

7 May 2024

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 April Investment Update.

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

For and on behalf of the board,



Eryl Baron
Company Secretary

Investment Objective

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

Portfolio Commentary

Markets gave up some of the gains made over the first three months of the year due to persistent inflation and the diminishing likelihood of rate cuts in 2024. The reversals were mostly in the sectors that had recorded strong gains in the first quarter namely, the technology, communications and financial sectors. For the month of April, the S&P 500 was down 4.1%, the Nasdaq down 4.4% and the ASX 200 was down 3.0%. The Australian dollar fell slightly over the month to finish at 64.8 US cents. The MSCI World Index in AUD also fell 3.4% in April. The HM1 portfolio fared slightly better than markets falling 2.8% in April and is up 18% over the past 6 months. Since inception in November 2018, the HM1 portfolio has delivered an annualised pre-tax investment return of 9.4% pa and has paid fully franked dividends totalling 53 cents per share.

During the month of April we took the opportunity to lock in profits from one of our successful Conference Portfolio picks. [Martin Hughes of Toscafund pitched UniCredit](#), the Italian based European commercial bank which rose 38% from our purchase in November. The catalysts that Martin alluded to in his pitch played out, with consensus forecasts rising and ongoing share buybacks. However, with short-term headwinds in the form of lower-than-expected inflation in Europe as well as weakness in parts of the commercial property sector, Martin thought it prudent to lock in our profits. Martin has pitched another stock to add to the portfolio as we still have several months to run in this year's Conference Portfolio. We have invested part of the proceeds from the sale of Unicredit into IWG, the London based global leasing office service company with 3,500 offices around the world. There are catalysts for the IWG that include a potential move to a US listing (US franchise peers trade at 15x EBITDA compared to IWG at 5), a possible synergistic collaboration with WeWork, a return to share buybacks, and finally, a possible sale or spin-out of Worka, a digital services company that serves the entire industry.

We also sold our holding in ResMed on the advice of Chris Kourtis, from Ellerston as the share price rallied, realising a profit of 26% on our investment. Part of the proceeds from the sale of ResMed were re-deployed into some of our ongoing Conference Portfolio holdings. During the month we also participated in the NextDC capital raising on the advice of Jun Bei Liu from Tribeca Investment Partners, one of our Core Fund Managers. HM1 took up its full entitlement at the placement price of \$15.40. The stock has since rallied back above \$16, comfortably above our average purchase price of \$10.11.

We remain comfortable with our current portfolio positions and we are encouraged by our improved investment performance over the past 6 months.

Pre-Tax NTA	\$3.06
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Post-Tax NTA	\$3.03
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Share Price <small>(ASX: HM1)</small>	\$2.42
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Investment Performance p.a. <small>(Since inception 14 Nov 2018)</small>	9.4%
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Latest Dividend <small>(Interim dividend paid 18 April 2024)</small>	7cps
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Fully Franked Dividend Yield¹	5.8%
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Cash Weighting	7%
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Profits Reserve <small>(At 31 December 2023)</small>	49cps
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Available Franking Credits² <small>(At 31 December 2023)</small>	56cps
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Cumulative Medical Research Funding	\$48.9m
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¹Fully franked dividend of 14.0cps divided by share price on 30 April 2024. ²Represents the level of future dividends (expressed as cents per share) that can be fully franked. All figures as at 30 April 2024 unless otherwise stated. Fund inception 14 Nov 2018. This communication has been prepared by Hearts and Minds Investments Limited (ABN 61 628 753 220). In preparing this document the investment objectives, financial situation or particular needs of an individual have not been considered. You should not rely on the opinions, advice, recommendations and other information contained in this publication alone. This publication has been prepared to provide you with general information only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Past performance is not a reliable indicator of future performance.

HM1 Investment Performance

Investment Performance	1 month	6 months	1 year	3 years per annum	Since Inception per annum
HM1 Investment Performance	-2.8%	18.0%	10.5%	-3.5%	9.4%
MSCI World Index (AUD)	-3.4%	16.6%	18.9%	10.2%	11.6%

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

Dividend History

Dividend History	FY21	FY22	FY23	FY24
Dividends – fully franked	12cps	13.5cps	13.5cps	14.0cps

Top 10 Core Portfolio Holdings

Represents 46% of total portfolio holdings (in alphabetical order)

 Block Inc SQ.NYSE	 Brookfield Corp BN.NYSE	 Formula One Group FWONK.NAS	 Guzman Y Gomez	 Intercontinental Exchange Ltd ICE.NYSE
 Mastercard Inc MA.NYSE	 Microsoft Corporation MSFT.NAS	 NVIDIA Corporation NVDA.NAS	 Rokt	 Zillow Group Inc Z.NAS

Conference Portfolio Holdings

Represents 28% of total portfolio holdings (in alphabetical order)

 AIA Insurance 1299.HKG	 Ashland ASH.NYSE	 Games Workshop GAW.LON	 International Flavours & Fragrances Inc. IFF.NYSE	 International Workplace Group IWG.LON
 Lamb Weston LW.NYSE	 Miniso Group 9896.HKG	 NexGen Energy NXG.ASX	 Swire Pacific 0019.HKG	 Telix Pharmaceuticals TLX.ASX
 Webster Bank WBS.NYSE	 Wise WISE.LON			

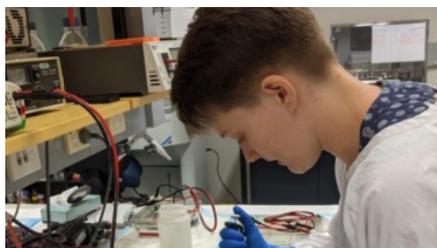
News from the **HM1 Network**



The Magnificent Seven (NVIDIA, Meta, Tesla, Amazon, Microsoft, Alphabet Inc., Apple) have been at the centre of discussions concerning their market valuations. In this episode of *'Magellan In the Know'*, **Key Account Manager Martin Van Eyk** and **Portfolio Manager Alan Pullen** of **Magellan** (Core Fund Manager) look at the recent performance of these companies and delve into which companies will remain good long-term prospects due to strong fundamentals, and how artificial intelligence can drive change and growth. [You can listen to the episode here.](#)



This year's **Sohn Hearts & Minds Investment Leaders Conference** returns on **Friday 15 November 2024**. This time travelling to Adelaide, Australia's coolest city as voted by the Wall Street Journal. We're excited to be heading interstate in partnership with the South Australian Government. This year's conference will be held at the Festival Theatre in Adelaide – with more details to be announced soon. We're proud to be Australia's leading finance and philanthropic conference dedicated to advancing Australian medical research, having donated over \$65 million since inception. [Tickets are available here.](#)



We are thrilled to announce our partnership with **Muscular Dystrophy NSW, nominated by Magellan** (Core Fund Manager), to provide two full-time postgraduate scholarships for research in neuromuscular disorders, leading to a PhD. There are currently 40,000 people living with a neuromuscular condition in Australia, and approximately 13,000 of whom live in NSW. We're proud to support this important research aimed at improving the understanding and treatment of these conditions. For more information on these scholarships, [visit their website here.](#)



Rob Almeida, the chief strategist at the US mutual giant MFS, suggests that the key to navigating a tough investment environment is to identify the stocks that can thrive in these conditions. *The Australian Financial Review* explores 12 expert-recommended picks for challenging conditions, featuring insights and recommendations from HM1 Core Fund Managers such as **Magellan, Tribeca Investment Partners and Munro Partners**. [You can read the article on our website here.](#)



We're proud to announce **SpinalCure** as the first spinal cord injury-focused medical research organisation that Hearts & Minds will support, as nominated by **Caledonia** (Core Fund Manager). Currently, more than 20,000 Australians live with a spinal cord injury (SCI) and the burden to the economy is huge – amounting to an estimated lifetime cost of \$75.4 billion. This partnership will help to accelerate their mission to finding a cure for SCI, and we're excited to follow their journey. [You can read the full media release here.](#)

Core Fund Managers









Conference Fund Managers














Designated Beneficiaries





















Pro-Bono Service Providers







