

6 Nov 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 October 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 organisations.

### Portfolio Commentary

October was a volatile month for markets, with equities moving lower after a strong rally during the first nine months of the year. US markets were down for the month of October with the S&P 500 down 1.0% and the Nasdaq down 0.5%. Locally, The ASX 200 was down 1.3% in October. Growth risks remained the primary concern for investors, despite signs of resilience, particularly in the US economy. Uncertainty was also heightened by the upcoming US election and the potential implications of a policy shift on inflation and interest rates.

In the US, the September CPI (Consumer Price Index) report indicated that inflation eased by less than expected. Headline CPI rose by 0.2% month-over-month and 2.4% year-over-year, marking the slowest annual increase since early 2021. However, core inflation remained high at 3.3%, driven by rising costs in medical care, auto insurance and airline fares. Following the Fed's 50 basis point (bp) interest rate cut in September, the sticky core inflation reading highlighted the challenge facing US policymakers if they are to achieve their dual mandate of maintaining a solid labour market alongside price stability. Rate cuts are still expected later this year, but a strong labour market and resilient inflation has reduced the likelihood of a 50 bp cut. The cooling in rate cut expectations, alongside election uncertainty, pushed 2-year and 10-year Treasury yields above 4.0%.

The HM1 portfolio was up 2.1% for the month benefiting from a weaker Australian dollar which fell more than 4% to US\$0.658. The continued strong investment performance has seen HM1 pre-tax investment returns of 32% over the last 12 months. HM1's annualised pre-tax investment return since inception in November 2018 is 10.7% per annum. HM1 paid an increased half-yearly fully franked dividend of 7.5 cents per share on 17 October 2024 bringing total dividends paid since inception of 60.5 cents per share. Pleasingly, the improved investment returns has narrowed the share price discount to NTA and is currently just over 11% as of 31 October 2024.

We're looking forward to the Sohn Hearts & Minds Conference in Adelaide on 15 November 2024. In this month's news from the network, we bring you the latest insights from five of our Conference Fund Managers. In next month's update, we'll share the new conference picks and how we've repositioned the portfolio. [Click here to view the 2024 Conference Fund Managers](#) who are presenting their top ideas for the year ahead.

<b>Pre-Tax NTA</b>	<b>\$3.35</b>
<b>Post-Tax NTA</b>	<b>\$3.21</b>
<b>Share Price</b> (ASX: HM1)	<b>\$2.96</b>
<b>Investment Performance p.a.</b> (Since inception 14 Nov 2018)	<b>10.7%</b>
<b>Latest Dividend</b> (Half-yearly)	<b>7.5cps</b>
<b>Fully Franked Dividend Yield<sup>1</sup></b>	<b>5.1%</b>
<b>Cash Weighting</b>	<b>2%</b>
<b>Profits Reserve</b> (At 30 June 2024)	<b>58cps</b>
<b>Available Franking Credits<sup>2</sup></b> (At 30 June 2024)	<b>42cps</b>
<b>Cumulative Medical Research Funding</b>	<b>\$54m</b>

<sup>1</sup>Annualised fully franked dividend of 15.0cps divided by share price on 31 October 2024. <sup>2</sup>Represents the level of future dividends (expressed as cents per share) that can be fully franked. All figures as at 31 October 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
Investment Performance	2.1%	12.0%	32.2%	-1.6%	10.7%
MSCI World Index (AUD)	3.5%	9.0%	27.2%	9.5%	12.1%

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 48% of total portfolio holdings (in alphabetical order)



Amazon  
AMZN.NAS



Block Inc  
SQ.NYSE



Formula One Group  
FWONK.NAS



Guzman Y Gomez  
GYG.AX



Intercontinental Exchange Ltd  
ICE.NYSE



Mastercard Inc  
MA.NYSE



Microsoft Corporation  
MSFT.NAS



Opthea Ltd  
OPT.AX



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**

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**Chris Kourtis of Ellerston Capital** (Conference Fund Manager) is on a winning streak and recently spoke with the *Australian Financial Review* to share his next ASX pick, Premier Investments. Chris says, "It's a stock I've known for a long time. I've missed the big run over the last few years, but we've recently gone back in." He adds, "I think it's the last chance to have a bite at the cherry before the strategy plays out." A year on from his 2023 stock pick, ResMed, he's preparing his next selection for the **Sohn Hearts & Minds Conference in Adelaide on 15 November 2024**. [You can read the full article here.](#)



**Rikki Bannan, Executive Director & Portfolio Manager of IFM Investors**, believes this year could be a good one to invest in some select small cap stocks in Australia, including in the consumer sector. Following the success of her [2023 stock pick, Telix Pharmaceuticals](#), which more than doubled over the year, she's been invited to pitch for the second time at the **2024 Sohn Hearts & Minds Conference**. She will be tipping another small cap and we're looking forward to hearing her next idea. [You can read the article by The Australian here.](#)



When fund managers come to pitch their favourite stock at the **Sohn Hearts & Minds Conference**, there are two ways they can go: they can play it safe, or they can take a risk and shock the room. New York-based **Beeneet Kothari of Tekne Capital Management** plans to shock the room. Beeneet has previously served as a HM1 fund manager, most recently in 2021, and is no stranger to living with a bit of discomfort. With the US sharemarket so richly valued, his main focus is hunting for emerging market winners. [You can read the article by The Australian Financial Review here.](#)



**Vihari Ross of Antipodes** thinks that global investors are over-exposed to the US sharemarket, which is both over-concentrated and expensive. She says that the firm is sticking to its value approach to investing, and while the American market remains its largest exposure, it has spread more of its bets into Europe and Asia. Portfolio Manager, Vihari is among the fund managers presenting at the **Sohn Hearts & Minds Conference in Adelaide**. She's not giving too much away other than to confirm her pick is outside the US. [You can read the article by The Australian Financial Review here.](#)



**Alex Pollak, Chief Investment Officer of Loftus Peak** rode the Nvidia wave and he is now looking at more opportunities in disruptive industry stocks. Alex heads one of the best performing teams in global investment management in Australia and has 25 years of experience in disruptive business models. He will make his debut at the **Sohn Hearts & Minds Conference in Adelaide on November 15**, where he will reveal his disruptive stock pick, aligning with his theme of investing in companies riding waves of disruption. [You can read the article by The Australian here.](#)

### Core Fund Managers









### Conference Fund Managers














### Designated Beneficiaries





















### Pro-Bono Service Providers








