



December 2019

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 December Investment Update.

For and on behalf of the board,

A handwritten signature in blue ink, appearing to read "T. Bloomfield", is positioned above the printed name of the Company Secretary.

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

Portfolio Commentary

During December, the portfolio delivered an investment gain of 0.7%, compared to a decrease of -0.9% in the MSCI World Net TR Index (AUD). Since inception, the investment portfolio is +32.8% compared to +22.8% for the benchmark for the same period. Note that investment performance and the benchmark index are both measured before tax and expenses. Our Net Tangible Asset value increased by 0.5% during December and is up 21.5% since inception. The share price at the end of December was \$3.27, up 30.8% since inception.

Markets started the month weaker, with Mr Trump imposing further tariffs on steel and aluminium imports from Brazil and Argentina and then rallied after the US and China agreed to a phase one trade deal. Trump then managed to become just the 3rd President to be impeached, while Boris Johnson won the UK election very convincingly which helped to settle markets. Gold, oil and the Aussie dollar were all stronger for the month, which was a detractor to HM1's performance.

We announced last month that we would be conducting a rights issue to raise \$62.5m in order to fund the recommendations from our new core fund manager, TDM Growth Partners. This was successfully completed late in the

month and we are pleased to report that we had an extremely high take up and have begun deploying the funds to the stocks put forward by TDM.

Pleasingly, the new additions to the portfolio from the Sohn Hearts & Minds Investment Leaders Conference in November have started on the right foot, and were responsible for most of the months investment returns. One of the more controversial picks, Tesla, which was presented by Catherine Wood from ARK Invest continued its rally and was up 27% this month. Lesser known GDS Holdings was up 10% also. GDS, which designs, builds, and operates data centres in China, was presented by one of our 2018 stars, Beeneet Kothari from Tekne Capital Management in the US. Last year Beeneet presented PagSeguro, which delivered a return of over 60% for the year, so we are excited to see how GDS performs for us in the coming months.

The core portfolio had a quieter month, where we saw some profits being taken in a few of the stocks that have outperformed being compensated for by some recovery in other stocks that have lagged in recent months. All of our core managers have made very respectable contributions to our portfolio for the last 12 months, and we are excited to see what 2020 brings us all.

Investment Performance

	1 month	6 months	12 months	Since Fund inception
Investment Performance	0.7%	9.6%	37.4%	32.8%
MSCI World Net TR Index (AUD)	-0.9%	9.0%	27.9%	22.8%

Investment performance and index returns are before expenses and taxes. Source: Citco Fund Services and www.msci.com. Fund inception 14 Nov 2018.

Net Tangible Asset (NTA) Performance

	1 month	6 months	12 months	Since Fund inception
Post Tax NTA Performance*	0.5%	6.4%	24.5%	21.5%

Source: Hearts and Minds Investments Limited and Citco Fund Services. Fund inception 14 Nov 2018.

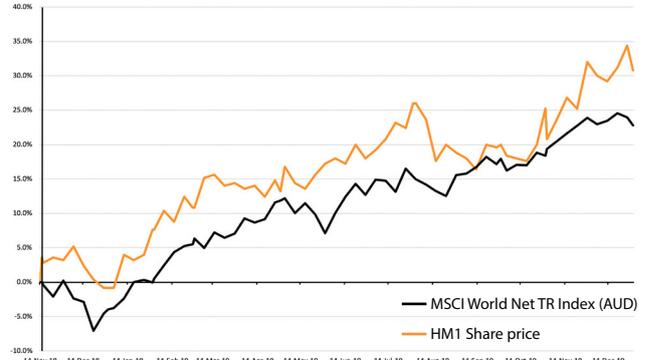
To receive these monthly investment updates via email please [click here](#).

*Post tax NTA includes the provision for tax on operating profits, and a provision for tax on both realised and unrealised gains and losses on the Total investment portfolio.
All NTA figures are unaudited and prepared by Citco Fund Services. *The performance figures quoted are historical, calculated using end of month prices. Performance can be volatile and future returns can vary from past returns. All numbers as at 31 December 2019 unless otherwise stated.

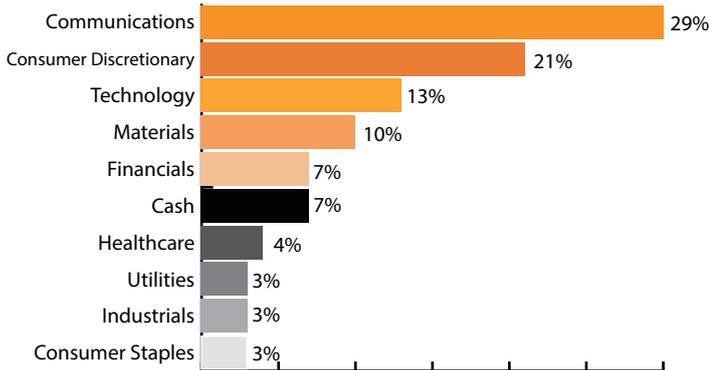
HM1 share price vs pre-tax NTA backing



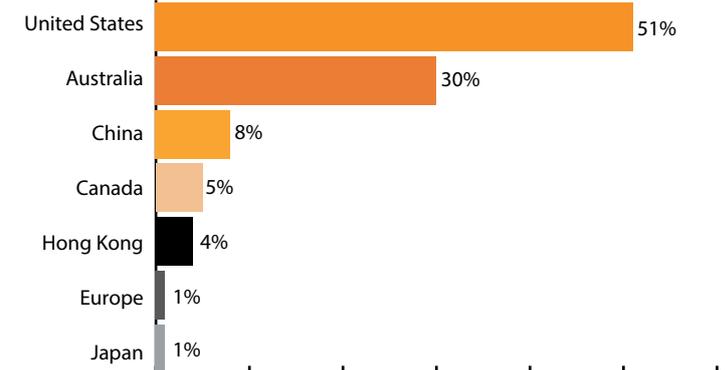
HM1 share price vs MSCI World Net TR Index (AUD)



Sector allocation



Business domicile⁴

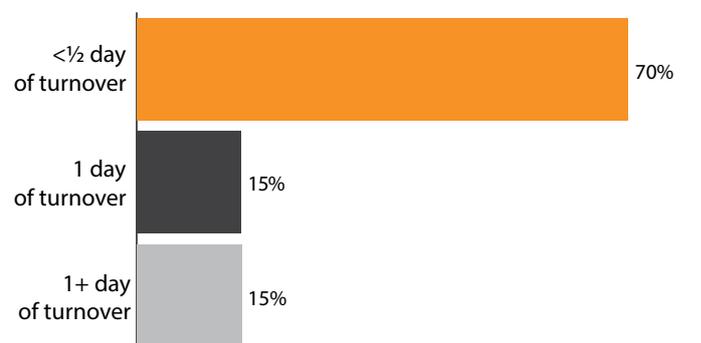


Key details

Pre Tax NTA ¹	\$3.18
Post current tax NTA ²	\$3.07
Post tax NTA ³	\$2.98
ASX code	HM1
Share price	\$3.27
Percent invested	93%
Listing date	14 Nov 2018

All numbers as at 31 December 2019 unless otherwise stated.

Portfolio liquidity⁵



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¹Pre tax NTA is the NTA of the company before the provision for current or deferred tax. ²Post current tax NTA includes a provision for tax on operating profits, a provision for tax on realised gains and losses on the Total investment portfolio and a provision for tax on unrealised gains and losses on the Conference investment portfolio. ³Post tax NTA includes the provision for tax on operating profits, and a provision for tax on both realised and unrealised gains and losses on the Total investment portfolio. ⁴Determined by location where primary business takes place. ⁵Based on 20 day average daily turnover. The performance figures quoted are historical, calculated using end of month prices. Performance can be volatile and future returns can vary from past returns. All numbers as at 31 December 2019 unless otherwise stated.

Core fund managers



Conference fund managers



Designated charities



Pro-bono service providers

