



## Hearts and Minds Investments Limited

### Results to 30 June 2019

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”).

HM1 is a listed investment company that was born out of the investment and philanthropic vision of the Sohn Hearts & Minds Investment Leaders Conference. HM1 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.

When we commenced the public offering in October last year, we were delighted by the strong support from the market. Our initial public offering, which was oversubscribed, raised \$500 million across 5,500 shareholders. We believe this is a testament to HM1’s investment strategy and the generosity of Australian investors.

Since listing on 14 November 2018, HM1 has had a strong performance, with its pre-tax net tangible assets increasing 19.6% from \$2.50 to \$2.99 to 30 June 2019, outperforming the MSCI World Net TR (AUD), a global equity investment benchmark. Total comprehensive income including net unrealised gains and losses on the investment portfolio for the period was \$70.4m. While we are proud of this early performance, resulting from the underlying stock recommendations of our participating fund managers, we also recognise we have been supported by favourable market conditions.

The Board has not declared a dividend in respect to the part-year period to 30 June 2019. The Board will consider a dividend payment following the December 2019 half year, dependent on the quantum of realised profits from the disposal of the first year’s stocks recommended by Conference Fund Managers.

In line with its philanthropic objective, HM1 provides financial support to leading Australian medical research organisations in order 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 an amount equivalent to 1.5% of net tangible assets per annum is donated 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.

HM1 made its first payment of \$4.9 million in June 2019 to Victor Chang Cardiac Research Institute, representing a reimbursement of the offer costs of the initial public offer. During FY20 it is expected that the offer costs will be fully repaid and donations to the designated charities mentioned above will commence.



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 would like to thank our fund managers and service providers for their support and generosity in the establishment and ongoing operations 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 to 30 June please refer to the HM1 2019 Annual Report which was released today. You can view the report on the [HM1 website here](#).

A handwritten signature in black ink, appearing to read "Chris Cuffe". The signature is fluid and cursive, with a large initial 'C'.

**Chris Cuffe**  
**Chairman**

23 August 2019