



29 November 2021

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

Dear Shareholders,

Please find attached the Chairman's Address to be presented at today's Annual General Meeting of Hearts and Minds Investments Limited.

For and on behalf of the board,

A handwritten signature in blue ink, appearing to read "T. Bloomfield", is written over a thin horizontal line.

Tom Bloomfield
Company Secretary



HEARTS AND MINDS INVESTMENTS LIMITED

2021 AGM Chair's Address

Welcome

Good afternoon and welcome to the 3rd Annual General Meeting of Hearts and Minds Investments Limited (which I will refer to as HM1 or the Company). My name is Chris Cuffe and I am Chair of the Company.

As you know we are conducting our AGM online again this year via the Lumi platform. This allows shareholders, proxyholders and guests to participate in the meeting virtually. All attendees can listen to a live webcast of the meeting. In addition, shareholders and proxyholders can ask questions and submit votes. We are looking forward to reverting back to a face to face AGM next year.

I am joined today by my fellow Directors and company officers:

Lorraine Berends, Guy Fowler, Matthew Grounds, Geoff Wilson, Michael Traill, Gary Weiss, David Wright (also Chair of the Investment Committee), Paul Rayson (Chief Executive Officer), Rory Lucas (Chief Investment Officer) and Company Secretary, Tom Bloomfield.

On behalf of the Board and management I would like to thank you for your support of HM1 and I'm delighted to report on the Company's financial results and charitable donations for the year ended 30 June 2021. Scott Whiddett from our auditors, Pitcher Partners, is also present, and will be available to address any questions relating to the Company's financial statements.

As the Notice of Meeting has been circulated to all shareholders, I propose that the Notice of Meeting be taken as read. I will now make some general comments about the year under review. We will then consider the financial statements and resolutions to be voted on, followed by questions.

Performance Update

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 respected fund managers, whilst also supporting Australian medical research organisations. It was born out of the investment and philanthropic vision of the Sohn Hearts & Minds Investment Leaders Conference. The next conference is being held virtually this coming Friday the 3rd of December.

The Covid-19 pandemic continues to be a major challenge for communities around the world and many families and businesses have been severely impacted by the ongoing health crisis, rolling lockdowns and economic impact. Despite this backdrop, global share markets soared over the last financial year, rebounding from the lows of the pandemic-induced recession, and posting returns well in excess of long term averages.

The HM1 portfolio posted a very pleasing pre-tax investment return of 28.0% for the year ended 30 June 2021, in line with the significant increase in global equity markets. Since the inception of the Company in November 2018, HM1 has generated a compound annual pre-tax investment return of 28.1% compared to the MSCI World Net Total Return (AUD) Index increase of 16.6% per annum over the same period.



For the year ended 30 June 2021, HM1 recorded total comprehensive income after tax of \$157.9m. compared to \$117.6m in 2020. The result was partly driven by net realised gains from the 2019 Conference Portfolio which was disposed of during the year. Further net realised gains were generated from both the Core Portfolio and the 2020 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 on 30 June 2021.

HM1's post-tax net tangible assets have increased 18.1% over the year from \$750.5 million on 30 June 2020 to \$886.0 million as of 30 June 2021. On a per share basis, HM1's post-tax NTA per share increased from \$3.34 on 30 June 2020 to \$3.92 on 30 June 2021. The HM1 share price has increased 70% since our IPO from \$2.50 to \$4.24 as at the end of October 2021. Further details on our performance can be found in our Annual Report and in the monthly updates on our website.

In April 2021 HM1 paid its first dividend to shareholders. A fully franked dividend of 12 cents per ordinary share amounting to a total dividend of \$27.0 million was paid on 20 April 2021. Our dividend reinvestment plan was operational and many shareholders reinvested their dividend in HM1 shares at a 2.5% discount to the prevailing market price. The dividend policy of HM1 aims to pay a fully franked annual dividend in April each year following the realisation of the previous year's Conference Portfolio, subject to there being sufficient cash reserves and available franking credits, and providing it is within prudent business practice.

Investment in Medical Research

In line with its philanthropic objective, HM1 provides financial contributions to 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 HM1 donates an amount equivalent to 1.5% of net tangible assets per annum to designated medical research organisations.

During the year ended 30 June 2021, HM1 paid \$11.3 million to its designated medical research organisations. This brings the total medical research funding since the inception of HM1 to \$27m. This amount excludes additional funding raised through the Hearts and Minds Conferences. 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.

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 focused investment proposition whilst also supporting the advancement of medical research in Australia.

A handwritten signature in black ink, appearing to read "Chris Cuffe".

Chris Cuffe AO
Chairman

29 November 2021