17% discount to HMI's pre-tax NTA of \$3.09 on 30 June 2024. The improvement in the share price and the payment of 14 cents in fully franked dividends resulted in a total shareholder return of 20% for FY24. The Board remains confident that the ongoing improvement in investment performance will continue to narrow the share price discount to HMI's pre-tax NTA per share.

20%

Total shareholder return in FY24

In line with its philanthropic objective, HMI 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 HMI's participating fund managers, its Board of Directors and Committees all working on a pro bono basis.

During the year ended 30 June 2024, HMI paid \$9.4 million to its designated medical research organisations and made provision for a further \$6.4 million. These 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.

Investment portfolio performance to 30 June 2024

| HMI Investment Performance | 1 year | 2 years % pa | 3 years % pa | Since inception ¹ % pa |
|----------------------------|--------|--------------|--------------|-----------------------------------|
| HMI Investment Performance | 11.7% | 13.4% | -5.1% | 9.3% |
| MSCI World Index (AUD) | 18.3% | 19.5% | 9.3% | 11.8% |

1. Inception 14 Nov 2018.

| Dividend History | FY21 | FY22 | FY23 | FY24 |
|--------------------------------|---------|---------|---------|---------|
| Dividends Paid - fully franked | 12.0cps | 13.5cps | 13.5cps | 14.0cps |

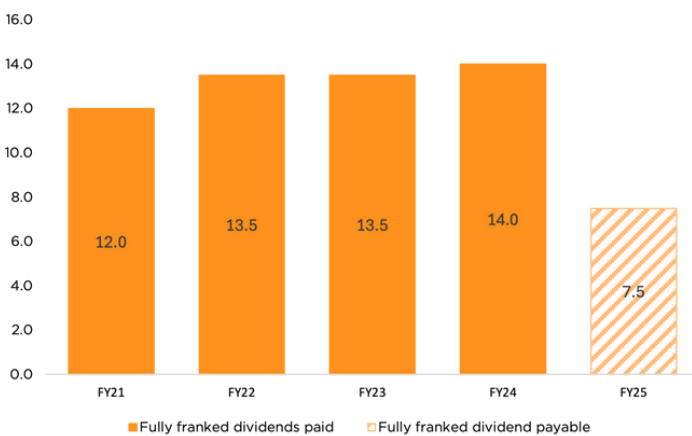
We believe that HMI offers a compelling investment in a concentrated portfolio of global equities recommended by a select panel of successful fund managers. The investment returns of the portfolio are underpinned by a fully franked dividend that is paid half yearly to shareholders. All investment fees are waived and instead an equivalent amount is contributed to fund medical research in Australia. This represents a professionally curated and managed investment and meaningful social returns.

Finally, we would also like to thank you, our shareholders, for supporting the advancement of medical research in Australia through your investment in HMI.

For further information on HMI and our Annual Report to 30 June 2024, visit the HMI website at hmi.com.au

| | | |
|--|---|--|
| <h2 style="color: #f4a460;">7.5cps</h2> <p>Latest dividend payable 17 October 2024</p> | <h2 style="color: #f4a460;">58cps</h2> <p>Profits Reserve (At 30 June 2024)</p> | <h2 style="color: #f4a460;">42cps</h2> <p>Available Franking Credits[^] (At 30 June 2024)</p> |
|--|---|--|

Fully franked dividends since inception



Half-yearly fully franked dividend dates

| | |
|--------------------|-------------------|
| Ex-dividend date: | 11 September 2024 |
| Record date: | 12 September 2024 |
| DRP election date: | 16 September 2024 |
| Payment date: | 17 October 2024 |

[^] Represents the level of future dividends (expressed as cents per share) that can be fully franked. Fully franked dividends are paid twice yearly, paid in April and October each year, subject to sufficient cash reserves, available franking credits and prudent business practice.

About Hearts and Minds

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

ACCESS THE BEST MINDS

Gain access to selected world class fund managers who donate their time and intellectual property to Hearts & Minds.

PERFORMANCE & GROWTH

HMI seeks to maximise long-term returns to shareholders by investing in high conviction global equities, underpinned by a fully franked dividend yield.

IMPACT

Each year 1.5% of NTA is donated to groundbreaking Australian medical research across a range of disease areas.

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. This announcement has been authorised by the Board of Hearts and Minds Limited.