



## Monthly Investment Update November 2022

13 December 2022

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

Dear Shareholders,

Please find attached Hearts and Minds Investments Limited's November Investment Update.

If you would like to receive these monthly investment updates via email please [subscribe here](#).

For and on behalf of the board,

A handwritten signature in blue ink, appearing to read "Tom Bloomfield", is written over a faint, light blue circular watermark or background graphic.

Tom Bloomfield  
Company Secretary

## Investment Objective

Provide a concentrated portfolio of long-only positions in 25-35 Australian and globally listed securities based on the highest conviction ideas from respected fund managers. The Company will forego any investment fees and instead donate to leading Australian medical research institutes.

## Portfolio Commentary

The HM1 portfolio value increased 3.8% in November. Global markets were again positive, with the S&P 500 gaining 5.4%, the NASDAQ Composite 4.4%, and the local ASX 200 rising 6.1%. The benchmark MSCI World Net TR Index (AUD) increased by 2.1%, with the weaker US dollar hindering gains. The AUD climbed from 64c to just under 68c against the US dollar. Since inception in November 2018, the HM1 portfolio has delivered an annualised investment return of 9.1% pa.

Central banks continue to view lowering inflation as their key priority, regardless of the economic consequences, namely recession. In November, the Federal Reserve indicated a potential slowdown in the pace of interest rate rises going forward – in his address Chair Powell said, “*The time for moderating the pace of rate increases may come as soon as the December meeting*”. This, along with news of China potentially loosening some of its COVID restrictions, and lending more to support the property sector, fuelled investors’ appetite for risk. Commodities were the biggest beneficiary, with nickel rallying 24% during November, while copper and aluminium increased 11% and 12% respectively.

As we noted last month, almost 30% of the HM1 portfolio was sitting in cash ahead of the Sohn Hearts & Minds Investment Leaders Conference, where the fresh investment pitches will populate 35% of the portfolio for the next 12 months. After the October underperformance, delivering a 3.8% return for the month of November was pleasing. Following the conference, we started investing in the stock recommendations our suite of managers delivered to the audience in Hobart (see next page). This will be completed by early December.

With commodities performing so strongly, our local holdings of BHP Group (+22%), Mineral Resources (+19.5%), Champion Iron Limited (+36%) and gold miner De Grey Limited (+22%) were the key contributors to our monthly return. Additionally, the European food delivery business, Just Eat Takeaway, benefited from US peer DoorDash reporting better than expected revenue growth and was up 24% for the month. Zillow Group was also a positive contributor, with its share price increasing 23%, while Brookfield Asset Management increased by 17.6%.

Some changes were made to the core portfolio during November, with long term holding Alphabet replaced by Intercontinental Exchange Ltd, and Mastercard replacing Visa Inc. We also did some minor position rebalancing.

We also announced the appointment of two new core fund managers, Tribeca Investment Partners and Munro Partners. Readers will be aware that the lead portfolio managers who will be making the new recommendations are long term conference speakers Jun-Bei Liu (Tribeca) and Nick Griffin (Munro). Their recommendations will be added to the portfolio over the coming couple of months.

Despite the better than expected inflation print in November, and the likelihood of more moderate interest rate rises in the coming months, we remain cautious about the outlook for 2023. Real interest rates are still negative, meaning nominal rates can/will increase further unless inflation drops dramatically, while geopolitical tensions remain on high alert, with Russian President Putin warning his country that the (10-month so far) war with the Ukraine would be a protracted one. We remain in regular contact with our managers in these times and will continue to adjust the portfolio as circumstances inevitably change.

## Investment Performance

	1 month	6 months	1 year	3 years per annum	Since Inception per annum
Investment Performance	3.8%	2.9%	-24.1%	3.1%	9.1%
MSCI World Net TR Index (AUD)	2.1%	5.2%	-5.6%	7.9%	11.4%

Investment Performance is calculated after expenses and before taxes. Index returns are calculated before expenses and taxes. Source: Citco Fund Services and www.msci.com.

All figures as at 30 November 2022 unless otherwise stated. Portfolio Commentary as at 12 December 2022. Fund inception 14 Nov 2018. This communication has been prepared by Hearts and Minds Investments Limited (ABN 61 628 753 220). In preparing this document the investment objectives, financial situation or particular needs of an individual have not been considered. You should not rely on the opinions, advice, recommendations and other information contained in this publication alone. This publication has been prepared to provide you with general information only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Past performance is not a reliable indicator of future performance.

Pre-Tax NTA **\$2.86**

Post-Tax NTA **\$3.01**

Share Price  
(ASX: HM1) **\$2.48**

Investment Performance p.a.  
(Since inception 14 Nov 2018) **9.1%**

Cash Weighting **28%**

Latest Dividend  
(Annual fully franked dividend paid April 2022) **13.5cps**

Profits Reserve **76cps**

Cumulative Medical Research Funding **\$33.9m**

## Top 10 Holdings (in alphabetical order)

 <b>BHP Group</b> BHP AU	 <b>Intercontinental Exchange Ltd</b> ICE US
 <b>Block Inc</b> SQ US	 <b>Mastercard Inc</b> MA US
 <b>Brookfield Asset Management</b> BAM US	 <b>Microsoft Corporation</b> MSFT US
 <b>Champion Iron</b> CIA AU	 <b>Mineral Resources</b> MIN AU
 <b>Formula One Group</b> FWONK US	 <b>Zillow Group Inc</b> Z US

## News from the HM1 Network



You can read coverage from the 2022 **Sohn Hearts & Minds Investment Leaders Conference** on our [website here](#). With many of our new Conference Fund Managers profiled ahead of the event, get to know their investment philosophy and why they're involved with Hearts and Minds.

For a summary of the conference and key highlights from the day, [view the post-event digital booklet here](#).



Learn more about **TDM Growth Partners' and TDM Foundation's** approach to funding medical research in partnership with HM1 and the four excellent research projects currently being supported by TDM. You can also listen to the SH&M Conference Panel: *"Investing in Sport as an Asset Class"* moderated by TDM's Investment Team Member (and former Australian cricketer) Ed Cowan.



Ahead of the Sohn Hearts & Minds Investment Leaders Conference last month, **HM1's Head of Marketing and Operations Maggie O'Neill** spoke with **Nick Griffin**, 2022 Conference Fund Manager, recently appointed Core Fund Manager and **Chief Investment Officer of Munro Partners**, to discuss the annual one-day event which brings the investment community together for philanthropic purpose. In this episode of *Invest in the Journey* they cover the history of Hearts & Minds, Munro Partners' involvement and Nick's 2022 stock pitch. [If you missed it, you can listen to the conversation here](#).



**Rory Lucas, HM1's Chief Investment Officer**, writes a jargon-free update providing insight into what's happening in the portfolio. You can view past updates on our [website here](#), and subscribe to receive these straight to your inbox [here](#).

More news from  
the HM1 network

We regularly update our News and Insights section on the [HM1 website](#) with interesting articles from our fund managers and beneficiaries.

## 2022/23 Conference Holdings



AMP Limited AMP AU



ASML Holding N.V. ASML AS



Carsales.com Ltd CAR AU



Champion Iron CIA AU



China Tourism Group Duty Free Corporation Ltd 1880 HK



Darling Ingredients Inc. DAR US



Eurofins Scientific SE ERF PA



Keywords Studios PLC KWS L



La Francaise des Jeux Societe Anonyme FDJ PA



New Relic, Inc. NEWR US



Nike, Inc. NKE US



Transurban Group TCL AU

## Core Fund Managers



## Conference Fund Managers



## Designated Beneficiaries



## Pro-Bono Service Providers

