

9 Jan 2025

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 December Investment Update.

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

We are also pleased to introduce our new interactive investor hub. This platform offers the latest company announcements and allows shareholders to ask questions, share comments, and offer feedback. We invite you to sign up and [join the conversation](#).

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

Global equities experienced a downturn in December 2024 due to the Federal Reserve's slightly more hawkish tone. Despite the decision to lower rates by 25 basis points, the new dot plot from the market now shows a median forecast of only two more rate cuts in 2025. This relatively more hawkish stance led to a significant drop in the S&P 500 and negatively impacted other global markets. In the U.S., mega-cap stocks faced pressure due to extended valuation metrics, while expectations for earnings growth shifted somewhat towards other large-cap names. Bond yields rose despite the rate cuts, reflecting concerns about inflation and a potentially shorter rate cut cycle.

Europe continued to experience economic weakness and political uncertainty, although the European Central Bank also lowered interest rates. In Asia Pacific, most markets were impacted by softer currencies, tariff concerns and political factors. South Korea's political troubles resulted in the South Korean won falling to a 16-year low. The Japanese yen also retreated sharply as the Bank of Japan hesitated in hiking the policy rate in December as officials seek confirmation of stronger wage growth. The Australian dollar was another steep decliner, largely reflecting the RBA's dovish tone at the December meeting. Relatively, the Chinese yuan had a shallower decline over the month, while announcements were made for a more proactive fiscal policy and a looser monetary policy, supporting growth in the year ahead.

Despite weak global markets, the HM1 portfolio was up 2.9% for the month of December and up 33.9% for the calendar year. HM1's annualised pre-tax investment return since inception in November 2018 is 12.3% per annum. HM1 paid an increased half-yearly dividend of 7.5 cents per share on 17 October 2024 bringing total dividends paid since inception to 60.5 cents per share.

Pre-Tax NTA	\$3.73
Post-Tax NTA	\$3.47
Share Price (ASX: HM1)	\$3.10
Investment Performance p.a. (Since inception 14 Nov 2018)	12.3%
Latest Dividend (Half-yearly)	7.5cps
Fully Franked Dividend Yield ¹	4.8%
Cash Weighting	4%
Profits Reserve (At 30 June 2024)	58cps
Available Franking Credits ² (At 30 June 2024)	42cps
Cumulative Medical Research Funding	\$70m

¹Annualised fully franked dividend of 15.0cps divided by share price on 31 December 2024. ²Represents the level of future dividends (expressed as cents per share) that can be fully franked. All figures as at 31 December 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	2.9%	23.6%	33.9%	3.1%	12.3%
MSCI World Index (AUD)	2.6%	13.9%	29.3%	10.5%	13.2%

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 52% 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	 Rokt	 TSMC TSM.NYSE	 Zillow Group Inc Z.NAS		

Conference Portfolio Holdings

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

 Airbus SE AIR.EPA	 BlackLine, Inc. BL.NAS	 Cellnex Telecom S.A. CLNX.BME	 Coeur Mining, Inc. CDE.NYSE	 Corporate Travel Management CTD.AX	 DiDi Global Inc. DIDIY.OTC
 Eli Lilly and Company LLY.NYSE	 The Estée Lauder Companies Inc. EL.NYSE	 Perpetual Limited PPT.AX	 Tencent Music Entertainment TME.NYSE	 TransDigm Group Incorporated TDG.NYSE	

News from the **HM1 Network**



HM1 Conference Fund Manager Rikki Bannan, Executive Director of IFM Investors, recently joined the *Equity Mates* podcast to discuss the investing opportunities she's exploring today, the key lessons she's learned throughout her career, how she's identified biotech winners like Telix (her 2023 Sohn Hearts & Minds Conference stock pick, currently up over 160%), and what she wishes every young investor could know. [You can listen to the episode here.](#)



Investors face a tricky backdrop heading into 2025. Valuations are high in both Australia and the United States, the bull market is stretching into its third year, and the inauguration of Donald Trump looks set to amplify geopolitical uncertainty. In a recent article by the *Australian Financial Review*, ten fund managers—including some of HM1's 2024 Conference Fund Managers, **Vihari Ross of Antipodes** and **Fleur Wright of Northcape Capital**, as well as HM1 Core Fund Manager **Magellan**—shared their guidance for the new year. [You can read the insights here.](#)



Professor Matthew Kiernan AM, a world-renowned clinical academic and scientist and the CEO and Institute Director at **NeuRA**, joins entrepreneur and mentor **Mark Bouris AM** in his new podcast series, *Project 100*. Together, they explore the fascinating world of neuroscience, discussing the brain's complexities, the risks and challenges posed by conditions like dementia, motor neurone disease, and Parkinson's, and the role neuroscience will play in shaping the future of brain health. [You can watch the episode here.](#)



Nick Griffin, Founding Partner & Chief Investment Officer of Munro Partners, recently joined the *Equity Mates* podcast to share his latest insights and why he believes Nvidia (HM1 core holding) could see further growth in 2025. He also discusses how he got started in funds management, the lessons he's learned, how he would build a portfolio from scratch today, and some other interesting stocks he's watching. [You can listen to the full episode here.](#)



At the 2024 Sohn Hearts & Minds Conference, **Ed Cowan of TDM Growth Partners** (Core Fund Manager) interviewed **Nick Molnar, Co-Founder of Afterpay**, to provide insights into one of HM1's top core holdings, **Block (NYSE: SQ)**, which acquired Afterpay in 2021. Nick continues to play a key role at Block post-acquisition, leading Sales and Marketing across the entire Block ecosystem, including Square, CashApp, and Afterpay. He shared why he remains deeply motivated in his role at Block and outlined the significant opportunities ahead for the business. [You can watch the interview here.](#)

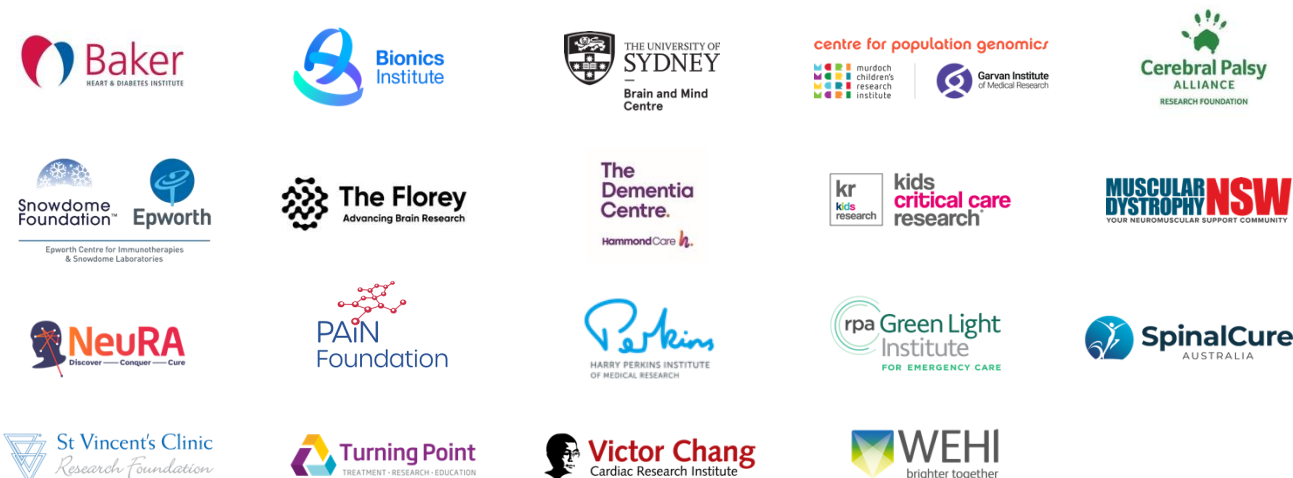
Core Fund Managers



Conference Fund Managers



Designated Beneficiaries



Low-Bono Service Providers



Disclaimer: This communication has been prepared by Hearts and Minds Investments Limited (ABN 61 628 753 220) and may contain general information relating to HM1 securities. The general information should not be considered financial advice. HM1 is not licensed to provide financial product advice. The information does not consider the investment objectives, financial situation, or particular needs of any individual. The information is current as at the date of preparation and is subject to change. HM1 does not guarantee repayment of capital or any rate of return on HM1 securities. An investment may achieve a lower-than-expected return and investors risk losing some, or all, of their principal investment. Past performance is not a reliable indicator of future performance. This document may not be reproduced or copies circulated without prior authority from Hearts and Minds Investments Limited.