

10 Oct 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 September 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 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

Global stocks rose to fresh highs in September once again, as the major central banks continued to ease their respective policy rates. The US Federal Reserve reduced its target rate range by a larger-than-anticipated 50bps to 4.75-5.00%, signalling further easing ahead. The US mega-cap names regained momentum after lacklustre returns in July and August. China's stock market surged by almost a quarter, after authorities committed to further monetary and fiscal support towards the end of September. The HM1 portfolio was up 3.5% for the month outperforming most market indices. The monthly performance was mostly driven by our Asian focused holdings.

Chinese stocks finally received a much-needed confidence boost when the Chinese government stepped up its stimulus effort. While much of the stimulus will take longer to filter through the economy, cash handouts will drive some demand recovery, particularly during Golden Week.

The HM1 portfolio is up 26% over the past year and has delivered an annualised pre-tax investment return of 10.4% p.a. since inception in November 2018. HM1 has also paid fully franked dividends totalling 53 cents per share. The recently announced increased half-yearly fully franked dividend is payable to shareholders on 17 October 2024.

This month we spoke to **Jun Bei Liu of Tribeca Investment Partners**. Her 2023 Sohn Hearts & Minds [Conference stock pick, Miniso \(9896.HK\)](#), and one of her Core Portfolio picks, China Tourism Group (1880.HK) performed well following the Chinese stimulus measures. In the case of Miniso, operating in the value end of the market is a clear beneficiary of the cash handouts, and its offshore operations continue to gain momentum. China Tourism Group should see better foot traffic and an increase in purchase size. Both stocks have been punished in recent months due to the slowing of the Chinese economy, but with improved government support, we should see renewed interest in the names.

We're also pleased to share our latest podcast episode, featuring **HM1 Conference Fund Manager, Tom Naughton, CIO of Prusik Investment Management**, as he shares his investment philosophy and more on the opportunities and challenges in Asian markets. [You can listen here.](#)

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<b>Pre-Tax NTA</b>	<b>\$3.28</b>
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<b>Post-Tax NTA</b>	<b>\$3.16</b>
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<b>Share Price</b> (ASX: HM1)	<b>\$2.84</b>
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<b>Investment Performance p.a.</b> (Since inception 14 Nov 2018)	<b>10.4%</b>
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<b>Latest Dividend</b> (Half-yearly dividend payable 17 October 2024)	<b>7.5cps</b>
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<b>Fully Franked Dividend Yield<sup>1</sup></b>	<b>5.3%</b>
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<b>Cash Weighting</b>	<b>4%</b>
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<b>Profits Reserve</b> (At 30 June 2024)	<b>58cps</b>
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<b>Available Franking Credits<sup>2</sup></b> (At 30 June 2024)	<b>42cps</b>
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<b>Cumulative Medical Research Funding</b>	<b>\$54m</b>
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<sup>1</sup>Annualised fully franked dividend of 15.0cps divided by share price on 30 September 2024. <sup>2</sup>Represents the level of future dividends (expressed as cents per share) that can be fully franked. All figures as at 30 September 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	3.5%	6.6%	26.0%	-2.0%	10.4%
MSCI World Index (AUD)	-1.0%	1.8%	21.1%	8.8%	11.7%

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.

### Dividends

Dividend Payments	FY21	FY22	FY24	FY24	FY25 (Half Yearly)
Dividends – fully franked	12.0cps	13.5cps	13.5cps	14.0cps	7.5cps

### Top 10 Core Portfolio Holdings

Represents 50% of total portfolio holdings (in alphabetical order)

 Amazon AMZN.NAS	 Block Inc SQ.NYSE	 Brookfield Corp BN.NYSE	 Formula One Group FWONK.NAS	 Guzman Y Gomez GYG.AX	 Intercontinental Exchange Ltd ICE.NYSE
 Mastercard Inc MA.NYSE	 Microsoft Corporation MSFT.NAS	 TSMC TSM.NYSE	 Zillow Group Inc Z.NAS		

### Conference Portfolio Holdings

Represents 26% of total portfolio holdings (in alphabetical order)

 AIA Insurance 1299.HK	 Ashland ASH.NYSE	 Games Workshop GAW.L	 International Flavours & Fragrances IFF.NYSE	 International Workplace Group IWG.L	 Miniso Group 9896.HK
 NexGen Energy NXE.TO	 Swire Pacific 0019.HK	 Telix Pharmaceuticals TLX.AX	 Webster Bank WBS.NYSE	 Wise WISE.L	

## News from the HM1 Network

### EquityMates

**Sumit Gautam, Founder of Scalar Gauge**, speaks with *Equity Mates* ahead of his appearance at **Sohn Hearts & Minds in Adelaide on 15 November 2024**. In this conversation, Sumit shares his investment philosophy, discusses why private equity outperforms and how he applies that approach to public markets, and explores the divergence between the tech and real economies. He also explains why the AI narrative may fall short of investor expectations in 2025. [Tune into the conversation here.](#)



**Northcape Capital's Fleur Wright** is still kicking herself for not owning market darlings Nvidia and Novo Nordisk. For all the missed opportunities, there have been other trends where the Northcape team have been in the right place at the right time. [Read the article by the Australian Financial Review here.](#) Fleur Wright is among the headline speakers at this year's **Sohn Hearts & Minds in Adelaide on 15 November 2024**. We look forward to her stock idea for the year ahead.



In the latest episode of the Hearts & Minds podcast, **HM1 CIO Charlie Lanchester** sits down with **CIO Tom Naughton of Prusik Investment Management** and 2023 HM1 Conference Fund Manager. Tom shares his investment philosophy behind the impressive 30% return on his [2023 Conference stock pick](#), Swire Pacific (0019.HK), and discusses more of the opportunities and challenges in Asian markets. [You can listen to the episode here.](#)



Tech investor **Sumit Gautam of Scalar Gauge**, carefully avoids the word bubble when describing the investor frenzy surrounding the rise of artificial intelligence, but warns there are dangers of getting caught up in the hype around the emerging technology. In 2017 he launched Dallas-based Scalar Gauge Fund, a specialist platform that adopts a "private equity style of investing" to its holdings of predominantly US-listed software companies. Don't miss his idea for the year ahead at **Sohn Hearts & Minds 2024 in Adelaide**. [Read the article by The Australian here.](#)



Nvidia, CSL, and 26 other stocks were spotlighted at *Livewire Live 2024*, where top experts—including HM1 Core & Conference Fund Managers **Munro Partners (Nick Griffin)** and **Tribeca Investment Partners (Jun Bei Liu)**—shared their insights. The discussions covered today's hottest trends like tech, AI, and the growing demand for data. [Explore stock insights from the event on Livewire here.](#)

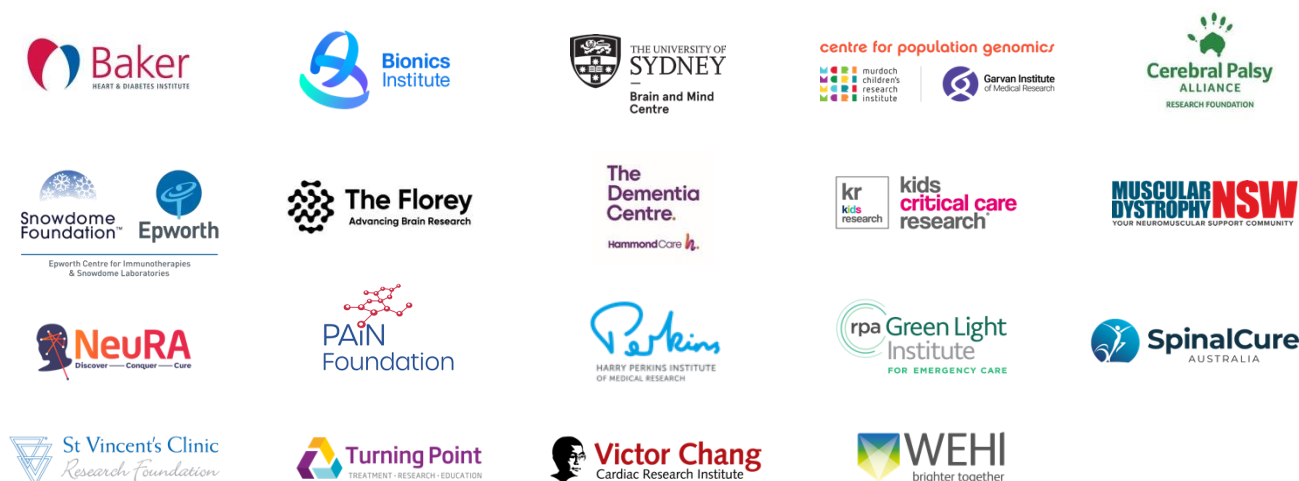
### Core Fund Managers



### Conference Fund Managers



### Designated Beneficiaries



### Pro-Bono Service Providers



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