



Hearts and Minds Investments Limited

ABN 61 628 753 220

Appendix 4E Final Report for the year ended 30 June 2020

This report is for the year ended 30 June 2020. The comparative period is from 12 September 2018 (the date of incorporation) to 30 June 2019. The comparative for the Net tangible asset backing per share is at 30 June 2019.

Results for announcement to the market

	% Change	Year ended 30 Jun 2020	12 Sep 2018 to 30 Jun 2019
		\$	\$
Revenue from ordinary activities	16%	4,775,562	4,121,063
Profit/(Loss) from ordinary activities after tax attributable to members	260%	(2,684,949)	(746,300)
Other comprehensive income/(loss), net of tax	69%	120,238,751	71,199,327
Total comprehensive income/(loss), net of tax	67%	117,553,802	70,453,027

Dividend Information

There were no dividends paid or proposed for the year. The Company has announced a dividend reinvestment plan.

Net Tangible Asset Backing

	As at 30 Jun 2020	As at 30 Jun 2019
Net tangible asset backing (after tax) per share	\$3.34	\$2.85

This report is based on the Annual Report which has been audited by Pitcher Partners. The audit report is included with the Company's Annual Report which accompanies this Appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.

**Hearts and Minds
Investments Limited**

Annual Report

**For the year ended
30 June 2020**

ACN 628 753 220



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Corporate Directory

Directors <i>(Pro bono)</i>	Christopher Cuffe AO Lorraine Berends Guy Fowler Matthew Grounds AM Michael Traill AM Gary Weiss AM Geoffrey Wilson AO David Wright	Chairman and Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director
Company Secretary <i>(Pro bono)</i>	Tom Bloomfield	
Investment Committee <i>(Pro bono)</i>	David Wright Christopher Cuffe AO Lorraine Berends Brett Paton Paul Rayson	Chairman
Core Fund Managers <i>(Pro bono)</i>	Caledonia (Private) Investments Cooper Investors Magellan Asset Management Limited Paradice Investment Management Regal Funds Management TDM Growth Partners	
2019 Conference Fund Managers <i>(Pro bono)</i>	Builders Union (UK) TDM Growth Partners Oasis Management (HK) Airlie Funds Management Cooper Investors Munro Partners	Regal Funds Management Tekne Capital Management Tribeca Investment Partners Montaka Global Investments Cota Capital ARK Invest (USA)
Registered Office	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000	
Auditor	Pitcher Partners Level 16, Tower 2 Darling Park 201 Sussex Street, NSW 2000 Telephone: (02) 9221 2099	
Administrator <i>(Pro bono)</i>	Citco Fund Services (Australia) Pty Limited Level 22, 45 Clarence Street Sydney NSW 2000 Telephone: (02) 9005 0400	
Share Registrar <i>(Pro bono)</i>	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600	
Stock Exchange	Australian Securities Exchange The home exchange is Sydney ASX code: HM1 Ordinary Shares	

Chairman and Chief Executive Officer's Letter

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 (hereafter referred to as 'HM1' or the 'Company') and we are delighted to share the Annual Report for the year ended 30 June 2020.

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 leading fund managers, whilst also supporting Australian medical research institutes. It was born out of the investment and philanthropic vision of the Sohn Hearts & Minds Investment Leaders Conference.

We acknowledge that the pandemic presents a major challenge for communities around the world and that many families and businesses have been severely impacted by the ongoing health crisis and economic impact. However, we are pleased to report that the investment portfolio of HM1 has proved to be resilient during the market turmoil and has generated an excellent investment performance for the full year to 30 June 2020.

HM1 posted a pre-tax investment return of 26.1% for the year ended 30 June 2020, significantly outperforming the global equity benchmark, the MSCI World Net TR (AUD) index which increased 4.8% over the same period. We are very pleased with this investment performance, particularly during this period of heightened market volatility, which has tested many investment strategies. Since inception of the Company in November 2018, HM1 has generated a pre-tax investment return of 51.3% compared to the MSCI World Net TR (AUD) return of 18.2% over the same period.

During the year ended 30 June 2020, HM1 recorded total comprehensive income after tax of \$117,553,802 (2019: \$70,453,027). The result was partly driven by net realised gains from the 2018 Conference Portfolio which was disposed of during the year. Further net realised gains were generated from both the Core Portfolio and the 2019 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 as at 30 June 2020. Further details on the performance of the investment portfolio can be found in the Investment Committee Report.

During December 2019, HM1 raised \$62,500,000 from the issue of 25,000,000 new ordinary shares issued at \$2.50 each pursuant to a fully renounceable rights issue to existing shareholders. The funds raised were used to invest in the three highest conviction investment recommendations from our new Core Fund Manager, TDM Growth Partners. We are pleased to report that the three investment recommendations of TDM have all performed well over the period. HM1's post-tax net tangible assets have increased from \$570,453,028 at 30 June 2019 to \$750,506,830 as at 30 June 2020. Excluding the increase in capital of \$62,500,000 from the share issue, the Company's post-tax net tangible assets have increased 19.3% or \$117,553,802 over the year.

Given the strong returns generated by HM1 since inception and the generation of net realised gains, the Board will consider a dividend payment following the realisation of the 2019 Conference Portfolio which will occur at the end of 2020.

In line with its philanthropic objective, HM1 provides financial support to leading 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 donate an amount equivalent to 1.5% of net tangible assets per annum 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.

During the year ended 30 June 2020, HM1 paid \$4.1 million to its designated charities and made provision for a further \$5.1m which will be paid at the end of August 2020. 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.

HM1’s Investment Approach

HM1 seeks to provide shareholders with a compelling and attractive investment proposition by creating a concentrated portfolio of long positions in Australian and international listed securities based on the highest conviction ideas from two groups of fund managers.

- HM1 has invested approximately 35% of its investment portfolio based on the annual recommendations of fund managers who present at the Sohn Hearts & Minds Investment Leaders Conference (known as the Conference Fund Managers).
- HM1 has invested approximately 65% of its investment portfolio based on the highest conviction ideas of six leading fund managers (known as the Core Fund Managers). These fund managers are Caledonia (Private) Investments Pty Limited, Cooper Investors Pty Limited, Magellan Asset Management Limited, Paradise Investment Management Pty Limited, Regal Funds Management Pty Limited and TDM Growth Partners.

In the Board’s view the investment approach offers investors an opportunity to:

- capitalise on exposure to the highest conviction ideas, investment approach and expertise of each fund manager, a number of whom are not otherwise readily accessible to retail investors;
- benefit from having a portfolio that is not concentrated on the philosophy or investment style of just one fund manager; and
- access a concentrated portfolio of Australian and international listed securities which HM1 believes provides an opportunity to maximise shareholder returns over the long term (being five years or more).

Company Performance

As a listed investment company, we use three key measures to evaluate the performance of HM1:

1. Investment portfolio performance, which measures the growth of the investment portfolio on a pre-tax basis and after the payment of all other expenses, including the donation payments and provisions. Our investment benchmark, the MSCI World Net TR (AUD), is measured before taxes. Our Investment performance compared to benchmark is reported to shareholders on a monthly basis.
2. Net tangible asset (NTA) growth, which is a post-tax measure and represents the change in the value of the Company’s assets less liabilities. The post-tax NTA of the Company is essentially the realisable value of the Company at a point in time. The pre and post-tax NTA per share of the Company is reported to shareholders on a weekly basis.
3. Total shareholder return, which measures the total return to shareholders from share price growth and dividends paid.

Each of these is discussed below in more detail.

1. Investment Portfolio Performance

Performance at 30 June 2020	6 Months	1 year	Since inception (14 Nov 2018)
HM1 investment portfolio performance	15.9%	26.1%	51.3%
MSCI World Net TR (AUD)	-3.8%	4.8%	18.2%
Outperformance	19.7%	21.3%	33.1%

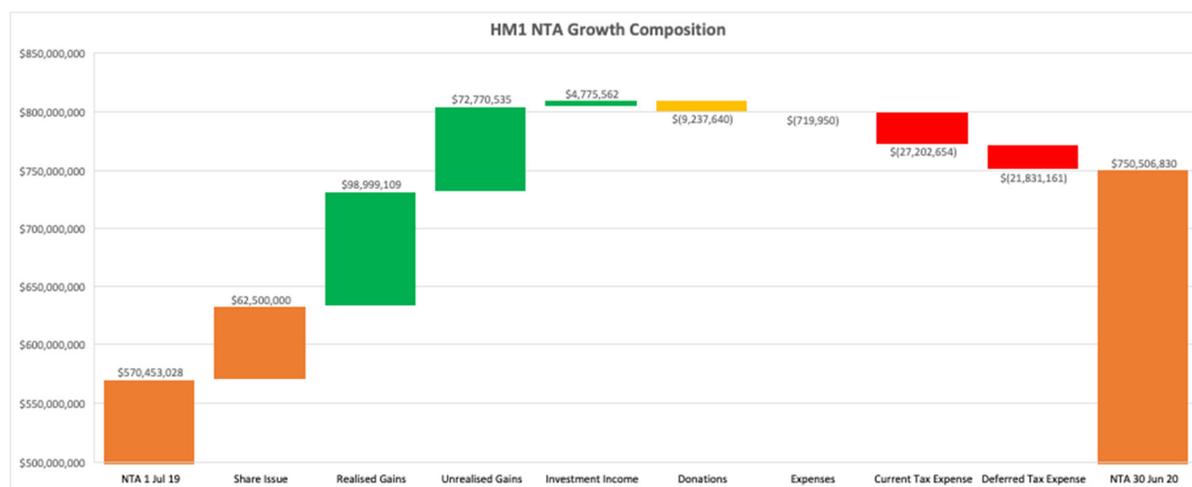
For the year to 30 June 2020, HM1 generated a pre-tax investment return of 26.1%, significantly outperforming global equity markets. The MSCI World Net TR (AUD) index increased 4.8% over the same period. The 2019 Conference Portfolio and the Core Portfolio each materially contributed to the excellent investment performance over the year. We are very pleased with this investment performance, particularly during this period of heightened market volatility and the global economic downturn.

Since inception of the Company in November 2018, HM1 has generated a pre-tax investment return of 51.3% compared to the MSCI World Net TR (AUD) return of 18.2% over the same period.

2. NTA Growth

HM1’s post-tax NTA has increased from \$570,453,028 at 30 June 2019 to \$750,506,830 at 30 June 2020. Excluding the increase in capital of \$62,500,000 from the share issue, the HM1’s post-tax NTA has increased 19.3% or \$117,553,802 over the year to 30 June 2020. The following chart shows the components of the change in post-tax NTA over this period. The major increase in post-tax NTA came from realised and unrealised gains on the investment portfolio, partially offset by the provision for current and deferred tax on investment portfolio gains and our donation expense. On a per share basis, HM1’s post-tax NTA per share has increased from \$2.85 at 30 June 2019 to \$3.34 at 30 June 2020.

HM1 NTA Performance



3. Total Shareholder Return

Total shareholder return measures the change in share price plus dividends paid. HM1’s share price increased from \$2.50 at listing on 14 November 2018 to \$3.11 as at 30 June 2020, an increase of 24%. No dividends have yet been declared or paid by HM1. This measure does not include the potential value of franking credits arising from the payment of tax and the franking of future dividends.

Dividend Policy

HM1 provides shareholders with exposure to a concentrated portfolio of Australian and international securities. As such, returns to shareholders are predominantly delivered through capital growth. The Board is committed to paying fully franked dividends to shareholders provided the Company has sufficient profit reserves and franking credits and it is within prudent business practice. The Board has not declared a dividend in respect to the year to 30 June 2020. The Board will consider a dividend payment following the December 2020 half year, dependent on the quantum of realised profits from the disposal of the 2019 Conference Portfolio.

Fund Managers and Service Providers

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 note that during the past 6 months each of our service providers enacted their business continuity plans due to the pandemic. HM1 continued to receive uninterrupted service delivery from all of our service providers.

We sincerely thank our fund managers and service providers for their ongoing support and generosity in supporting the operations and objectives of HM1. The notional value of the investment and performance fees foregone by the participating fund managers totalled \$10.3 million for the period. The notional value of the service providers and the Board and Investment Committee working on a pro bono basis totalled \$0.7 million for the period.

Finally, 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.

We look forward to the virtual 2020 Sohn Hearts and Minds Leaders Conference on Friday, 13 November 2020.



**Christopher Cuffe AO
Chairman**



**Paul Rayson
Chief Executive Officer**

Sydney
26 August 2020

Investment Committee Report

The Investment Committee of HM1, in conjunction with the Chief Investment Officer (CIO), is responsible for implementing the Company’s investment strategy, including the selection of fund managers, managing the investment portfolio and reviewing fund manager performance. The Company’s Investment Committee consists of David Wright (Chairman), Christopher Cuffe, Lorraine Berends, Paul Rayson and Brett Paton. The Investment Committee’s experience and qualifications are provided in the Directors Report.

HM1 Investment Strategy

HM1 seeks to provide shareholders with a compelling investment proposition by creating a concentrated portfolio of long positions in Australian and international listed securities based on the highest conviction ideas from two groups of fund managers.

65% of the investment portfolio is held in up to 18 securities based on the highest conviction ideas of six leading fund managers (Core Fund Managers). The Core Fund Managers are Caledonia (Private) Investments Pty Limited, Cooper Investors Pty Limited, Magellan Asset Management Limited, Paradise Investment Management Pty Limited, Regal Funds Management Pty Limited and TDM Growth Partners. On a quarterly basis, the Core Fund Managers provide or confirm with HM1, their top three security holding recommendations and a weighting for each security. The Core Fund Managers have agreed to provide investment recommendations to the Company for a period of at least three years.

35% of the investment portfolio is held in 10 to 15 securities based on the annual investment recommendations of fund managers who present at the Sohn Hearts & Minds Investment Leaders Conference (Conference Fund Managers). HM1 generally allocates an equal weight investment to each of these recommendations. These securities are expected to be held in the portfolio for a period of 12 months. After this period the securities are expected to be sold in order to invest in the recommendations of the selected Conference Fund Managers who present at the following year’s Conference.

HM1 may vary the holding period for Conference Portfolio securities in certain circumstances. This may include if the original investment thesis of the fund manager has played out, or if factors have changed such that the original investment thesis no longer applies. Where a security is held for a shorter period, HM1 may hold cash until the end of the annual period or reinvest in remaining securities based on recommendations from Conference Fund Managers. The holding period of a security may be extended if the original investment thesis of the fund manager remains in place, but the potential value is not yet reflected in the security price.

HM1 aims to be fully invested subject to an appropriate cash buffer to meet tax liabilities, dividend payments, donation payments and general expenses.

HM1 Portfolio Performance

As noted in the Chairman and Chief Executive Officer’s Letter, the investment portfolio has returned 26.1% on a pre-tax basis for the year ended 30 June 2020. By way of comparison, the MSCI World Net TR (AUD) benchmark index increased by 4.8% over the same period.

Performance at 30 June 2020	6 Months	1 year	Since inception (14 Nov 2018)
HM1 investment portfolio performance	15.9%	26.1%	51.3%
MSCI World Net TR (AUD)	-3.8%	4.8%	18.2%
Outperformance	19.7%	21.3%	33.1%

Despite heightened market volatility, the onset of the pandemic and subsequent economic downturn, the investment portfolio has performed very well. The significant outperformance of the portfolio versus the benchmark was driven by strong realised and mark to market gains across both our Core and Conference Portfolios.

The 2018 Conference Portfolio was sold in November 2019 realising a pre-tax gain of 32% for the 12 month holding period. Most stocks in the 2018 Conference Portfolio performed well with the major contributors being New Oriental Education & Technology, DocuSign Inc, PagSeguro Digital Ltd, JB Hi Fi Ltd, Airbus SE, Bandai Namco Holdings Inc. and Amazon. Only two stocks in the 2018 Conference Portfolio were sold at a loss. Note that the majority of the market gains from the 2018 Conference Portfolio were reported in the financial year ended 30 June 2019.

The 2019 Conference Portfolio is also performing very well. As at 30 June 2020, the 2019 Conference Portfolio has generated a pre-tax return on investment of 47% in realised and unrealised gains over the 7 month holding period. Major contributors to the portfolio gain are Tesla Inc, Spotify Technology S.A., GDS Holdings Ltd, The Trade Desk Inc, The A2 Milk Company Ltd and Mineral Resources Ltd.

The Core Portfolio has delivered a pre-tax return of 31% since inception in both realised and unrealised gains. Major contributors to the Core Portfolio returns have been Appen Limited, Zillow Group Inc, Microsoft Corporation, Alibaba Group Holdings Ltd and Alphabet Inc.

HM1 Portfolio Composition

As at 30 June 2020, the portfolio comprised 28 securities. The portfolio holdings ranked by market value at 30 June 2020 are set out in the table below.

Portfolio Holdings as at 30 June 2020:

Company Name	Principal Exchange Listing	No. of securities held at 30 June 2020	Market Value of securities held at 30 June 2020	Percentage of Portfolio
Mineral Resources Limited	Australia	2,774,572	\$58,737,689	7.54%
Zillow Group Inc - C	United States	650,000	\$54,238,847	6.96%
Alibaba Group Holding Limited	United States	167,000	\$52,175,406	6.70%
Spotify Technology S.A.	United States	120,000	\$44,876,593	5.76%
Appen Limited	Australia	1,300,000	\$44,096,000	5.66%
GDS Holdings Limited	United States	360,000	\$41,537,659	5.33%
Grubhub, Inc	United States	400,000	\$40,730,012	5.23%
Tesla, Inc	United States	25,000	\$39,100,884	5.02%
Alphabet Inc Class C	United States	16,600	\$33,988,885	4.36%
Smartsheet Inc	United States	410,000	\$30,239,282	3.88%
Yext, Inc	United States	1,062,030	\$25,550,867	3.28%
Microsoft Corporation	United States	85,000	\$25,055,548	3.22%
AIA Group Limited	Hong Kong	1,750,000	\$23,645,203	3.03%
The Trade Desk, Inc	United States	40,000	\$23,551,564	3.02%
Tyro Payments Limited	Australia	6,545,455	\$22,909,092	2.91%
Fortive Corporation	United States	227,000	\$22,246,263	2.85%
Floor & Décor Holdings, Inc	United States	250,000	\$20,875,579	2.68%
Brambles Limited	Australia	1,900,000	\$20,653,000	2.65%
Megaport Limited	Australia	1,616,098	\$19,522,464	2.51%
Danaher Corporation	United States	65,000	\$16,648,247	2.14%
Lear Corporation	United States	104,950	\$16,572,493	2.13%
Origin Energy Limited	Australia	2,780,000	\$16,235,200	2.08%
The A2 Milk Company Limited	Australia	840,000	\$15,674,400	2.01%
Wizz Air Holdings Plc	United Kingdom	200,000	\$11,984,280	1.54%
Nickel Mines Limited	Australia	16,611,111	\$9,800,555	1.26%
Opthea Limited	Australia	3,000,000	\$7,080,000	0.91%
Sanken Electric., Limited	Japan	229,000	\$6,512,136	0.84%
Betashares Australian High Interest	Australia	700,000	\$35,070,000	4.50%
Total Equity Securities			\$779,308,148	100.00%

Risk Metrics

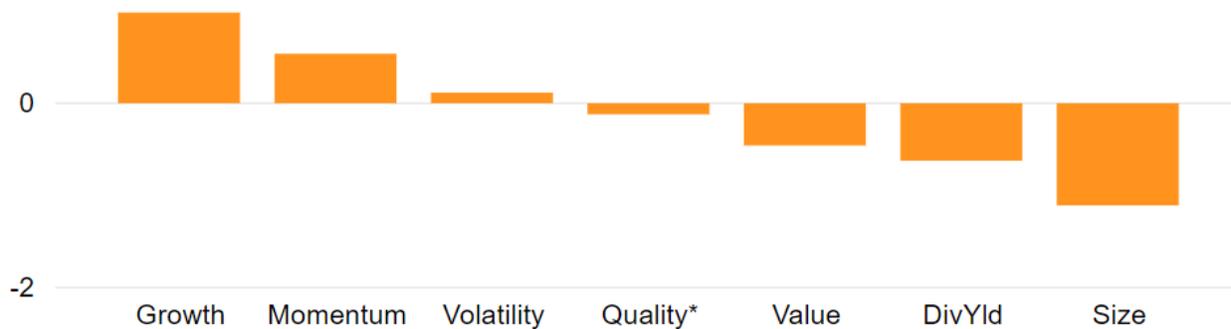
The following information summarises the risk metrics of the security holdings in the HM1 portfolio as at 30 June 2020. The analysis is a snap-shot of the portfolio structure and biases at that point in time and does not reflect any future biases within the portfolio.

Style Factor Analysis

The chart below illustrates the style tilts exhibited in the portfolio based on the securities in the portfolio as at 30 June 2020 and analysis produced by Zenith Investment Partners.

All Factor Betas Portfolio Comparison

Style Factor



Consistent with HM1’s capital growth objective, the portfolio exhibits a strong factor bias to growth securities and momentum. Other significant style biases include a negative bias to size, dividend yielding securities and value securities. The negative size factor indicates a bias to mid and / or small capitalisation securities in the portfolio compared to that of the comparative benchmark the MSCI World Index (AUD). Only six of the companies in the portfolio have a market capitalisation of over USD50 billion. The smallest security is capitalised at A\$650 million.

Industry Factor Analysis

Industry Factor Betas – Portfolio Comparison

While the portfolio is concentrated in a relatively small number of securities, sector exposure is diverse, with investments across ten industry sectors, being Communications, Technology, Consumer Discretionary, Energy, Industrials, Consumer Staples, Materials, Healthcare, Utilities and Financials. From an industry factor perspective compared to the MSCI World Index (AUD), the portfolio biases to the Communications, Technology and Consumer Discretionary sectors with negative (underweight) biases to the Financial, Utilities and Healthcare sectors. Whilst the majority of the securities are listed on US exchanges, ten are listed on the Australian Stock Exchange, with the remaining securities listed in United Kingdom, Hong Kong and Japan.

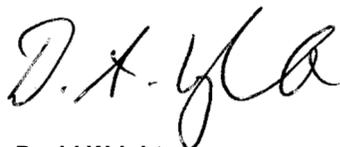
Industry Factor



Risk Assessment

The following table provides a number of risk measures associated with the blend of securities that form the HM1 portfolio since inception to 30 June 2020 compared to the MSCI World Index (AUD). As these risk measures are taken at a specific point in time, these factors may not be predictive of the risk characteristics of the HM1 portfolio going forward. The portfolio displays a very high active share measure which indicates the portfolio is a true ‘stock pickers’ portfolio, is actively managed and does not closely track either the composition or performance of the MSCI World Index (AUD).

Portfolio Beta	1.32
Tracking Error	24.61%
Active Share	94.80%
Portfolio Volatility	30.07%
Benchmark Volatility	13.52%
Correlation (with Benchmark)	0.59
Sharpe Ratio	0.33
% Monthly Excess Returns (All Markets)	42.11%
% Monthly Excess Returns (Up Markets)	46.15%
% Monthly Excess Returns (Down Markets)	33.33%



David Wright
Chairman



Rory Lucas
Chief Investment Officer

Our Leading Fund Managers

We sincerely thank our participating fund managers that provide their time, expertise and highest conviction investment idea/s on a pro bono basis. The notional value to HM1 of the investment management fees and performance fees foregone is equivalent to \$10.3m.

Core Fund Managers

Six Core Fund Managers each provide their three highest conviction investment ideas which are reviewed quarterly. These securities represent 65% of the total investment portfolio. Each core fund manager has made a minimum three-year commitment to HM1.

Core Fund Managers

CALEDONIA

Caledonia is a global investment management firm with offices in Sydney and New York. With over 25 years' investment experience, Caledonia's goal is to achieve high absolute returns for their clients over a long-term time horizon. The firm manages a long short equity strategy with a focus on deep fundamental research and high conviction long-term investing.



Cooper Investors Pty Limited is a specialist equities fund manager with funds under management of approximately \$14 billion. Cooper Investors commenced operations in 2001 and manages money for a range of clients, including large pension and superannuation funds, religious institutions, Australian State Government agencies, school endowments, charities, high net worth families and retail clients. Cooper Investors is 100% owned by its employees. Cooper Investors seeks to invest in quality companies with a strong value proposition.



Magellan Asset Management Limited (Magellan) is an Australian-based asset manager that is a wholly-owned subsidiary of Magellan Financial Group Limited, an ASX top-100 company that was formed by Hamish Douglass and Chris Mackay in Sydney in 2006. Magellan manages approximately \$98 billion of funds under management as at 31 July 2020 across its global equities, global listed infrastructure and Australian equities strategies for retail, high net worth and institutional investors and employs over 120 staff globally.



Paradice Investment Management Pty Limited (Paradice) is a privately-owned Australian boutique funds management business established in 1999 by David Paradice. Paradice currently manages over \$15 billion in assets across five distinct investment strategies including Australian small cap, mid cap and large cap equities, global small cap equities and emerging market equities. Paradice has offices in Sydney, Denver and San Francisco.



Regal Funds Management is a specialist alternatives investment manager. It was founded in early 2004 and is one of Australia's leading investment managers servicing a wide range of institutional investors and high net worth individuals. The investment team has extensive investment experience through many market cycles and a long track record of delivering superior returns for investors. Regal offers a range of products to suit different investment objectives.



TDM Growth Partners is a global investment firm with offices currently in Sydney and New York. TDM invests in fast growing companies run by passionate management teams. Their unique and flexible mandate allows it to invest in public and private companies globally. They operate on long-term time horizons, fully aligned incentives, and a commitment to help scale businesses they are proud of. TDM has a highly focused approach to investing, with a portfolio of no more than 15 investments globally.

Conference Fund Managers

The remaining 35% of the investment portfolio is invested in 10 to 15 recommendations from the fund managers who present at the annual Sohn Hearts & Minds Investment Leaders Conference. Each year this group of fund managers will change based on the conference program of speakers and their eligible recommendations. The speakers are invited onto the program following a rigorous six-month selection process by the HM1 Board and Investment Committee.

The 2019 Conference Fund Managers are set out below.



Markus Bihler
Builders Union (UK)



Hamish Corlett
TDM Growth Partners



Seth H. Fischer
Oasis Management (HK)



Emma Fisher
Airlie Funds Management



Allan Goldstein
Cooper Investors



Nick Griffin
Munro Partners



Philip King
Regal Funds Management



Beeneet Kothari
Tekne Capital Management (USA)



Jun Bei Liu
Tribeca Investment Partners



Andrew Macken
Montaka Global Investments



Babak Poushanchi
Cota Capital (USA)



Catherine Wood
ARK Invest (USA)

Our Leading Medical Research Partners

Building on the philanthropic vision of the Sohn Hearts & Minds Investment Leaders Conference, HM1 is committed to providing significant financial support to leading Australian medical research organisations.

How do we support medical research?

Instead of charging an investment management fee, HM1 donates an amount equal to 1.5% of the Company's net tangible assets per annum to designated medical research organisations. To help maximise our impact, our fund managers and key service providers have committed to waiving their usual fees. During the year ended 30 June 2020, HM1 paid \$4.1 million to its designated charities and made provision for a further \$5.1m which will be paid at the end of August 2020. 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.

Why do we support Australian medical research?

Investment in medical research provides a direct avenue to curing many diseases and can provide a strong economic return on investment. Reasons to support medical research include, but are not limited to:

- **Development of new medicine**
Every person in Australia has benefited from the results of medical research, from the development of new drugs, vaccines, or procedures that prevent or treat diseases.
- **Excellent return on investment**
Investment in medical research is estimated to have returned a net benefit of \$78 billion to Australia. Every dollar invested in Australian medical research returns on average \$3.90 in benefits to the population¹.
- **Australia is a world leader**
Australian scientists are responsible for some of the world's most important and life-changing medical discoveries. Australia is ranked 8th in the world for producing the top scientific publications per capita (ahead of the U.S. and the U.K.)².
- **Support a new generation of researchers**
To tackle the clinical problems of today, and those yet to come, we must find a way to support medical research and encourage our best and brightest minds to follow a career in science.

Impact Video Series

Late last year we interviewed leading individuals from our beneficiaries to discuss the importance of medical research, their recent breakthroughs and the vital need for private funding. Watch the video series on our website at hm1.com.au/impact.

¹Association of Australian Medical Research Institutes (AAMRI). Australian medical research delivers outstanding returns on investment; 2018. Available from: <https://aamri.org.au/resources/reports/kpmg-medical-research-delivers-roi/>

²Organisation for Economic Co-operation and Development (OECD). (2015). OECD Science, Technology and Industry Scoreboard 2015. Section 2.6.1 The quantity and quality of scientific production. Geneva OECD. Available from <http://dx.doi.org/10.1787/888933273656> (per capita data derived from OECD dataset)

Our designated beneficiaries are:



The Black Dog Institute

As the only medical research institute in Australia to investigate mental health across the lifespan, Black Dog's aim is to create a mentally healthier world for everyone. They do this through 'translational' research. Integrating their research studies, education programs, digital tools and apps, clinical services, and public resources to discover new solutions, foster connections and create real-world change. Black Dog's partnerships with people with lived experience, federal, state and local governments, communities, schools, corporate Australia and others in the mental health sector enables them to drive evidence-informed change in mental health where it's needed most. During FY19/20 Black Dog has:

- Launched an online clinic, a free mental health assessment tool which provides a report to download and offers suggested support services and free or low-cost resources.
- Launched Phase 2 of their national suicide prevention research program with world-leading experts to identify and test new evidence-based strategies.
- Launched their 5-year Future Proofing Study, the first-of-its-kind trial involving 20,000 young people across 400 high schools, which aims to determine whether depression can be prevented during adolescence.
- Developed in partnership with emergency service agencies, a comprehensive training package to help managers and supervisors support their teams' mental health needs.
- Publicly released iBobby, a social and emotional wellbeing self-help app for young Aboriginal and Torres Strait Islander Australians recording 1434 downloads in the first 10 months.
- Established an Australia-first, Aboriginal and Torres Strait Islander Lived Experience Centre to ensure Aboriginal and Torres Strait Islander voices are included in reform, policies and mental health initiatives.

<https://www.blackdoginstitute.org.au/>

The Brain and Mind Centre

The Brain and Mind Centre is a global leader in research and treatment. We focus on conditions that affect child development, youth mental health and brain ageing. The Centre aims to understand individual circumstances and to develop solutions that improve the quality of life for patients and their loved ones. Work at the Centre extends beyond laboratories and clinics to their strong partnerships with industry, government, the community, other healthcare providers and researchers.

Professor Ian Hickie and the Youth Mental Health team are transforming the way in which clinical care is delivered to young people with emerging mental health disorders such as anxiety, depression, other mood disorders and psychosis. In order to deliver large-scale national programs and improved outcomes, they have;

- Developed an enhanced clinical care model for early intervention in young people who present with the onset of common mood disorders such as anxiety and depression.
- Established central concepts of highly-personalised and measurement-based care, which increase the chance of maximum functional recovery in those who are at greatest risk of poor health, educational, social and employment outcomes.
- Leading expertise in Dynamic System Modelling (DSM) to co-design with regional communities and those directly affected by mental ill-health. Innovative health system delivery, promoting effective implementation and, sustainable evidence-based health system reform. The team is the first in mental health research and policy implementation to successfully deliver this approach. Through this expertise, they have revealed key findings that show what strategies are required to help prevent suicide in the face of the ongoing COVID-19 pandemic impacts on mental health and provide decision-support to policy makers on best investments to flatten the mental health curve.
- Launched 'Flip the Clinic'; a digital model of healthcare delivery. Flipping the clinic not only presents a solution to the current coronavirus restrictions, but also creating a mental healthcare system better equipped to support people and communities with access to the right interventions where, and when, they're needed most.

<https://sydney.edu.au/brain-mind>



By 2030 depression
will be the leading
health concern
worldwide



Suicide is the biggest
killer of young
Australians and
accounts for the
deaths of more
young people than
car accidents

Charlie Teo Foundation

Charlie Teo Foundation is funding the best brains to beat brain cancer. In the year ended 30 June 2020, the Charlie Teo Foundation committed \$3.7M to brain cancer research over the next three years. Key highlights include:

- A biomedical engineer at the University of Technology, Sydney is the first in Australia to develop a microgravity device that alters gravitational forces and kills cancer cells. This space biology is now being applied to brain cancer cells from the Charlie Teo Foundation Brain Tumour Bank.
- The first recipient of a Teo Research Fellowship, a cancer biologist and cancer survivor at the University of Sydney who has worked with the 2019 Nobel Prize Winner in Medicine is applying recent discoveries in what controls the circadian rhythm (the body clock) and how it can be used to improve treatments for patients with Glioblastoma Multiforme (GBM). GBM is the most common type of brain cancer, with an average survival of only 14 months.
- In a world-first, a biomedical engineer at Washington University, St Louis is combining nasal delivery, nanoparticles and focused ultrasound to non-invasively treat children with DIPG (now known as DMG), the deadliest type of childhood brain cancer. This research is the last step before early phase clinical trial.
- A computational brain cancer biology team at the Jackson Laboratory in the U.S. helped treat sick dogs with brain cancer and discovered dogs develop brain cancer very similarly to children. The team is now studying those similarities to uncover the potential driver of childhood brain cancer.

<https://www.charlieteofoundation.org.au/>

The Florey Institute of Neuroscience and Mental Health

The Florey Institute of Neuroscience and Mental Health is the largest brain research centre in the Southern hemisphere specialising in diseases of the brain and mind. Over 4.7 million Australians each year are directly affected by the illnesses the Florey studies.

The Florey is a world leader in discovery science, imaging technologies, clinical trials, population studies, and data analytics. Florey scientists are at the forefront of science's final frontier and strive to improve the lives of people through their brain and mind research.

In 2019 Florey researchers published 848 scientific papers relating to 18 different diseases including depression, MND, epilepsy, stroke, dementia and Parkinson's disease. The incredible advances happening at the Florey were referenced in 115 countries. Several highlights of this world-class research from the year gone by include:

- Commencing a world-first clinical study with St Vincent's Hospital in Melbourne trialling the treatment of Suvorexant in 128 participants with co-occurring sleep and alcohol use disorders.
- Identifying an inflammatory marker called sCD14 that could potentially be used as a novel biomarker to assess a person's risk of developing dementia.
- Partnering with over 50 hospitals in Australia and overseas to launch AVERT DOSE, a novel stroke rehabilitation trial that aims to reduce disability after stroke. This trial is taking place in New Zealand, United Kingdom, Ireland, India, Brazil, Singapore and Malaysia and involves more than 2500 participants.
- Trialling a promising new compound known as CuATSM developed by scientists at the Florey, and the School of Chemistry and Bio21 Institute at the University of Melbourne. This compound has shown to slow the progress of both motor neurone disease (MND) and Parkinson's disease in a phase one study.

<https://www.florey.edu.au/>



Brain cancer kills
more children in
Australia than any
other disease



Every year over 4.7
million Australians
are directly affected
by one of the
illnesses that the
Florey researches

Kids Critical Care Research - The Children's Hospital Westmead

Kids Critical Care Research (KCCR) at The Children's Hospital at Westmead coordinates and conducts research to inform practice in the largest paediatric intensive care unit (PICU) in NSW. Their vision is to deliver world class, innovative, collaborative, flexible, research directed care to enable positive patient and family experiences. Half of their patients are less than 1 year of age and the impact of critical illness on future neurodevelopment is a key focus of research.

The purpose of KCCR is to partner with consumers and staff to enable the study of critical illness in the young in order to realise opportunities to acquire new knowledge that can improve outcomes for critically ill children and their families in the future.

This year, HM1 funding has enabled recruitment of two Research Assistants to the KCCR team, and we have commenced a strategic planning exercise intended to leverage research opportunities within the Westmead precinct.

In the last 12-months, KCCR has published 4 manuscripts in peer reviewed scientific journals. Key areas of ongoing research include:

- A leading role in the largest international study to date of infants and children undergoing cardiac surgery with more than 100 patients enrolled.
- Participation in a multi-centre observational study investigating apnoeic oxygenation in children requiring emergency intubation.
- Evaluation of the impact of ventilation strategies and patient positioning on recovery from severe paediatric respiratory disease.
- Ongoing enrolment in a multi-centre observational study of paediatric cardiac arrest outcomes.
- A study of the impact of mandatory calling criteria on time taken to achieve critical care interventions.
- Data linkage to investigate long term outcomes and health care utilisation in intensive care patients utilising existing NSW data registries.
- Studies to evaluate the work flow patterns of doctors and nurses, with the aim of improving the efficiency and quality of care delivery.
- A study of the impact of hydrocortisone, ascorbic acid and thiamine supplementation in children with septic shock.

www.kidsresearch.org.au/research/kids-critical-care-research

MS Research Australia

MS Research Australia (MSRA) is the largest Australian not-for-profit organisation dedicated to funding, coordinating, educating and advocating for multiple sclerosis (MS) research as part of the worldwide effort to solve MS. With \$44.3 million invested in funding and facilitating vital MS research and over 300 research grants, MSRA researchers are making incredible progress. While MSRA believe the most exciting advances in MS research are yet to occur, funding has powered some incredible breakthroughs over the last year:

- More than a dozen new MS research grants were awarded.
- The first ever treatment for secondary progressive MS (SPMS) was approved in Australia by the Therapeutic Goods Administration (TGA).
- Research has showed that a non-invasive method called repetitive transcranial magnetic stimulation helps the brain produce more myelin. This research has now progressed to the safety phase of a clinical trial.
- Early research into a drug currently used to treat a different neurological disease is showing promise for MS. It encourages the body's own mechanisms to repair damaged myelin in the brain and spinal cord.
- Two medications used to treat MS in adults were approved for use in children and added to the Pharmaceutical Benefits Scheme (PBS) – which will make treatment for children with MS much more affordable.

<https://msra.org.au/>



Each year
the PICU cares for
more than 1500
children with life-
threatening
conditions



10 people on
average are
diagnosed with MS
every week and
research is the only
way we can find a
cure for these people

Orygen

Working with young people, their partners and one another, Orygen is redefining what's possible in global youth mental health research, policy, education and clinical care. Never satisfied with what's good enough, Orygen bridge research with clinical care to create and deliver innovative services like no other mental health organisation in the world. They make sure that policy makers understand the need and cost of mental ill-health.



With thanks to Cooper Investors and HM1, Orygen has been able to put youth mental health on the global agenda and progress their work in developing a global mental health framework, through a partnership with the World Economic Forum. The collaboration is part of the Forum's Platform on Shaping the Future of Health and Healthcare. This has enabled Orygen to maximise the engagement of the Forum's strategic partners and elevate the profile of their world leading youth mental health organisation among key private and public stakeholders globally, with the work promoted at events during the United Nations General Assembly 2019 and Davos 2020.

The Orygen/World Economic Forum youth mental health project has involved widespread consultation with clinical academics, service providers, policy makers and young people from over 20 different countries in different resource and cultural settings. The project has produced:

- A [Global Framework for Youth Mental Health Care](#) to support communities, regions and countries around the world to develop and deliver effective youth mental health services and supports.
- [An investment framework](#) to support funders access the economic evidence for early intervention and prevention.
- [An advocacy toolkit](#) to support young people, families and their local communities to make youth mental health a priority for leaders, funders and policy makers.

The next stages of the project will include working with a number of communities around the world to support implementation of the Youth Mental Health Framework in their own countries.

Three-quarters
of people who
experience mental
illness do so before
they turn 25

www.orygen.org.au

RPA Green Light Institute

Emergency departments are the frontline of health care, with one in seven Australians seeking help from a hospital emergency department every year. Our medical staff depend on research findings to help inform their responses to urgent patient needs.



Funding from HM1 helps to connect research and frontline staff. It supports Royal Prince Alfred Hospital's Green Light Institute, based on a concept unique in Australasia — to embed research infrastructure and training facilities entirely within an emergency department, enabling seamless implementation of new research findings into clinical practice at the bedside.

“The concept and vision behind the Green Light project has been made entirely possible through funding from HM1. We're so appreciative to have been chosen by Phil King and Regal Funds Management as their designated health charity,” says Associate Professor Michael Dinh, Green Light Institute Clinical Director.

The Green Light Institute focuses on high impact acute medical conditions with significant public health ramifications like trauma care, stroke, acute cardiac conditions, mental health and sepsis management. The COVID-19 pandemic has brought the need for research into even sharper focus, with research focusing on better treatments for COVID-19 and access to health care for members of the community in quarantine.

Supporting research today benefits patients now and whole communities in the future. Green Light Institute research coordinator, Saartje Berendsen Russell, says “On behalf of our patients and their families, as well as generations of future emergency clinical leaders, I would like to extend a big warm-hearted thank you for the generosity and shared vision of HM1”.

One in seven
Australians present
to an Emergency
Department for
health care each
year

https://www.slhd.nsw.gov.au/research/department_details.html?research=emergencydept

Swinburne's Centre for Human Psychopharmacology

The Centre for Human Psychopharmacology is involved in basic research focused on understanding the biological determinants of cognitive health across the lifespan. Currently this research involves studies and clinical trials that help elucidate mechanisms associated with diet, our microbiome, oxidative stress and inflammatory processes amongst others that are related to cognition. This research also directly leads to novel interventions to improve cognition in the elderly and in participants with cognitive decline and to improve mental health and well-being across the lifespan.



Example studies currently underway include:

- Understanding what causes cognitive decline with increasing age: the role of oxidative stress, inflammation, diet and cardiovascular function on brain health and cognitive function in healthy 60-75 year olds.
- The gut-brain axis: identification of specific bacteria in cognitive health, anxiety and depression.
- Developing social emotional intelligence in school children, particularly at-risk children.
- The effects of exercise and Mediterranean diet in cognitive health in older cognitively at-risk populations.

Worldwide, around 50 million people have dementia, and there are nearly 10 million new cases every year

<http://www.swinburne.edu.au/research/human-psychopharmacology/>

Victor Chang Cardiac Research Institute

The Victor Chang Cardiac Research Institute is dedicated to finding cures for cardiovascular disease through world class research. At Australia's home of heart research, they solve the unsolved using complex molecular and genetic analysis, advanced stem cell technologies, regenerative medicine and innovative transplantation techniques.



Over the past 25 years, the Victor Chang Cardiac Research Institute has made a multitude of major advances in heart research, many revolutionising our understanding of disease causes, treatment, and prevention.

Key research focus areas include Heart Attack, High Cholesterol, Heart Arrhythmia, Cardiomyopathy, Congenital Heart Disease and Genetic Analysis.

The Victor Chang Cardiac Research Institute wish to warmly acknowledge the support of HM1 whose contribution is making life-changing medical discoveries possible.

In 2019 in a landmark breakthrough scientists at the Victor Chang Cardiac Research Institute discovered a molecule that causes blood vessels to dilate and can lead to dangerously low blood pressure in patients suffering from severe sepsis, a syndrome that kills 100 Australians a week. The Victor Chang Cardiac Research Institute Innovation Centre is fully established and is pushing the boundaries of knowledge by facilitating a new era of collaboration between researchers across the state, around Australia and the Asia Pacific, transforming the landscape of cardiovascular research. Their equipment is accelerating the opportunities of discovering cures for heart disease and bringing them closer to realising precision or "personalised" medicine of the future, which has only ever been imagined before.

One Australian dies from heart disease every 28 minutes

<https://www.victorchang.edu.au/>

Directors' Report to Shareholders

The Directors of Hearts and Minds Investments Limited (hereafter referred to as 'HM1' or 'the Company') present their report together with the annual report of the Company for the year ended 30 June 2020.

Investment Objectives and Principal Activity

HM1 has been established with the combined objective of providing a concentrated investment portfolio of the highest conviction ideas from leading fund managers, while also supporting Australian medical research institutes.

HM1 seeks to provide shareholders with a compelling investment proposition by creating a concentrated investment portfolio of long positions in 25 to 30 Australian and international listed securities based on the highest conviction ideas from two groups:

- HM1 has allocated 35% of the investment portfolio based on the annual investment recommendations of fund managers who present at the Sohn Hearts and Minds Investment Leaders Conference (known as the Conference Fund Managers).
- HM1 has allocated 65% of the investment portfolio based on the highest conviction investment recommendations of six leading fund managers (known as the Core Fund Managers). The Core Fund Managers are Caledonia (Private) Investments Pty Limited, Cooper Investors Pty Limited, Magellan Asset Management Limited, Paradise Investment Management Pty Limited Regal Funds Management Pty Limited and TDM Growth Partners.

No change in this activity took place during the period or is likely in the future.

Review of Operations

For the year ended 30 June 2020, HM1 reported total comprehensive income after tax of \$117,553,802 (2019: \$70,453,027). The result reflects the strong performance of our investment portfolio over the year. The pre-tax return of the investment portfolio was 26.1% for the year ended 30 June 2020, significantly outperforming the global equity benchmark, the MSCI World Net TR (AUD) index, which increased 4.8% over the same period. The investment performance was partly driven by net realised gains from the 2018 Conference Portfolio which was disposed of during the year. Further net realised gains were generated from both the Core Portfolio and the 2019 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 period reflects the increase in net unrealised gains in the market value of our investment portfolio as at 30 June 2020.

The pandemic has presented a major challenge for communities around the world and many families and businesses have been severely impacted by the ongoing health crisis and economic impact. The investment portfolio of HM1 has proved to be resilient during the market turmoil and has generated an excellent investment performance for the full year to 30 June 2020. Since inception of HM1 in November 2018, HM1 has generated a pre-tax investment return of 51.3% compared to the MSCI World Net TR (AUD) return of 18.2% over the same period. We are very pleased with this investment performance, particularly during this period of heightened market volatility, which has tested many investment strategies. Further details on the performance of the investment portfolio can be found in the Investment Committee Report.

In line with its philanthropic objective, HM1 provides financial support to leading 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 donate an amount equivalent to 1.5% of net tangible assets per annum to designated charities.

During the year ended 30 June 2020, HM1 paid \$4.1 million to its designated charities and provided a further \$5.1m which will be paid at the end of August 2020. 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.

Further information on the financial performance of the Company is contained in the Chairman and Chief Executive Officer's letter and in the Investment Committee Report.

Financial Position

During December 2019, HM1 raised \$62,500,000 from the issue of 25,000,000 new ordinary shares issued at \$2.50 each pursuant to a fully renounceable rights issue to existing shareholders. The funds raised were used to invest in the three highest conviction investment recommendations from our new Core Fund Manager, TDM Growth Partners. We are pleased to report that the three investment recommendations of TDM have all performed well over the period.

HM1's net tangible assets have increased from \$570,453,028 at 30 June 2019 to \$750,506,830 as at 30 June 2020. Excluding the increase in capital of \$62,500,000 from the share issue, the Company's net tangible assets have increased 19.3% or \$117,553,802 over the year.

Corporate Tax Rate

The Company is taxed at the corporate rate of 30.0%.

The Company maintains a franking account and may declare franked dividends to shareholders.

Dividends

The Directors have not declared a dividend during the period ended 30 June 2020.

Directors

The following persons held office as Directors during the period or since the end of the period and up to the date of this report:

Christopher Cuffe AO	Chairman and Independent Director
Lorraine Berends	Independent Director
Guy Fowler	Independent Director
Matthew Grounds AM	Independent Director
Michael Traill AM	Independent Director
Gary Weiss AM	Independent Director
Geoffrey Wilson AO	Independent Director
David Wright	Independent Director

Information of Directors

Christopher Cuffe AO (Chairman and Independent Director)

Experience and expertise

Commencing his career as a chartered accountant, Christopher Cuffe entered the fund management industry in 1985. In 1988, he joined Colonial First State where he was CEO from 1990 until 2003. In 2003, he became CEO of the listed Challenger Group.

He holds a Bachelor of Commerce from the University of New South Wales and a Diploma from the Securities Institute of Australia. He is a Fellow of the Chartered Accountants in Australia and New Zealand, a Fellow of the Institute of Company Directors and an Associate of the Financial Services Institute of Australasia. In October 2007 Chris was inducted into the Australian Fund Manager's RBS Hall of Fame for services to the investment industry.

Christopher Cuffe has been Chairman of the Company since 12 September 2018, the date of incorporation.

Other current directorships

Christopher Cuffe is currently involved in a portfolio of activities in the investment and non-profit sectors which include: member of the investment committee of UniSuper (which provides superannuation services to employees of Australia's higher education and research sector); member of the investment committee of the Paul Ramsay Foundation; Chairman of Australian Philanthropic Services (a not for profit organisation which inspires, facilitates and educates Australia's high net worth community and the professional advisers that support them about effective philanthropy); Director of various listed companies including Global Value Fund Limited, Antipodes Global Investment Company Limited, Argo Investments Limited; and founder, director and manager of Third Link Growth Fund.

Information of Directors (continued)*Former directorship in the last 3 years*

Christopher Cuffe was a non-executive director of Class Limited from October 2017 to January 2020 and previously a non-executive director of UniSuper from 2007 to 2017, of which the last six years was as Chairman.

Special responsibilities

Chairman of the Board and member of the Investment Committee.

Interests in shares of the Company

Details of Christopher Cuffe's interests in shares of the Company are included later in this report.

Interests in contracts

Christopher Cuffe has no interest in contracts of the Company.

Lorraine Berends (Independent Director)*Experience and expertise*

Lorraine Berends has worked in the financial services industry for 40 years and possesses extensive experience in both investment management and superannuation. Before moving to a non-executive career in 2014, she worked for 15 years with US based investment manager Marvin & Palmer Associates. She contributed extensively to industry associations throughout her executive career, serving on the boards of the Investment Management Consultants Association (IMCA Australia) for 13 years (7 years as Chair) and the Association of Superannuation Funds Australia (ASFA) for 12 years (3 years as Chair). She has been awarded life membership of both IMCA Australia and ASFA. She holds a Bachelor of Science from Monash University, is a fellow of the Actuaries Institute and a fellow of ASFA.

Other current directorships

Lorraine Berends is an independent non-executive director of ASX listed Pinnacle Investment Management Group Limited and of listed investment companies Antipodes Global Investment Company Limited, Plato Income Maximiser Limited and Spheria Emerging Companies Limited. She is also a company appointed director of Qantas Superannuation Limited.

Special responsibilities

Member of the Investment Committee.

Interests in shares of the Company

Details of Lorraine Berends' interests in shares of the Company are included later in this report.

Interests in contracts

Lorraine Berends has no interest in contracts of the Company.

Guy Fowler (Independent Director)*Experience and expertise*

Guy Fowler is a co-founder of the Hearts and Minds Investment Leaders Conference. He worked in a range of senior positions at UBS Australia for over 25 years including as the Head of Capital Markets and as the Head of the Corporate Advisory business. In these roles he has advised on many of the largest and most complex equity capital markets and corporate transactions completed in Australia. He is a qualified Chartered Accountant.

Information of Directors (continued)*Other current directorships*

None.

Special responsibilities

None.

Interests in shares of the Company

Details of Guy Fowler's interests in shares of the Company are included later in this report.

Interests in contracts

Guy Fowler has no interest in contracts of the Company.

Matthew Grounds AM (Independent Director)*Experience and expertise*

Matthew Grounds is a co-founder of the Hearts and Minds Investment Leaders Conference. Over the past 25 years, he held a variety of senior roles at UBS including CEO and Country Head, Joint Global Head of the Investment Banking business, Head of Capital Markets and Head of the Corporate Advisory business. In these roles, he has advised on many of the largest and most complex equity capital markets and corporate transactions completed in Australia. He is also a Council Member of the University of NSW, Chairman of Victor Chang Cardiac Research Institute and a Director of the Financial Markets Foundation for Children. He holds a Bachelor of Commerce (Finance major) and a Bachelor of Laws from the University of New South Wales.

Other current directorships

None.

Special responsibilities

None.

Interests in shares of the Company

Details of Matthew Grounds' interests in shares of the Company are included later in this report.

Interests in contracts

Matthew Grounds is Chairman of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Michael Traill AM (Independent Director)*Experience and expertise*

Michael Traill founded Social Ventures Australia in 2002, after 15 years as a co-founder and Executive Director of Macquarie Group's private equity arm, Macquarie Direct Investment. He is the author of "Jumping Ship – From the world of corporate Australia to the heart of social investment" which won the prestigious Ashurst Business Literature Prize. In 2010, he was made a member of the Order of Australia in recognition of his services to non-profit organisations. He holds a BA (Hons) from the University of Melbourne and an MBA from Harvard University. He is also an Adjunct Professor for the Centre for Social Impact (UNSW) and Chair of the Federal Government Task Force on Social Impact Investing.

Information of Directors (continued)*Other current directorships*

Michael Traill currently has a range of primarily social purpose Chair and board roles including Chair of the Paul Ramsay Foundation, Executive Director of For Purpose Investments, a Director of M H Carnegie & Co, Sunsuper (and Chair of the Investment Committee), and Australian Philanthropic Services.

Special responsibilities

None.

Interests in shares of the Company

Details of Michael Traill's interests in shares of the Company are included later in this report.

Interests in contracts

Michael Traill has no interest in contracts of the Company.

Gary Weiss AM (Independent Director)*Experience and expertise*

Gary Weiss was formerly Chairman of Clearview Wealth Limited and Coats PLC, is a former Non-Executive Director of Premier Investments Limited and Pro-Pac Packaging Limited, a former Executive Director of Whitlam, Turnbull & Co and Guinness Peat Group PLC and sat on the board of Westfield Holdings Limited and a number of other public companies. He has also been involved in overseeing large businesses with operations in many regions including Europe, China and India and is familiar with investments across a wide range of industries, corporate finance and private equity type deals. He is a Co-founder of the Sohn Hearts & Minds Investment Leaders Conference. He holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales. He is also a Commissioner of the Australian Rugby League Commission.

Other current directorships

Gary Weiss is currently the Executive Director of Ariadne Australia Limited. He is Chairman of Ardent Leisure Group, Ridley Corporation Limited and Estia Health Limited, and a Non-Executive Director of Victor Chang Cardiac Research Institute, Thorney Opportunities Limited and The Straits Trading Company Limited.

Special responsibilities

None.

Interests in shares of the Company

Details of Gary Weiss' interests in shares of the Company are included later in this report.

Interests in contracts

Gary Weiss is a Non-Executive Director of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Information of Directors (continued)**Geoffrey Wilson AO (Independent Director)***Experience and expertise*

Geoffrey Wilson has over 40 years direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. He founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, the Future Generation companies. He holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors.

Other current directorships

Geoffrey Wilson is currently Chairman of WAM Capital Limited, WAM Leaders Limited, WAM Research Limited, WAM Active Limited, WAM Microcap Limited, WAM Global Limited and the Australian Stockbrokers Foundation. He is the Founder and a Director of Future Generation Global Investment Company Limited, Future Generation Investment Company Limited, Wilson Asset Management (International) Pty Limited and MAM Pty Limited, and a Director of Australian Leaders Fund Limited, Global Value Fund Limited, 8IP Emerging Companies Limited, Wealth Defender Equities Pty Limited, Wollongong 2022 Limited, Century Australia Investments Pty Limited, Incubator Capital Limited, Sporting Chance Cancer Foundation, the Australian Fund Managers Foundation and the Australian Children's Music Foundation. He is a member of the Second Bite NSW Advisory Committee.

Special responsibilities

None.

Interests in shares of the Company

Details of Geoffrey Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Geoffrey Wilson has no interest in contracts of the Company.

David Wright (Independent Director)*Experience and expertise*

David Wright is a Managing Partner and joint founder of Zenith Investment Partners ("Zenith"). He established Zenith in October 2002 and has extensive investment industry experience. His role includes overall responsibility of the business and remains closely involved in servicing the firm's investment consulting clients with portfolio construction, management and monitoring advice.

Prior to establishing Zenith, he held senior positions within the financial services industry including IWL Limited (Head of Research), an ASX listed company in which he was also a significant equity holder. He was instrumental in building and further developing IWL's managed investment research methodology and process and expanding the group's distribution of research to financial advisers. Other roles included Associate Director and Head of Managed Funds research at Lonsdale Limited and an analyst with the Advisor Group, a national financial planning group. He has extensive experience researching, assessing and rating many forms of managed investments including, unlisted managed funds, listed managed investments including LIC's, ETF's, ETMF's and property syndicates. He is also a former practitioner lecturer of the Securities Institute of Australia (now FINSIA).

Other current directorships

David Wright is currently a director of Zenith Investment Partners Pty Ltd, Zenith Partners Group Pty Ltd, Zenith Investment Partners NZ Limited, Zenith CW Pty Ltd and ZIP Holdco Pty Ltd.

Special responsibilities

Chair of the Investment Committee.

Information of Directors (continued)*Interests in shares of the Company*

Details of David Wright's interests in shares of the Company are included later in this report.

Interests in contracts

David Wright has no interest in contracts of the Company.

Chief Executive Officer**Paul Rayson**

Paul Rayson is a Chartered Accountant and has worked in the financial services industry for over 20 years and has extensive experience in investment markets, technology, retail banking, risk management and insurance.

He is the former Managing Director of CommSec, Australia's leading online broker and former Managing Director of Australian Investment Exchange Limited and Colonial Mutual Life Assurance Society Limited. He has also held a number of CFO and governance positions across large financial services businesses. Prior to financial services, he held senior roles in Chartered Accounting and Consulting firms specialising in corporate advisory, risk management and strategy.

He holds a Commerce degree from Swinburne University and is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors.

Chief Investment Officer**Rory Lucas**

Rory Lucas has worked in the Australian and global equity markets for nearly 30 years. Whilst having worked in a variety of roles, his specialty is in trade execution as well as portfolio construction and risk management.

He has had previous roles with Rothschild Australia Asset Management in managing a fund of funds. His specific responsibility was to source and vet potential managers as well as to determine the allocation of capital between them and manage the consolidated risk of the portfolio.

In 2006, he took up a senior Equity Facilitation role at UBS Australia. As part of this role, he oversaw the management of a high conviction portfolio of UBS Equity Research ideas known as alpha preferences. He was responsible for portfolio execution, re-weighting and all aspects of the portfolio trading strategy. More recently, he has held trading and execution roles at Commonwealth Bank of Australia, prior to their exit from the institutional equities business.

Company Secretary**Tom Bloomfield**

Tom Bloomfield held the position of Company Secretary during the financial period. Tom has over fifteen years of international Corporate Secretarial experience working for global organisations, both 'in-house' and for corporate services providers. He has experience working with and consulting to a range of international and domestic clients. He acts as Company Secretary to a number of ASX listed, unlisted and private companies in Australia in numerous industry sectors. Tom is a Chartered Company Secretary, Fellow of ICOSA (Institute of Chartered Secretaries and Administrators) and Member of the Australian Institute of Company Directors. He holds a Law degree with Honours and a Graduate Diploma in Applied Corporate Governance.

Members of the Investment Committee

The experience and qualifications of the members of the Investment Committee at the end of the financial period, up to the date of this report are set out below:

Members of the Investment Committee (continued)
Brett Paton

Brett Paton is currently Chairman of the management company of Escala Partners, an Australian wealth management advisory group, and Chairman of Pointsbet Holdings Limited. He has worked in a range of senior positions including Vice Chairman at UBS Australia where he spent 23 years. He also spent 5 years at Citi serving as Vice Chairman Australia, Institutional Clients Group. He has served as a Non-Executive Director of Tabcorp and Chair of Audit and Risk for its demerged entity, Echo Entertainment, giving him valuable insights into the functions expected of ASX 100 boards.

He was previously a Council Member at RMIT University and Chair of the Risk and Audit Committee. He was previously Chairman of PLC VC, a global venture capital investment organisation. He is a qualified Chartered Accountant.

Christopher Cuffe AO

Christopher Cuffe is also a Director. Please refer to the Directors' Report to Shareholders for details of Christopher Cuffe's experience and qualifications.

Lorraine Berends

Lorraine Berends is also a Director. Please refer to the Directors' Report to Shareholders for details of Lorraine Berends' experience and qualifications.

David Wright

David Wright is also a Director. Please refer to the Directors' Report to Shareholders for details of David Wright's experience and qualifications.

Paul Rayson

Paul Rayson is also Chief Executive Officer. Please refer to the Directors' Report to Shareholders for details of Paul Rayson's experience and qualifications.

Remuneration Report (Audited)

The responsibility for the Company's remuneration policy rests with the Board of Directors. Given the size of the Company, its charitable nature and the fact that the Company has only three employees and has no intention to remunerate its Directors, the Company has not formed a separate remuneration committee.

a) Remuneration of Directors and Other Key Management Personnel

Key management personnel (KMP) include the Directors, the Chief Executive Officer and the Chief Investment Officer. Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 30 June 2020, no Directors' fees were paid by the Company. The remuneration of the Chief Executive Officer and the Chief Investment Officer are set out below. The Chief Executive Officer and the Chief Investment Officer are employed under standard employment contracts with a three month notice period. The remuneration of the Chief Executive Officer and the Chief Investment Officer is salary based and does not include securities or options in the Company and no element of the remuneration is tied to Company performance. The Chief Executive Officer and the Chief Investment Officer are not provided with retirement benefits apart from statutory superannuation.

	Short-term benefits Salary \$	Post-employment benefits Superannuation \$	Total Remuneration \$
Year ended 30 June 2020			
Paul Rayson	150,000	14,157	164,157
Rory Lucas	175,000	15,938	190,938

Remuneration Report (Audited) (continued)

Period from 12 September 2018 to 30 June 2019	Short-term benefits Salary \$	Post-employment benefits Superannuation \$	Total Remuneration \$
Paul Rayson	52,083	4,948	57,031
Rory Lucas	112,500	10,688	123,188
		Year ended 30 June 2020	Period from 12 September 2018 to 30 June 2019
		\$	\$
Company performance measures and total KMP remuneration			
Net profit/(loss)		(2,684,949)	(746,300)
Total Comprehensive Income		117,553,802	70,453,027
Net Tangible Assets (at balance date)		750,506,830	570,453,028
Net Tangible Asset backing per share (at balance date)		3.34	2.85
Share Price (at balance date)		3.11	2.95
Total KMP remuneration		355,095	180,219

b) Director Related Entities Remuneration

The Company Secretary has waived his right to receive fees. The Company holds professional indemnity insurance to his benefit. He receives an indemnity as an officer of the Company to the maximum extent permitted by law and is entitled to be reimbursed for any external costs and expenses he incurs. The Company Secretary is a General Manager of Boardroom Pty Limited. Boardroom Pty Limited provide company secretarial services to the Company on a pro-bono basis.

Matthew Grounds is Chairman of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Gary Weiss is a Non-Executive Director of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Matthew Grounds and Guy Fowler were previously senior executives of UBS Australia. UBS Australia provided office services to the Company on a pro-bono basis for part of the year.

c) Equity Instruments Disclosures of Directors, Other Key Management Personnel and Related Parties

As the date of this report, the Directors, other key management personnel and their related parties held the following interest in the Company:

Ordinary shares held	Balance at beginning of the period	Acquisitions	Disposals	As at the date of this report
Christopher Cuffe AO	1,300,000	175,000	–	1,475,000
Lorraine Berends	40,000	5,000	–	45,000
Guy Fowler	1,000,000	258,042	–	1,258,042
Matthew Grounds	1,000,000	201,397	–	1,201,397
Michael Traill AM	3,264,250	874,414	–	4,138,664
Gary Weiss AM	440,000	55,000	–	495,000
Geoffrey Wilson AO	1,500,000	187,500	–	1,687,500
David Wright	40,000	5,000	–	45,000
Paul Rayson	133,250	16,657	–	149,907
Rory Lucas	80,694	33,290	–	113,984

c) Equity Instruments Disclosures of Directors, Other Key Management Personnel and Related Parties (continued)

Directors, other key management personnel and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of financial period, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

For further details, please refer to the Key management personnel compensation note in the financial statements.

- End of remuneration report -

Directors' Meetings

Director	No. of eligible to attend	Attended
Christopher Cuffe AO	5	5
Lorraine Berends	5	5
Guy Fowler	5	5
Matthew Grounds AM	5	4
Michael Traill AM	5	4
Gary Weiss AM	5	3
Geoffrey Wilson AO	5	4
David Wright	5	5

Investment Committee Meetings

Member	No. of eligible to attend	Attended
Christopher Cuffe AO	4	4
Lorraine Berends	4	4
Brett Paton	4	4
David Wright	4	4
Paul Rayson	4	4

Events Occurring After the Reporting Period

The Directors are not aware of any events subsequent to 30 June 2020 that would materially affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

Future Developments

HM1's future performance is dependent on the performance of the HM1's investment portfolio, which in turn, is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market. Accordingly, it is not possible or appropriate to accurately predict the future performance of HM1's investment portfolio and HM1's performance.

Environmental Regulation

The Company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Risk Management Philosophy and Approach

The Board of Directors' risk policies and controls are designed to be robust and relevant to the investment objectives and investment strategy. The Board of Directors is committed to robust corporate governance practices to create value and provide accountability and a control system commensurate with the risk involved. The Board of Directors will monitor the investment portfolio to ensure compliance with the investment strategy and the investment guidelines.

Risk Management Philosophy and Approach (continued)

The Investment Committee, in conjunction with the Chief Investment Officer, is responsible for managing the investment portfolio. The Investment Committee meets quarterly and more frequently as required to review the investment portfolio and ensure that HM1 continues to deliver on its investment objective and investment strategy.

Indemnification and Insurance of Officers and Directors

The Company has entered into director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

No indemnities have been given or insurance premiums paid during or since the end of the financial period, for any person who is or has been an auditor of the Company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

During the year, Pitcher Partners, the Company's auditor, did not perform any non-assurance services in addition to their statutory duties for the Company. Related entities of Pitcher Partners perform certain taxation services for the Company. Details of the amounts paid to the auditors are disclosed in Note 6 to the financial statements.

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 6 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: *Code of Ethics for Professional Accountants including Independence Standards* set by the Accounting Professional and Ethical Standards Board.

Rounding of Amounts

In accordance with the ASIC Corporations (rounding in Financial/Directors) Instrument 2016/191, the amounts in the Directors' Report and Annual Report to Shareholders have been rounded off in accordance with that Class Order to the nearest dollar or unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2020 is provided on the Company website at heartsandmindsinvestments.com.au.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



Christopher Cuffe AO
Chairman and Independent Director

Sydney
26 August 2020

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Sydney NSW 2000

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e. sydneypartners@pitcher.com.au

**Auditor's Independence Declaration
To the Directors of Hearts and Minds Investments Limited
ABN 61 628 753 220**

In relation to the independent audit of Hearts and Minds Investments Limited for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S M Whiddett
Partner

Pitcher Partners
Sydney

26 August 2020

		For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Investment income from ordinary activities			
Net realised and unrealised (loss)/gain on foreign exchange transactions		(1,650,168)	403,769
Interest income		49,565	97,703
Dividend income, net of withholding tax of \$212,910 (2019: \$196,788)		6,355,593	3,612,951
Sundry income		20,572	6,640
Total investment income		4,775,562	4,121,063
Expenses			
Donations	8	(9,237,640)	–
Offer costs		–	(5,257,409)
Interest expense		(4,094)	(118,430)
Other expenses		(715,856)	(627,552)
Total expenses		(9,957,590)	(6,003,391)
Loss before income tax		(5,182,028)	(1,882,328)
Income tax benefit	3	2,497,079	1,136,028
Net loss for the year/period		(2,684,949)	(746,300)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Net realised gains on investments, net of tax	11	69,299,376	4,178,905
Net unrealised gains on investments, net of tax	11	50,939,375	67,020,422
Net realised and unrealised gains on investments taken to equity, net of tax	11	120,238,751	71,199,327
Other comprehensive income, net of tax		120,238,751	71,199,327
Total comprehensive income for the year/period		117,553,802	70,453,027
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share	15	(1.26)	(0.47)

The accompanying notes form part of these financial statements.

	Notes	30 June 2020 \$	30 June 2019 \$
Assets			
Current assets			
Cash and cash equivalents	12	52,255,304	7,052,020
Prepayments		229,071	–
Other receivables	7	401,677	53,498
Total current assets		52,886,052	7,105,518
Non-current assets			
Financial assets at fair value through other comprehensive income	17	779,308,148	593,088,374
Deferred tax assets	3	2,484,033	1,290,040
Total non-current assets		781,792,181	594,378,414
Total assets		834,678,233	601,483,932
Liabilities			
Current liabilities			
Current tax liability	3	28,370,880	1,929,264
Donation provision	8	5,128,890	–
Other payables	9	–	362,895
Total current liabilities		33,499,770	2,292,159
Non-current liabilities			
Deferred tax liabilities	3	50,671,633	28,738,745
Total non-current liabilities		50,671,633	28,738,745
Total liabilities		84,171,403	31,030,904
Net assets		750,506,830	570,453,028
Equity			
Share capital	10	562,500,001	500,000,001
Reserves	11	188,006,829	71,199,327
Accumulated losses	11	–	(746,300)
Total equity		750,506,830	570,453,028

The accompanying notes form part of these financial statements.

	Notes	Share capital \$	Investment portfolio revaluation reserve \$	Profits reserve \$	Accumulated losses \$	Total \$
Balance at 12 September 2018	10	1	–	–	–	1
Net loss for the period	11	–	–	–	(746,300)	(746,300)
Other comprehensive income, net of tax	11	–	71,199,327	–	–	71,199,327
Transfer to profits reserve	11	–	(4,178,905)	4,178,905	–	–
Transactions with equity holders in their capacity as owners:						
Shares issued under Initial Public Offering (“IPO”)	10	500,000,000	–	–	–	500,000,000
Balance at 30 June 2019		500,000,001	67,020,422	4,178,905	(746,300)	570,453,028
Balance at 1 July 2019						
	10	500,000,001	67,020,422	4,178,905	(746,300)	570,453,028
Net loss for the year	11	–	–	–	(2,684,949)	(2,684,949)
Other comprehensive income, net of tax	11	–	120,238,751	–	–	120,238,751
Transfer to profits reserve	11	–	(69,299,376)	69,299,376	–	–
Transfer from profits reserve	11	–	–	(3,431,249)	3,431,249	–
Transactions with equity holders in their capacity as owners:						
Shares issued	10	62,500,000	–	–	–	62,500,000
Balance at 30 June 2020		562,500,001	117,959,797	70,047,032	–	750,506,830

The accompanying notes form part of these financial statements.

	Notes	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Cash flows from operating activities			
Interest received		49,565	97,703
Dividends received		6,016,504	3,560,593
Other income received		11,482	–
Interest paid		(4,094)	(118,430)
Offer costs paid		(280,908)	(4,976,501)
Donations Paid		(4,108,750)	–
Payments for other expenses		(1,026,914)	(540,065)
Income tax paid		(1,853,304)	–
Net cash used in operating activities	13	(1,196,419)	(1,976,700)
Cash flows from investing activities			
Proceeds from sales of investments		501,356,938	90,607,027
Payments for purchases of investments		(515,807,067)	(581,982,077)
Net cash used in investing activities		(14,450,129)	(491,375,050)
Cash flows from financing activities			
Proceeds from issuance of shares		62,500,000	500,000,001
Net cash provided by financing activities		62,500,000	500,000,001
Net increase in cash and cash equivalents		46,853,452	6,648,251
Cash and cash equivalents at the beginning of the year/period		7,052,020	–
Effect of foreign currency exchange rate changes on cash and cash equivalents		(1,650,168)	403,769
Cash and cash equivalents at the end of the year/period	12	52,255,304	7,052,020

The accompanying notes form part of these financial statements.

1 General information

Hearts and Minds Investments Limited (the “Company”) is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The registered office is Level 12, 225 George Street, Sydney NSW 2000.

The Company was incorporated on 12 September 2018. Its shares were admitted for quotation on the Official List of ASX Limited (“ASX”) on 9 November 2018 and commenced operations on 14 November 2018. The financial statements of the Company are for the year ended 30 June 2020.

The financial statements were authorised for issue on 26 August 2020 by the Board of Directors.

2 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*. The financial statements of the Company also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

These financial statements have been prepared on an accruals basis, and are based on historical cost convention except for the revaluation of financial assets at fair value through other comprehensive income and cash flow information.

In accordance with ASIC Corporations Instrument 2016/191, the amounts in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new and amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period and there was no material impact on adoption.

(b) Investment income

(i) Dividends

Dividends are recognised as revenue in the Statement of Comprehensive Income when the right to receive payment is established.

(ii) Interest income

Interest income is recognised using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(c) Investments and other financial assets

Classification

The Company has classified its investments as long-term in nature and has elected to recognise investments at fair value through other comprehensive income. All gains and losses on long-term investments and tax thereon are presented in other comprehensive income as part of the Statement of Comprehensive income.

Recognition and derecognition

Purchases and/or sales of financial assets are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has substantially transferred all the risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

(c) Investments and other financial assets (continued)

Measurement

At initial recognition, the Company measures a financial asset at its fair value in the Statement of Financial Position. Transaction costs for financial assets carried at fair value through other comprehensive income are included as part of the initial measurement.

The fair value of financial assets is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Usually, the quoted market prices on a recognised exchange or, in its absence, the most advantageous market to which the Company has access at that date. The Company's accounting policy on fair value is disclosed in Note 17.

Changes in the fair value for financial assets at fair value through other comprehensive income are recognised through the Investment portfolio revaluation reserve after deducting a provision for the potential deferred tax liability.

When a financial asset held at fair value through other comprehensive income is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the Investment portfolio revaluation reserve to the profits reserve.

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs.

Classification of financial assets

Financial assets recognised by the Company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income ("FVTOCI") in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVTOCI are classified as subsequently measured at amortised cost.

Classification of financial liabilities

Financial liabilities recognised by the Company are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables primarily relate to dividends and are recorded when the right to the dividend is established. These balances are tested for impairment by applying the 'expected credit loss' model and no impairment losses are recognised.

Long-term equity instruments

Long-term equity instruments comprise ordinary shares in listed entities that are not held for trading. On initial recognition, investments identified by the Company as long-term equity instruments are irrevocably designated (and measured) at fair value through other comprehensive income. This election has been made as the directors' believe that to otherwise recognise changes in the fair value of these investments in profit or loss would be inconsistent with the objective of holding the investments for the long term.

2 Summary of significant accounting policies (continued)**(d) Financial instruments (continued)***Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has substantially transferred all the risks and rewards of ownership.

When a financial asset held at fair value through other comprehensive income is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the investment portfolio revaluation reserve to the profits reserve.

(e) Other receivables

Other receivables are non-derivative financial assets and are stated at their amortised cost. At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and the value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable value is expensed to the Statement of Comprehensive Income.

(f) Donation provision

In line with the Company's philanthropic objectives, the Company donates a percentage of the Company's net tangible assets leading Australian medical research organisations every six months. The donations are equal to 1.5% per annum of the average monthly net tangible assets of the previous half-year. The donation provision represents the amount provided for donations at the reporting date.

(g) Foreign currency translation*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Australian dollars ("AUD" or "\$") which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of fair value gain or loss.

(h) Income tax

The income tax expense or benefit for the year is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and deferred tax liabilities attributable to temporary differences and unused tax losses, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amounts of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2 Summary of significant accounting policies (continued)

(h) Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Company has a legally enforceable right to offset and intends to settle on a net basis.

Current and deferred tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity as appropriate.

(i) Goods and Services Tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST, unless GST incurred is not recoverable from the Australian Taxation Office. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Issued capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares have been recognised in the Statement of Comprehensive Income, net of any tax effects.

(l) Profits reserve

A profits reserve is made up of amounts transferred from current and retained earnings and realised gains on disposal of financial assets that is preserved for future dividend payments.

(m) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. In accordance with the *Corporations Act 2001*, the Company may pay a dividend where the Company’s assets exceed its liabilities, the payment of the dividend is fair and reasonable to the Company’s shareholders as a whole and the payment of the dividend does not materially prejudice the Company’s ability to pay its creditors.

(n) Earnings/(loss) per share

(i) Basic earnings/(loss) per share

- the profit/(loss) attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial period.

2 Summary of significant accounting policies (continued)**(n) Earnings/(loss) per share (continued)***(ii) Diluted earnings/(loss) per share*

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(o) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

The investments of the Company are managed by fund managers who provide their expertise and stock recommendations to the Company on a pro bono basis. Therefore, the investment portfolio of the Company does not incur any fund management fees. It is estimated that the investments fees forgone by the fund managers based on normal commercial terms for the year ended 30 June 2020 equates to \$10,300,000 (30 June 2019: \$5,100,000). This notional benefit to the Company is not included in the financial statements of the Company. Other than this estimate, there are no estimates or judgements that have a material impact on the Company's financial results for the year ended 30 June 2020.

(p) New standards and interpretations not yet adopted

There are no new standards or interpretations applicable that would have a material impact for the Company.

3 Income tax

(a) Income tax expense

The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Prima facie income tax expense on the net profit at 30%	(1,554,608)	(564,697)
Imputation credits and foreign tax credits claimed at 100%	(1,346,387)	(816,186)
Imputation credits gross up on dividends received	340,043	185,819
Foreign tax credits gross up dividends received	63,873	59,036
Income tax benefit recognised in profit or loss	(2,497,079)	(1,136,028)
Deferred tax on net unrealised gains on investments	21,831,160	28,723,038
Income tax on net realised gains on investments	29,699,733	1,790,959
Income tax expense recognised in other comprehensive income	51,530,893	30,513,997
Total income tax expense	49,033,814	29,377,969

(b) Total income tax expense results in a:

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) 30 June 2019 \$
Current income tax liability	(1,404,813)	138,305
Deferred tax assets	(1,193,993)	(1,290,040)
Deferred tax liabilities	101,727	15,707
Income tax benefit recognised in profit or loss	(2,497,079)	(1,136,028)
Deferred tax liability on net unrealised gains on investments	21,831,160	28,723,038
Current income tax liability on net realised gains on investments	29,699,733	1,790,959
Income tax expense recognised in other comprehensive income	51,530,893	30,513,997
Total income tax expense	49,033,814	29,377,969

3 Income tax (continued)

(c) Deferred tax assets relate to the following:

	30 June 2020	30 June 2019
	\$	\$
Opening balance	1,290,040	–
Donation accrual not deductible	1,538,667	–
Costs associated with the issue of shares	(296,455)	1,261,778
2019 Tax return adjustments	(75,960)	–
Net unrealised gains foreign exchange transactions	52,337	3,666
Provisions	(24,596)	24,596
	2,484,033	1,290,040

(d) Deferred tax liabilities relate to the following:

	30 June 2020	30 June 2019
	\$	\$
Opening balance	28,738,745	–
Net unrealised gains on investments	21,831,161	28,723,038
Dividend receivable on shares	101,727	15,707
	50,671,633	28,738,745

(e) Movement in deferred tax assets relate to the following:

	For the year ended 30 June 2020	For the period from 12 September 2018 (date of incorporation) 30 June 2019
	\$	\$
Opening balance	1,290,040	–
Charged to profit or loss	1,193,993	1,290,040
	2,484,033	1,290,040

3 Income tax (continued)

(f) Movement in deferred tax liabilities relate to the following:

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Opening balance	28,738,745	–
Charged to profit or loss	101,727	15,707
Charged to other comprehensive income	21,831,161	28,723,038
Closing balance	50,671,633	28,738,745

4 Donations

In line with the Company's philanthropic objectives, the Company donates a percentage of the Company's net tangible asset to leading Australian medical research organisations every six months. The donations are equal to 1.5% per annum of the average monthly net tangible assets for the previous half-year and roughly equivalent to the value of the investment management fees foregone by participating fund managers. The donations accrue monthly and regardless of the performance of the Company, and may vary month-to-month in proportion to the net tangible asset value. The accrual of the donations each month increases expenses and decreases the Company's net tangible assets.

5 Dividends

Dividend franking account

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Opening balance	619,398	–
Franking credits on dividends received	1,133,477	619,398
Tax paid during the year	1,853,304	–
Closing balance of franking account	3,606,179	619,398
Franking credits on dividends receivable	160,500	–
Tax payable in respect of period profit	28,370,880	–
Franking credits available for use in subsequent reporting periods	32,137,559	619,398

5 Dividends (continued)

Dividend income

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Dividend income - Investments sold during the year	2,447,484	–
Dividend income - Investments held at year end	4,121,019	3,809,739
	6,568,503	3,809,739

6 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Audit and review of financial statements	49,052	38,000
Other services provided by related practice of the auditor taxation services	14,000	11,288
Total remuneration for audit and other assurance services	63,052	49,288

7 Other receivables

	30 June 2020 \$	30 June 2019 \$
Dividend receivable	391,447	52,358
Other receivables	10,230	1,140
Total other receivables	401,677	53,498

8 Donation provision

	30 June 2020 \$	30 June 2019 \$
Donation provision	5,128,890	–
Total donation provision	5,128,890	–

For the year ended 30 June 2020, the amount recognised in the Statement of Comprehensive Income as an expense was \$9,237,640. This amount represents donations paid or payable to medical research beneficiaries to advance medical research in Australia. As at 30 June 2020, the amount recorded as a donation provision in the Statement of Financial Position of \$5,128,890 represents a provision for donations payable to medical research beneficiaries at balance date (2019: None). This amount will be paid to medical research beneficiaries by 31 August 2020.

9 Other payables

	30 June 2020 \$	30 June 2019 \$
Offer costs payable	–	280,908
Accrued expenses	–	81,987
Total other payables	–	362,895

10 Share capital

(a) Issued capital

	30 June 2020 No. of shares	30 June 2020 \$
Ordinary shares	225,000,001	562,500,001

	30 June 2019 No. of shares	30 June 2019 \$
Ordinary shares	200,000,001	500,000,001

(b) Movements in share capital

	For the year ended 30 June 2020 No. of shares	For the year ended 30 June 2020 \$
Opening balance	200,000,001	500,000,001
Shares issued at \$2.50 per share	25,000,000	62,500,000
Closing balance	225,000,001	562,500,001

10 Share capital (continued)

(b) Movements in share capital (continued)

	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 No. of shares	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Opening balance	1	1
Shares issued under IPO at \$2.50 per share	200,000,000	500,000,000
Closing balance	200,000,001	500,000,001

On 27 December 2019, the Company issued 25,000,000 (9 November 2018: 200,000,000) fully paid ordinary shares at \$2.50 (9 November 2018: \$2.50) per share pursuant to a fully renounceable rights issue to existing shareholders.

11 Reserves and accumulated losses

(a) Reserves

	30 June 2020 \$	30 June 2019 \$
Investment portfolio revaluation reserve	117,959,797	67,020,422
Profits reserve	70,047,032	4,178,905
Total reserves	188,006,829	71,199,327

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Investment portfolio revaluation reserve		
Opening balance	67,020,422	–
Net realised gains on investments	98,999,109	5,969,864
Income tax on net realised gains on investments	(29,699,733)	(1,790,959)
Net unrealised gains on investments	72,770,536	95,743,460
Deferred income tax on unrealised gains on investments	(21,831,161)	(28,723,038)
Transfer to profits reserve	(69,299,376)	(4,178,905)
Closing balance	117,959,797	67,020,422

11 Reserves and accumulated losses (continued)

(a) Reserves (continued)

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Profits reserve		
Opening balance	4,178,905	–
Transfer from investment portfolio revaluation reserve	69,299,376	4,178,905
Transfer to accumulated losses	(3,431,249)	–
	70,047,032	4,178,905

During the year a number of Investments held at fair value through other comprehensive income were sold realising a net gain as set out below. The investments were sold following recommendations from our portfolio fund managers and in accordance with our investment strategy.

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Proceeds from sale of investments	501,356,938	90,607,027
Original cost of investments sold	(402,357,829)	(84,637,163)
	98,999,109	5,969,864

(b) Accumulated losses

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Opening balance	(746,300)	–
Net loss for the year/period	(2,684,949)	(746,300)
Transfer from profits reserve	3,431,249	–
	–	(746,300)

12 Cash and cash equivalents

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	30 June 2020	30 June 2019
	\$	\$
Cash at bank	755,994	4,424,943
Cash at custodian	51,499,310	2,627,077
Total cash and cash equivalents	52,255,304	7,052,020

The cash at bank is denominated in AUD, is at call and is earning interest at a fixed rate of 0.01% (2019: 0.01%). The cash at custodian is at call and denominated in United States Dollars ("USD"), Japanese Yen ("JPY"), Hong Kong Dollars ("HKD") and Euros ("EUR") and is non-interest bearing.

Risk exposure

The Company's exposure to interest rate risk is discussed in Note 16. The maximum exposure to credit risk in relation to cash at the end of the reporting period is the carrying amount of cash in bank and cash at custodian.

Cash in bank is with Commonwealth Bank of Australia that has a Standard and Poor's short-term rating of A-1+ and long-term rating of AA-. Cash at custodian is with JP Morgan Chase Bank that has a short-term rating of A-1 and a long-term rating of A+.

13 Reconciliation of net loss for the year to net cash provided by/(used in) operating activities

	For the year ended 30 June 2020	For the period from 12 September 2018 (date of incorporation) to 30 June 2019
	\$	\$
Net loss for the year/period	(2,684,949)	(746,300)
Effects of foreign currency exchange rate changes on cash and cash equivalents	1,650,168	(403,769)
Change in operating assets and liabilities:		
Increase in prepayments	(229,071)	–
Increase in other receivables	(348,179)	(53,498)
Increase in deferred tax assets	(1,141,656)	(1,290,040)
Decrease in current tax liability	(3,310,454)	138,305
Increase in donation provision	5,128,890	–
Decrease in other payables	(362,895)	362,895
Decrease in deferred tax liabilities	101,727	15,707
Net cash used in operating activities	(1,196,419)	(1,976,700)

14 Non-cash investing and financing activities

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Sales of investments	–	9,644,831
Purchases of investments	–	(9,644,831)
Total non-cash investing and financing activities	–	–

15 Basic and diluted loss per share

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Net loss for the year/period used in the calculation of basic and diluted loss per share attributable to the ordinary equity holders of the Company	(2,684,949)	(746,300)

	For the year ended 30 June 2020 \$	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 \$
Basic and diluted loss per share attributable to the ordinary equity holders of the Company	(1.26)	(0.47)

15 Basic and diluted loss per share (continued)

Weighted average number of shares used as denominator

	For the year ended 30 June 2020 No. of shares	For the period from 12 September 2018 (date of incorporation) to 30 June 2019 No. of shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share attributable to the ordinary equity holders of the Company	212,708,570	160,273,974

The weighted average number of shares used as the denominator in calculating basic and diluted loss per share is based on the average number of shares from the year ended 30 June 2020.

At the end of the year, there were no outstanding securities that are potentially dilutive in nature for the Company (2019: None).

16 Financial risk management

The Company's financial instruments consist mainly of cash and cash equivalents, other receivables, financial assets at fair value through other comprehensive income, and other payables.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and equity price risk), credit risk, liquidity risk and other risks. The Board of the Company have implemented a risk management framework to mitigate these risks.

Risks are managed in the context of the Company's strategic objectives, the size and complexity of its operations, and the Board's expectations and attitude to risk. The Company has implemented a risk management framework based on the Australian New Zealand International Standard Organisation 31000:2009 *Risk management – Principles and guidelines*. Details of the Company's Risk Management Framework are available on the Company's website.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The investment portfolio is exposed to market risk. The market risk of securities in the Company's investment portfolio can fluctuate as a result of market conditions. The value of the investment portfolio may be impacted by factors such as economic conditions, interest rates, currency exchange rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. In addition, as the Company is listed on the ASX, its securities are exposed to market risks. As a result, the security price may trade at a discount or a premium to its net tangible assets.

Currency risk

The Company holds monetary assets denominated in currencies other than the Australian dollar. The Company monitors the exposure on all foreign currency denominated assets and liabilities.

The Company does not hedge against its foreign exchange exposure, and consequently, the impact of foreign exchange movements is directly reflected in the Statement of Comprehensive Income.

16 Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

While the Company has direct exposure to foreign exchange rate changes on the price of non-Australian dollar denominated investments, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain investments in which the Company invests, even if those investments are denominated in Australian dollars. For that reason, the sensitivity analysis below may not necessarily indicate the total effect on the Company's equity of future movements in foreign exchange rates.

The table below summarised the Company's monetary assets exposed to foreign currency risk at 30 June 2020 and 30 June 2019:

	30 June 2020	30 June 2019
	Net currency exposure*	Net currency exposure*
	%	%
United States Dollar	62	56
Hong Kong Dollar	3	5
Euro	–	4
Japanese Yen	1	4
Canadian Dollar	–	3
Pound Sterling	1	–
	67	72
	67	72

* As percentage of investment portfolio exposure.

Sensitivity

The following tables illustrates the sensitivities of the Company's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the AUD weakened and strengthened by 10% against the other currencies.

	USD impact	HKD impact	JPY impact	GBP impact
30 June 2020	AUD	AUD	AUD	AUD
Impact on total comprehensive income	+/- 36,245,847	+/- 1,655,164	+/- 458,754	+/- 838,900
	USD impact	HKD impact	JPY impact	CAD impact
30 June 2019	AUD	AUD	AUD	AUD
Impact on total comprehensive income	+/- 23,291,136	+/- 1,902,999	+/- 1,692,730	+/- 1,452,882

Equity price risk

The Company is exposed to price risk on its financial assets classified in the Statement of Financial Position as financial assets at fair value through other comprehensive income. There is a risk that securities will fall in value over short or extended periods of time. Equity markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. The Company's typical investment portfolio is expected to hold 25 to 30 securities, which represents a high level of investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility. The Company seeks to manage and constrain market risk by diversification of the investment portfolio across a number of global equity fund managers.

16 Financial risk management (continued)

Market risk (continued)

Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in the fair value of financial assets that were reasonably possible based on the market risk that the Company was exposed to at reporting date, assuming a tax rate of 30%.

	30 June 2020	30 June 2019
	\$	\$
Impact on other components of equity		
MSCI World Index (AUD)		
Change in variable +/- 5%	26,048,384	20,758,093
Change in variable +/- 10%	52,096,769	41,516,186

Cash flow and interest rate risk

The Company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The tables below summarise the Company's exposure to interest rate risks:

	Interest bearing	Non-interest bearing	Total
	\$	\$	\$
30 June 2020			
Financial assets			
Cash and cash equivalents	755,994	51,499,310	52,255,304
Financial assets at fair value through other comprehensive income	–	779,308,148	779,308,148
Other receivables	–	401,677	401,677
Total financial assets	755,994	831,209,135	831,965,129
Financial liabilities			
Donation provision	–	5,128,890	5,128,890
Total financial liabilities	–	5,128,890	5,128,890
30 June 2019			
Financial assets			
Cash and cash equivalents	4,424,943	2,627,077	7,052,020
Financial assets at fair value through other comprehensive income	–	593,088,374	593,088,374
Other receivables	–	53,498	53,498
Total financial assets	4,424,943	595,768,949	600,193,892
Financial liabilities			
Other payables	280,908	81,987	362,895
Total financial liabilities	280,908	81,987	362,895

16 Financial risk management (continued)**Market risk (continued)***Sensitivity*

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. At 30 June 2020, if interest rates had increased by 100 basis points (bps) or decreased by 100 bps from the year end rates with all other variables held constant, post tax profit for the year would have been \$330,321 (2019: \$30,975) higher or \$330,321 (2019: \$30,975) lower, as a result of higher or lower interest income from cash and cash equivalents.

Interest rate risk also arises from the effects of fluctuations in the prevailing levels of market interest rates on its financial assets at fair value through other comprehensive income. The sensitivity to changes in the value of financial assets at fair value through other comprehensive income is set out in the price risk and currency risk sensitivity tables. The Directors do not consider it meaningful, to provide a separate analysis of the sensitivity of the investment portfolio to changes in interest rates.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other financial institutions and other receivables.

The maximum exposure to credit risk, at balance sheet date to recognised financial assets, is the carrying amount, net of any provisions for expected credit losses of those assets, as disclosed in the Statement of Financial Position and Note 11 to the financial statements.

The Company held no collateral as security or any other credit enhancements. None of the assets exposed to a credit risk are overdue or considered to be impaired.

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board and Investment Committee monitor the Company's cash flow requirements in relation to the investment portfolio taking into account dividends, tax payments and investing activity.

The Company's inward cash flows depend on the level of dividend and interest revenue received, investment disposals and capital raising initiatives from time to time. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the major cash outflows are investments, donations, general expenditure and future dividends paid to shareholders, the level of these outflows is managed by the Board and Investment Committee. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. A sufficient level of the Company's cash is held at call to meet cash outflows and mitigate liquidity risk.

16 Financial risk management (continued)

Liquidity risk (continued)

The tables below summarise the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted cash flows:

30 June 2020	On demand	1 to 3 months	3 to 12 months	More than 12 months	No fixed maturity	Total
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	52,255,304	–	–	–	–	52,255,304
Financial assets at fair value through other comprehensive income	–	–	–	–	779,308,148	779,308,148
Other receivables	401,677	–	–	–	–	401,677
Total financial assets	52,656,981	–	–	–	779,308,148	831,965,129
Financial liabilities						
Donation provision	–	–	–	–	5,128,890	5,128,890
Total financial liabilities	–	–	–	–	5,128,890	5,128,890
30 June 2019						
	On demand	1 to 3 months	3 to 12 months	More than 12 months	No fixed maturity	Total
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	7,052,020	–	–	–	–	7,052,020
Financial assets at fair value through other comprehensive income	–	–	–	–	593,088,374	593,088,374
Other receivables	53,498	–	–	–	–	53,498
Total financial assets	7,105,518	–	–	–	593,088,374	600,193,892
Financial liabilities						
Other payables	362,895	–	–	–	–	362,895
Total financial liabilities	362,895	–	–	–	–	362,895

17 Financial assets

Fair value measurements

(a) Fair value estimation

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset takes place either in the principal market for the asset or, in the absence of a principal market, in the most advantageous market for the asset. The principal or the most advantageous market must be accessible to the Company. The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

17 Financial assets (continued)

Fair value measurements (continued)

(a) Fair value estimation (continued)

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

For assets that are measured at fair value on a recurring basis, the Company identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the beginning of each reporting period.

(b) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following tables present the Company's assets and liabilities measured and recognised at fair value at:

30 June 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through other comprehensive income				
Listed equity securities on major exchanges	779,308,148	–	–	779,308,148
Total financial assets at fair value through other comprehensive income	779,308,148	–	–	779,308,148
30 June 2019				
	\$	\$	\$	\$
Financial assets at fair value through other comprehensive income				
Listed equity securities on major exchanges	593,088,374	–	–	593,088,374
Total financial assets at fair value through other comprehensive income	593,088,374	–	–	593,088,374

There were no transfers between levels for recurring fair value measurements during the year (2019: None).

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

The carrying amounts of other receivables and other payables are assumed to approximate their fair values due to their short-term nature.

18 Segment information

The Company is solely engaged in investment activities, deriving revenue from dividend income, interest income and from the sale of its investments. It has no reportable business or geographical segments.

The Company's investments are listed equity securities on major exchanges. The split of the Company's investments by the country of listing is set out below.

	30 June 2020	30 June 2019
	Country of Listing	Country of Listing
	%	%
United States	62	56
Australia	33	28
Hong Kong	3	5
France	–	4
Japan	1	4
Canada	–	3
United Kingdom	1	–
	100	100

19 Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors in office at any time during the year ended 30 June 2020) are:

Christopher Cuffe AO	Chairman and Independent Director
Lorraine Berends	Independent Director
Guy Fowler	Independent Director
Matthew Grounds AM	Independent Director
Michael Traill AM	Independent Director
Gary Weiss AM	Independent Director
Geoffrey Wilson AO	Independent Director
David Wright	Independent Director
Paul Rayson	Chief Executive Officer
Rory Lucas	Chief Investment Officer

(a) Remuneration

Key management personnel (KMP) include the Directors, the Chief Executive Officer and the Chief Investment Officer. Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 30 June 2020, no Directors' fees were paid by the Company. The remuneration of the Chief Executive Officer and the Chief Investment Officer are set out below. The Chief Executive Officer and the Chief Investment Officer are employed under standard employment contracts with a three month notice period. The remuneration of the Chief Executive Officer and the Chief Investment Officer is salary based and does not include securities or options in the Company and no element of the remuneration is tied to Company performance. The Chief Executive Officer and the Chief Investment Officer are not provided with retirement benefits apart from statutory superannuation.

	Short-term benefits	Post- employment benefits	Total Remuneration
Year ended 30 June 2020	Salary	Superannuation	
	\$	\$	\$
Paul Rayson	150,000	14,157	164,157
Rory Lucas	175,000	15,938	190,938

19 Key management personnel compensation (continued)

(a) Remuneration (continued)

Period from 12 September 2018 to 30 June 2019	Short-term benefits Salary \$	Post- employment benefits Superannuation \$	Total Remuneration \$
Paul Rayson	52,083	4,948	57,031
Rory Lucas	112,500	10,688	123,188

(b) Shareholdings

The Company's key management personnel and their related parties held the following interest in the Company:

30 June 2020 Directors and Key Management	Opening balance	Acquisitions	Disposals	Closing balance
Christopher Cuffe AO	1,300,000	175,000	–	1,475,000
Lorraine Berends	40,000	5,000	–	45,000
Guy Fowler	1,000,000	258,042	–	1,258,042
Matthew Grounds	1,000,000	201,397	–	1,201,397
Michael Traill AM	3,264,250	874,414	–	4,138,664
Gary Weiss AM	440,000	55,000	–	495,000
Geoffrey Wilson AO	1,500,000	187,500	–	1,687,500
David Wright	40,000	5,000	–	45,000
Paul Rayson	133,250	16,657	–	149,907
Rory Lucas	80,694	33,290	–	113,984
30 June 2019 Directors and Key Management	Opening balance	Acquisitions	Disposals	Closing balance
Christopher Cuffe AO	–	1,300,000	–	1,300,000
Lorraine Berends	–	40,000	–	40,000
Guy Fowler	–	1,000,000	–	1,000,000
Matthew Grounds	–	1,000,000	–	1,000,000
Michael Traill AM	–	3,264,250	–	3,264,250
Gary Weiss AM	–	440,000	–	440,000
Geoffrey Wilson AO	–	1,500,000	–	1,500,000
David Wright	–	40,000	–	40,000
Paul Rayson	–	133,250	–	133,250
Rory Lucas	–	80,694	–	80,694

Directors, other key management personnel and director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of financial period, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

20 Related party transactions

All transactions with related entities were made on normal commercial terms and at market rates, except as noted below.

Investment and management fees

The Company will forego any investment and management fees associated with implementing and managing the investment strategy. Instead, donations will be paid by the Company to the designated charities every six months (Note 4).

Matthew Grounds is Chairman of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Gary Weiss is a Non-Executive Director of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Directors' fees

The Directors have agreed to waive any right to be paid director fees (see Note 19).

Pro-bono services

The Company Secretary is a General Manager of Boardroom Pty Limited. Boardroom Pty Limited provides company secretarial services to the Company on a pro-bono basis.

Two of the Company's Directors, Matthew Grounds and Guy Fowler were previously senior executives of UBS Australia. UBS Australia provided office services to the Company on a pro-bono basis for part of the year.

21 Contingencies and commitments

The Company had no material contingent liabilities or commitments as at 30 June 2020 (2019: Nil).

22 Events occurring after the reporting period

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Directors' Declaration

In accordance with a resolution of the Directors of Hearts and Minds Investments Limited (the "Company"), the Directors of the Company declare that:

- (a) The financial report as set out in pages 33 to 59 and the additional disclosures included in the Directors' Report designated as 'Remuneration Report', as set out on pages 27 to 29, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, which, as stated in Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Company as at 30 June 2020 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- (b) At the date of this declaration, in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The Directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the person who performs the Chief Executive Officer and Chief Financial Officer functions, for the purpose of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Christopher Cuffe AO
Chairman and Independent Director

Sydney
26 August 2020

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**Independent Auditor's Report
To the Members of Hearts and Minds Investments Limited
ABN 61 628 753 220**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hearts and Minds Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Hearts and Minds Investments Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>Existence, Completeness and Valuation of Financial Assets and Financial Liabilities Refer to Note 17: Financial Assets</p>	
<p>We focused our audit effort on the existence, completeness and valuation of the Company's financial assets and financial liabilities as they are the most significant driver of the Company's Net Tangible Assets and profits.</p> <p>Investments consist of listed Australian and global securities and are considered to be non-complex in nature with fair value based on readily observable market data. Consequently, these investments are classified under Australian Accounting Standards as "Level 1" (i.e. where the valuation is based on quoted prices in the market). All foreign investments are valued in presentation currency (Australian dollars) utilising the year end rates.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of the investment management process and controls; ▪ Reviewing and evaluating the independent audit reports on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodian; ▪ Reviewing and evaluating the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Administrator; ▪ Making enquiries and obtaining bridging letters as to whether there have been any changes to these controls or their effectiveness and performing additional procedures on a sample basis; ▪ Obtaining confirmation of the investment holdings directly from the Custodian; ▪ Recalculating and assessing the Company's valuation of individual investment holdings to independent pricing sources; ▪ Evaluating the accounting treatment of revaluations of financial assets and financial liabilities for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the financial year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 29 of the Directors' Report for the financial year ended 30 June 2020. In our opinion, the Remuneration Report of Hearts and Minds Investments Limited, for the financial year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



S M Whiddett
Partner

26 August 2020



Pitcher Partners
Sydney

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings**Substantial shareholders (as at 31 July 2020)**

There are no substantial shareholders (voting interest greater than 5%) in Hearts and Minds Investments Limited as at 30 June 2020 (2019: Nil).

Distribution of shareholders (as at 31 July 2020)

	Number of shareholders ordinary shares	Percentage of issued capital held
1 - 1,000	602	0.15%
1,000 - 9,999	2,261	2.77%
10,000 - 99,999	1,306	4.45%
100,000 - 999,999	2,510	28.49%
1,000,000 and over	188	64.14%
	6,867	100.00%

The number of shareholdings held in less than marketable parcels is 60.

Twenty largest shareholders - Ordinary shares (as at 31 July 2020)

Name	Number of shareholders ordinary shares	Percentage of issued capital held
HSBC Custody Nominees (Australia) Limited	42,926,482	19.1%
National Nominees Limited	14,906,000	6.6%
Netwealth Investments Limited (Wrap Services)	7,524,426	3.3%
Koll Pty Limited	4,443,750	2.0%
HSBC Custody Nominees (Australia) Limited (Account 2)	3,748,091	1.7%
Beta Gamma Pty Limited	2,600,000	1.2%
Associated World Investments Pty Limited	2,250,000	1.0%
Skip Enterprises Pty Limited	2,250,000	1.0%
John Shearer (Holdings) Pty Limited	2,250,000	1.0%
Navigator Australia Limited	2,228,242	1.0%
Jane Hansen Super Pty Limited	2,200,228	1.0%
Wroxby Pty Limited	2,000,000	0.9%
The Ian Potter Foundation Limited	1,800,000	0.8%
Charles & Cornelia Goode Foundation Pty Ltd	1,800,000	0.8%
Netwealth Investments Limited (Super Services)	1,712,579	0.8%
Wilson Foundation Pty Limited	1,687,500	0.8%
Netwealth Investments Limited (Super Services)	1,682,069	0.7%
Australian Philanthropic Services Foundation Pty Limited	1,350,000	0.6%
Midas Touch Investments Pty Limited	1,350,000	0.6%
Bridgestar Pty Limited	1,350,000	0.6%
	102,059,367	45.5%

Securities exchange listing

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.