

5 July 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 June 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 global securities based on the highest conviction ideas from respected fund managers. The Company forgoes any investment fees and instead donates to leading Australian medical research institutes.

### Portfolio Commentary

The HM1 portfolio increased 1.3% over the month of June. US markets enjoyed a strong month driven largely by the Information Technology sector. The S&P 500 was up 6.5%, the MSCI World Index (AUD) was up 2.7% and the local ASX 200 was up 1.8%. Local returns were partly offset by an increase of 2.7% in the AUD over the month. Since inception in November 2018, the HM1 portfolio has delivered an annualised pre-tax investment return of 8.8% pa.

The six largest tech companies drove much of the increase in US markets over the month and for the year to 30 June 2023. Apple, Microsoft, Nvidia, Meta, Amazon and Alphabet represent the majority of the S&P 500 return of 17.6% for the year to 30 June 2023. This narrowing of US market returns presents increased market risk and bodes well for active portfolio management.

HM1's investment returns have improved over the last 12 months with the 1 year investment performance now at 15.1% for the year to 30 June 2023. The major contributors to our improved portfolio returns over the year to 30 June 2023 were our current holdings in Microsoft, Formula 1, Zillow and Amazon and realised gains on Alphabet and Mineral Resources. These gains were partially offset by realised losses on the prior year's Conference portfolio.

Since inception, our return of 8.8% per annum still sits below market indices due to the poor calendar year 2022 investment performance. We are very aware that the share price is currently trading at a material discount to the value of the current portfolio. We remain committed to the following actions to increase the value of an investment in HM1. We continue to actively manage the portfolio and our selected fund managers. Some of the changes we have made over the last year have contributed to the improved investment performance this financial year. We are committed to maintaining our current dividend policy. Our current levels of profit reserve and franking account provide a buffer for future fully franked dividend considerations. We are also providing increased insight into our portfolio holdings, and in this update, we provide a deep dive into two of our portfolio holdings recommended by our new Core Fund Manager, Munro Partners.

Munro Partners have provided commentary on the theme of Artificial Intelligence and the implications for the Semi-Conductor industry including two of our portfolio holdings ASML and TSMC. [Here is a link to the analysis.](#)

<b>Pre-Tax NTA</b>	<b>\$2.90</b>
<b>Post-Tax NTA</b>	<b>\$2.95</b>
<b>Share Price</b> <small>(ASX: HM1)</small>	<b>\$2.26</b>
<b>Investment Performance p.a.</b> <small>(Since inception 14 Nov 2018)</small>	<b>8.8%</b>
<b>Cash Weighting</b>	<b>9%</b>
<b>Latest Dividend</b>	<b>13.5cps</b>
<b>Fully Franked Dividend Yield<sup>1</sup></b>	<b>6.0%</b>
<b>Profits Reserve</b> <small>(At 31 March 2023)</small>	<b>66cps</b>
<b>Available Franking Credits<sup>2</sup></b> <small>(At 31 March 2023)</small>	<b>55cps</b>
<b>Cumulative Medical Research Funding</b>	<b>\$43.8m</b>

<sup>1</sup>Fully franked dividend of 13.5cps paid April 2023 divided by share price at 30 June 2023. <sup>2</sup>Represents the level of future dividends (expressed as cents per share) that can be fully franked. All figures as at 30 June 2023 unless otherwise stated. Fund inception 14 Nov 2018. 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.

### HM1 Investment Performance

Investment Performance	1 month	6 months	1 year	3 years per annum	Since Inception per annum
HM1 Investment Performance	1.3%	7.2%	15.1%	-0.7%	8.8%
MSCI World Index (AUD)	2.7%	16.6%	20.8%	11.7%	10.4%

HM1 Investment Performance is calculated after expenses and before taxes. The comparator is the MSCI World price index in AUD. Source: Citco Fund Services and www.msci.com. Inception 14 Nov 2018.

### Dividend History

Dividend History	2021	2022	2023
Dividends Paid – fully franked	12cps	13.5cps	13.5cps

### Top 10 Core Portfolio Holdings

Represents 52% of total portfolio holdings (in alphabetical order)



BHP  
BHP.AX



Block Inc  
SQ.NYSE



Champion Iron  
CIA.AX



Formula One Group  
FWONK.NAS



Guzman Y Gomez



Intercontinental Exchange Ltd  
ICE.NYSE



Mastercard Inc  
MA.NYSE



Microsoft Corporation  
MSFT.NAS



Rokt



Zillow Group Inc  
Z.NAS

### Conference Portfolio Holdings

Represents 31% of total portfolio holdings (in alphabetical order)



AMP Limited  
AMP.AX



ASML Holding N.V.  
ASML.AS



Carsales.com  
CAR.AX



Champion Iron  
CIA.AX



China Duty Free  
1880 HK



Darling Ingredients Inc.  
DAR.NYSE



La Francaise des Jeux  
FDJ.PA



Keywords Studios  
KWS.L



New Relic, Inc.  
NEWR.NYSE



Nike, Inc.  
NKE.NYSE



Transurban Group  
TCL.AX

### News from the **HM1 Network**



Our Core Fund Manager, **Munro Partners** share their insights on how the semiconductor industry is entering the Artificial Intelligence era. Munro discuss the significant value expected to be generated in a relatively short space of time, and a special spotlight on ASML, their 2022 Conference Stock Pick. [Read their insights here.](#)



In a recent *Livewire* interview, **Conference Fund Manager and Head of Claremont Global, Bob Desmond** shares his views on the global equity market, as well as some of the great opportunities they're finding despite the volatility of markets. [You can watch the conversation here.](#)



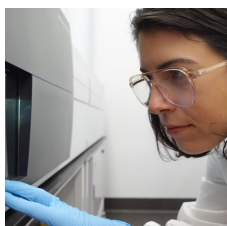
Portfolio Manager **Jun Bei Liu of Tribeca Investment Partners** (Core and Conference Fund Manager), has joined other top stock pickers to dismiss fears of an inflation-led recession. They also share their favourite stocks at the moment, including Qantas, Seven Group, and Treasury Wines. [Read the article here.](#)



**Portfolio Manager Kieran Moore, of Munro Partners** joined the ASX *Ideas Exchange* to unpack Artificial Intelligence. From its inception to the imminent impact it has on our daily lives, this new and exciting technology is opening investment opportunities. [You can listen to the podcast here.](#)



**Chief Investment Officer of Auscap Asset Management, Tim Carleton** believes that core inflation in the US has already reached its peak. Tim shares his insights into the current market, shedding light on some of Auscap's favoured stocks including his 2022 Conference stock pick, Carsales. [Read the article on Livewire here.](#)



The Innovation Centre at **Victor Chang's Cardiac Research Institute** has been very useful for Dr Kirsten Coupland to help her shed light on the inner workings of the brain. Her aim is to help design new drugs or repurpose existing drugs to provide assistance to stroke patients. [You can read the full article here.](#)



Listen to the latest insights from **Adrian Lu, Investment Analyst of Magellan** (Core Fund Manager). He discusses the emerging developments of Artificial Intelligence and addresses some of the key questions interested investors have. [You can read his insights here.](#)



Despite mixed investor opinions, **Core Fund Manager, Munro Partners** remains a strong believer in Nvidia according to a recent *Australian Financial Review* article. Munro stands firm in their investment and still consider it a solid buy. [You can read the full article here.](#)



#### Limited tickets: Sohn Hearts & Minds Conference, Friday 17<sup>th</sup> November

A limited number of presale tickets are available for this year's Sohn Hearts & Minds Investment Leaders Conference being held at the **Sydney Opera House on Friday 17th November**. Presale tickets include access to the conference and a VIP Experience the evening prior at Sydney Modern, the newly opened building at the Art Gallery of NSW.

Don't miss out, [purchase your ticket online here.](#)

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Investment Partners

**Conference Fund Managers**

**Auscap**  
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CAPITAL

**Designated Beneficiaries**

**Baker**  
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**Cerebral Palsy**  
ALLIANCE  
RESEARCH FOUNDATION

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**Pro-Bono Service Providers**

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