



## **Hearts and Minds Investments Limited**

### **Results for the year ended 30 June 2020**

Dear fellow Shareholders,

On behalf of the Board and management we would like to thank you for your support of Hearts and Minds Investments Limited (HM1) and we are delighted to share the Annual Report for the year ended 30 June 2020.

HM1 is a listed investment company that was established with the combined objective of providing a concentrated securities portfolio of the highest conviction ideas from leading 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.

We acknowledge that the pandemic presents a major challenge for communities around the world and that many families and businesses have been severely impacted by the ongoing health crisis and economic impact. However, we are pleased to report that the investment portfolio of HM1 has proved to be resilient during the market turmoil and has generated an excellent investment performance for the full year to 30 June 2020.

HM1 posted a pre-tax investment return of 26.1% for the year ended 30 June 2020, significantly outperforming the global equity benchmark, the MSCI World Net TR (AUD) index which increased 4.8% over the same period. We are very pleased with this investment performance, particularly during this period of heightened market volatility, which has tested many investment strategies. Since inception of HM1 in November 2018, HM1 has generated a pre-tax investment return of 51.3% compared to the MSCI World Net TR (AUD) return of 18.2% over the same period.

For the year ended 30 June 2020, HM1 recorded total comprehensive income after tax of \$117,553,802 (2019: \$70,453,027). The result was partly driven by net realised gains from the 2018 Conference Portfolio which was disposed of during the year. Further net realised gains were generated from both the Core Portfolio and the 2019 Conference Portfolio where our fund managers recommended the taking of some profits on investment holdings that had exceeded expectations. In addition to the net realised gains, the financial result for the year reflects net unrealised gains in the market value of our total investment portfolio as at 30 June 2020. HM1's post-tax net tangible assets have increased from \$570,453,028 at 30 June 2019 to \$750,506,830 as at 30 June 2020. Further details on the performance of HM1 can be found in the Annual Report.

Given the strong returns generated by HM1 since inception and the generation of net realised gains, the Board will consider a dividend payment following the realisation of the 2019 Conference Portfolio which will occur at the end of 2020.

In line with its philanthropic objective, HM1 provides financial support to leading Australian medical research organisations 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 forego any investment fees and instead donate an amount equivalent to 1.5% of net tangible assets per annum to designated charities.

The current designated charities are Victor Chang Cardiac Research Institute, Black Dog Institute, Brain and Mind Centre at Sydney University, Charlie Teo Foundation, The Children's Hospital at Westmead – Paediatric Intensive Care Unit, The Florey Institute of Neuroscience and Mental Health, Multiple Sclerosis Research Australia Limited, Orygen, Centre of Human Psychopharmacology at Swinburne University and Royal Prince Alfred Hospital Emergency Research.

During the year ended 30 June 2020, HM1 paid \$4.1 million to its designated charities and made provision for a further \$5.1m which will be paid at the end of August 2020. 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. The current pandemic highlights the critical importance of medical research to global health outcomes and economic prosperity.

Through their investment in HM1, shareholders gain exposure to the highest conviction ideas, investment approach and expertise of leading fund managers, and make a significant contribution to advancing medical research in Australia. This is made possible by all of our participating fund managers foregoing investment management and performance fees. The Board of Directors, the Investment Committee and many of our service providers also work on a pro bono basis.

We sincerely thank our fund managers and service providers for their ongoing support and 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 and attractive investment proposition whilst also supporting the advancement of medical research in Australia.

For further information on HM1 and our results for the year ended 30 June 2020 refer to the HM1 2020 Annual Report which was released today. You can view the report on the [HM1 website here](#).



**Christopher Cuffe AO**  
**Chairman**

Sydney  
26 August 2020