

3 May 2023

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 April Investment Update.

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

For and on behalf of the board,



Tom Bloomfield
Company Secretary

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 respected fund managers. The Company will forego any investment fees and instead donate to leading Australian medical research institutes.

Portfolio Commentary

The HM1 portfolio had a slight increase of 0.4% over the month of April. Global markets and sectors were mixed over the month. The broad-based S&P 500 finished up 1.5%, the NASDAQ Composite was flat, the MSCI World Net TR Index (AUD) up 3.8%, while the local ASX 200 was up 1.8%. Since inception in November 2018, the HM1 portfolio has delivered an annualised pre-tax investment return of 9.1% pa.

Global share markets remain tentative due to uncertainty over the extent of the impact of rapid monetary tightening on economies. Earnings reports have been mixed and outlook statements have been cautious or non-existent. The tech giants' earnings were good but flagged slowing growth. Regional Banks in the US continue to cause concern with First Republic being the latest bank to be rescued, in this case by JP Morgan. Commodity prices fell during April on a muted demand outlook and a tepid China recovery.

These macro dynamics were reflected in the HM1 portfolio for the month. Major positive contributors were Next DC up 10%, AMP up 8%, Microsoft up 7% and Carsales up 7%. These increases were primarily driven by positive earnings updates or improved outlooks for earnings. Declines were mostly in commodity or consumer discretionary sectors driven by concerns of a slowdown in economic activity. China Duty Free down 14%, Just Eat TakeAway.com down 9%, Champion Iron down 9% and semiconductor stocks TSMC and ASML both down 8%. We believe the portfolio remains well positioned and resilient through the next phase of the economic cycle.

On 13 April the annual fully franked dividend of 13.5 cents per share was paid to shareholders. The dividend represents a fully franked net yield of 5.6% (gross yield of 8%) on the April month end share price. The HM1 share price is currently trading at a discount to the market value of the portfolio and represents a good opportunity to invest in quality companies at below market price.

In this month's news from the network we introduce our new Chief Investment Officer, Charlie Lanchester. Charlie has significant funds management experience having been a lead portfolio manager for large investment houses, Blackrock and Perpetual. Charlie is thrilled to be joining the HM1 team and is looking forward to contributing to the growth and success of the fund. [Read Charlie's full note here.](#)

Pre-Tax NTA **\$2.90**

Post-Tax NTA **\$2.96**

Share Price **\$2.37**
(ASX: HM1)

Investment Performance p.a. **9.1%**
(Since inception 14 Nov 2018)

Cash Weighting **9%**

Latest Dividend **13.5cps**
(Annual fully franked dividend paid April 2023)

Profits Reserve **66cps**
(At 31 March 2023)

Available Franking Credits **55cps**
(At 31 March 2023)¹

¹ Represents the level of future dividends (expressed as cents per share) that can be fully franked.

Cumulative Medical Research Funding **\$43.8m**

Top 10 Holdings (in alphabetical order)

	Block Inc	SQ.NYSE		Mastercard Inc	MA.NYSE
	Carsales.com Ltd	CAR.ASX		Microsoft Corporation	MSFT.NAS
	Champion Iron	CIA.AX		New Relic, Inc.	NEWR.NYSE
	Formula One Group	FWONK.NAS		Nike, Inc.	NKE.NYSE
	Intercontinental Exchange Ltd	ICE.NYSE		Zillow Group Inc	Z.NAS

Investment Performance	1 month	6 months	1 year	3 years per annum	Since Inception per annum
Investment Performance	0.4%	7.9%	5.3%	3.4%	9.1%
MSCI World Net TR Index (AUD)	3.1%	8.6%	11.0%	12.7%	11.9%

Investment Performance is calculated after expenses and before taxes. Index returns are calculated before expenses and taxes. Source: Citco Fund Services and www.msci.com.

News from the HM1 Network



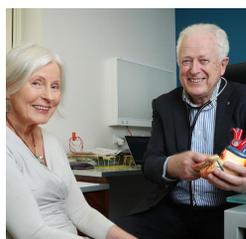
We would like to introduce our new **Chief Investment Officer, Charlie Lanchester**. Charlie has significant funds management experience having been a lead portfolio manager for large investment houses, Blackrock and Perpetual. [You can read Charlie's full note on our website here.](#)



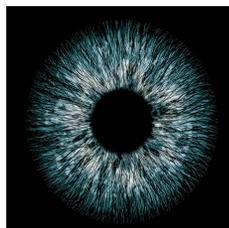
Read the latest Stock Story from **Magellan** (Core Fund Manager) regarding one of one of our Core Holdings, Mastercard. **Portfolio Manager, Elisa Di Marco** taps into the underlying layers that support the consistency and strength of the business. [You can read the full article on LinkedIn here.](#)



Head of Claremont Global, Bob Desmond (Conference Fund Manager), and **Elisa Di Marco of Magellan** (Core Fund Manager) share their insights into quality investing and delve into 12 stock examples. [You can read the full article on Livewire here.](#)



Professor Michael Feneley, from **Victor Chang's Cardiac Research Institute** says that new AI software can improve the diagnosis of severe aortic stenosis by 72% and potentially change the lives of about 50,000 Australians who are misdiagnosed each year. [You can read the full article on our website here.](#)



The Inside Network's Growth Symposium was held at the end of March featuring **Munro Partners' Chief Investment Officer, Nick Griffin** and many other investment professionals. [You can read a summary of the event on our website here.](#)



Head of Claremont Global, Bob Desmond and Conference Fund Manager, appeared on *ausbiz* to discuss the market including potential opportunities, including Alphabet Inc., Visa and Nike which was Bob's 2022 Conference stock pick. [Watch the video on ausbiz here.](#)
(note, you'll need to create a free account).



Munro Partners' Chief Investment Officer, Nick Griffin (Core and Conference Fund Manager) appeared on the *Fear and Greed* podcast to discuss the increasing use of AI and the companies that are set to benefit, including his 2022 Conference stock pick, ASML. [You can listen to the episode on our website here.](#)



SAVE THE DATE: SOHN HEARTS & MINDS CONFERENCE

This year's Sohn Hearts & Minds Conference is on **Friday 17th November 2023** in Sydney. Register your interest in [purchasing tickets here](#) as we will be offering a special presale offer soon.

Relive the fun from last year: [watch the Hobart recap here.](#)

Core Fund Managers

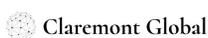








Conference Fund Managers











Designated Beneficiaries













Pro-Bono Service Providers







