

**Hearts and Minds Investments Limited (HM1)**

ABN 61 628 753 220

**Financial Report**

Results for Announcement to the Market for the Half Year ended 31 December 2024

	Change	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Total net investment income	429%	<b>137,515</b>	25,990
Profit/(Loss) from ordinary activities after tax	532%	<b>91,947</b>	14,547
Total comprehensive income/(loss) net of tax	727%	<b>115,290</b>	13,945

**Net Tangible Assets (NTA) Per Ordinary Share**

	31 Dec 2024	31 Dec 2023
Pre-tax NTA per ordinary share	\$3.73	\$2.91
Net tax benefit/(liability) per ordinary share	(\$0.26)	\$0.03
Post-tax NTA per ordinary share	\$3.47	\$2.94

**Dividends**

The Directors of HM1 have declared a half-year fully franked dividend of 8.0 cents per share payable on 17 April 2025.

The Dividend Reinvestment Plan (DRP) will be in operation and participating shareholders can reinvest their cash dividend in new HM1 shares at the DRP issue price. The DRP issue price will be based on the market price of shares acquired under the on market acquisition provisions of the DRP.

	Cents per Ordinary share	Franking %
Dividend per ordinary share	8.0	100%
<b>Dividend dates:</b>		
Ex-dividend date:		26 February 2025
Record date:		27 February 2025
DRP election date:		12 March 2025
Payment date:		17 April 2025

**Brief Explanation of Results:**

For the half year ended 31 December 2024, Hearts and Minds Investments Limited (“HM1” or “the Company”) reported a total comprehensive income after tax of \$115.3 million (2023: total comprehensive income after tax of \$13.9 million). The result for the half year reflects very good returns from our investment portfolio buoyed by a fall in the Australian dollar. The pre-tax investment return, less expenses, was 23.6% for the half year. The investment returns for the half year were primarily driven by realised gains and increases in the market value of our Core Portfolio holdings. After the provision for tax, post-tax NTA increased by 16.2% over the half year, prior to the payment of the half-year fully franked dividend of 7.5 cents per share in October 2024. After the payment of the half-year dividend, post-tax NTA increased from \$3.05 per share to \$3.47 per share, an increase of 13.8%.

In line with its philanthropic objective, HM1 provides financial support to leading Australian medical research organisations in order to help the development of new medicines and treatments and drive a new generation of medical research in Australia. HM1 and its participating fund managers forego any fees and instead an amount equivalent to 1.5% of net tangible assets per annum is donated to designated medical research organisations. In the half year to 31 December 2024, the Company paid \$4.5 million in funding to medical research and has accrued a further \$5.6 million as of 31 December 2024.

This report is based on the Financial Report for the half year ended 31 December 2024 which has been subject to independent review by Pitcher Partners Sydney. All the documents comprise the information required by Listing Rule 4.2A. The information should be read in conjunction with the 30 June 2024 Annual Report.

**Hearts and Minds  
Investments Limited**

# **Financial Report**

**For the half year ended  
31 December 2024**

ACN 628 753 220



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**Corporate Directory**
**Directors**  
*(Pro bono)*

Christopher Cuffe AO  
 Lorraine Berends AM  
 Guy Fowler OAM  
 Matthew Grounds AM  
 Michael Traill AM  
 Gary Weiss AM  
 Geoffrey Wilson AO  
 David Wright

Chair and Independent Director  
 Independent Director  
 Independent Director  
 Independent Director  
 Independent Director  
 Independent Director  
 Independent Director

**Company Secretary**  
*(Pro bono)*

Eryl Baron

**Investment Committee**  
*(Pro bono)*

Lorraine Berends AM  
 David Wright  
 Christopher Cuffe AO  
 Matthew Grounds AM  
 Brett Paton  
 Paul Rayson

Chair

**Conference Fund Manager  
 Selection Committee**  
*(Pro Bono)*

David Wright  
 Gary Weiss AM  
 Michael Walsh  
 Charlie Lanchester

**Core Fund Managers**  
*(Pro bono)*

Caledonia (Private) Investments  
 Cooper Investors  
 Magellan Asset Management  
 Munro Partners  
 Regal Funds Management  
 TDM Growth Partners  
 Tribeca Investment Partners

**2024 Conference Fund Managers**  
*(Pro bono)*

Advent Global  
 Antipodes  
 Ellerston Capital  
 Eminence Capital  
 IFM Investors  
 JO Hambro

Loftus Peak  
 Northcape Capital  
 Scalar Gauge  
 Tekne Capital  
 Terra Capital

**Registered Office**

Boardroom Pty Limited  
 Level 8, 210 George Street  
 Sydney NSW 2000

**Auditor**

Pitcher Partners  
 Level 16, Tower 2 Darling Park  
 201 Sussex Street, NSW 2000  
 Telephone: (02) 9221 2099

**Administrator**

Citco Fund Services (Australia) Pty Limited  
 Level 22, 45 Clarence Street  
 Sydney NSW 2000  
 Telephone: (02) 9005 0400

**Corporate Directory (continued)****Share Registrar**

Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000  
Telephone: (02) 9290 9600

**Stock Exchange**

Australian Securities Exchange  
The home exchange is Sydney  
ASX code: HM1 Ordinary Shares

## **Directors' Report to Shareholders**

The Directors of Hearts and Minds Investments Limited (hereafter referred to as "HM1" or "the Company") present their report together with the financial report for the half year ended 31 December 2024. Comparative figures shown below are for the half year ended 31 December 2023.

### **Directors**

The following persons were Directors of the Company during the half year ended 31 December 2024 and up to the date of this report:

Christopher Cuffe AO	Chair and Independent Director
Lorraine Berends AM	Independent Director
Guy Fowler OAM	Independent Director
Matthew Grounds AM	Independent Director
Michael Traill AM	Independent Director
Gary Weiss AM	Independent Director
Geoffrey Wilson AO	Independent Director
David Wright	Independent Director

### **Investment Objective and Principal Activity**

HM1 is a listed investment company that was established in 2018 with the combined objective of providing a concentrated portfolio of the highest conviction ideas from respected fund managers, whilst also supporting Australian medical research organisations. It was born out of the investment and philanthropic vision of the Sohn Hearts & Minds Investment Leaders Conference.

HM1 seeks to provide shareholders with a compelling and attractive investment proposition by creating a concentrated portfolio of Australian and international securities based on the highest conviction ideas from two groups of fund managers.

- a) HM1 has allocated 35% of its investment portfolio based on the annual recommendations of fund managers who present at the Sohn Hearts & Minds Investment Leaders Conference (known as the Conference Fund Managers).
- b) HM1 has allocated 65% of its investment portfolio based on the highest conviction ideas of seven respected fund managers (known as the Core Fund Managers). The Core Fund Managers are Caledonia (Private) Investments, Cooper Investors, Magellan Asset Management, Munro Partners, Regal Partners, TDM Growth Partners and Tribeca Investment Partners.

No change in this activity took place during the half year or is likely in the future.

### **Operating and Financial Review**

For the half year ended 31 December 2024, the Company reported a total comprehensive income after tax of \$115.3 million (2023: total comprehensive income after tax of \$13.9 million). The result for the half year reflects very good returns from our investment portfolio buoyed by a fall in the Australian dollar. The pre-tax investment return, less expenses, was 23.6% for the half year. The investment returns for the half year were primarily driven by realised gains and increases in the market value of our Core Portfolio holdings. After the provision for tax, post-tax NTA increased by 16.2% over the half year, prior to the payment of the half-year fully franked dividend of 7.5 cents per share in October 2024. After the payment of the half-year dividend, post-tax NTA increased from \$3.05 per share to \$3.47 per share, an increase of 13.8%.

## Dividends

HM1 provides shareholders with exposure to a concentrated portfolio of Australian and international securities. As such, returns to shareholders are predominantly delivered through capital growth which, when realised from the sale of securities, is taxed at the corporate tax rate and may be paid as franked dividends to shareholders. The Board is committed to paying fully franked dividends to shareholders provided the Company has sufficient profit reserves and franking credits and it is within prudent business practice.

A half-year fully franked dividend of 7.5 cents per share was paid to shareholders on 17 October 2024. The Board is pleased to announce that the next half-year fully franked dividend of 8.0 cents per share will be paid on 17 April 2025.

## Company Performance

As a listed investment company, we use three key measures to evaluate the performance of HM1:

1. Investment portfolio performance, which measures the growth of the investment portfolio on a pre-tax basis and after the payment of all expenses, including the donation payments and provisions. Our investment benchmark, the MSCI World Index (AUD), is also measured before taxes. Our investment performance compared to this benchmark is reported to shareholders monthly;
2. Net tangible asset (NTA) growth, which represents the change in the value of the Company's assets less liabilities. The post-tax NTA of the Company is essentially the realisable value of the Company at a point in time. The pre-tax and post-tax NTA per share of the Company are reported to shareholders on a weekly basis; and
3. Total shareholder return, which measures the total return to shareholders from share price growth and dividends paid.

Each of these is discussed below in more detail.

### 1. Investment Portfolio Performance

<b>Performance to 31 December 2024</b>	<b>6 Months</b>	<b>1 Year</b>	<b>3 Years per annum</b>	<b>Since Inception<sup>1</sup> per annum</b>
HM1 investment portfolio performance	23.6%	33.9%	3.1%	12.3%
MSCI World Index (AUD)	13.9%	29.3%	10.5%	13.2%

1. Inception was 14 November 2018.

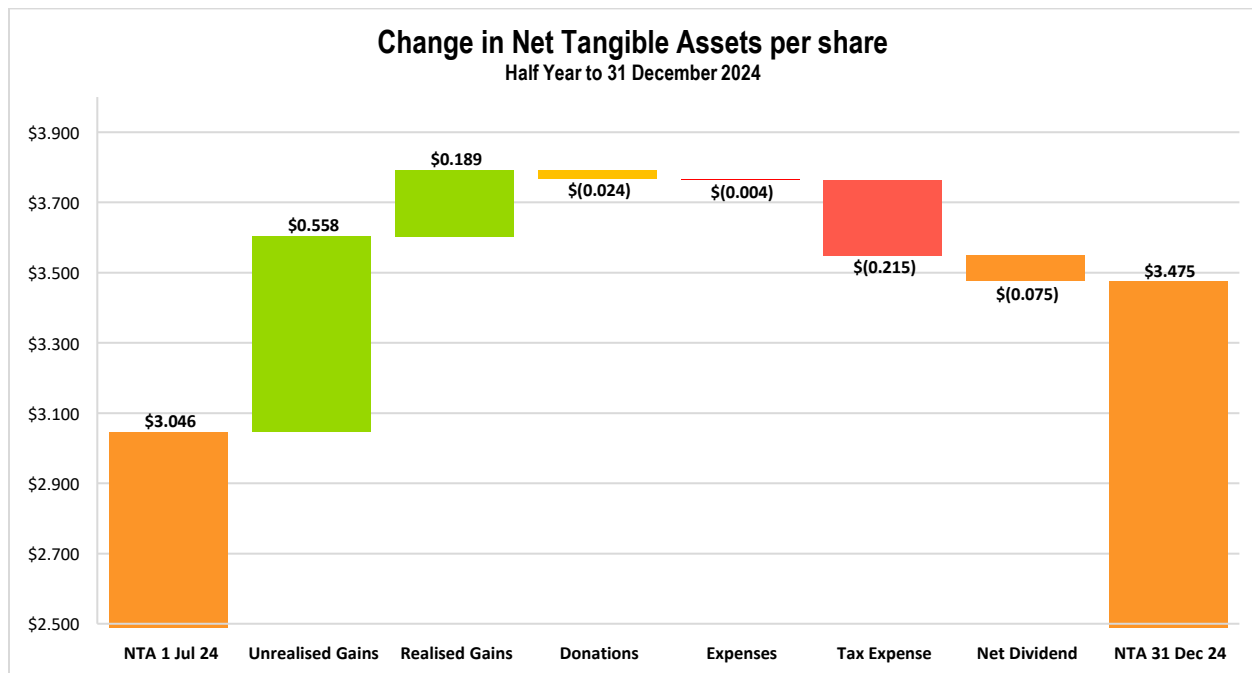
The HM1 investment portfolio generated very good returns over the six months buoyed by a fall in the Australian dollar. The pre-tax investment return, less expenses, was 23.6% for the six months to 31 December 2024. The Core Portfolio drove most of the investment returns with strong gains across most holdings. Stand out performers over the half year were Zillow up 60%, Guzman Y Gomez up 48%, Brookfield Corp up 45%, Rokit up 40% and Block up 32%. The returns from our US holdings were boosted by a fall in the A\$ over the six months from 66.7 US cents on 30 June 2024 to 61.9 US cents on 31 December 2024.

The strong performance of the investment portfolio, and in markets generally, over the last eighteen months has boosted our investment returns since inception to 12.3% per annum.



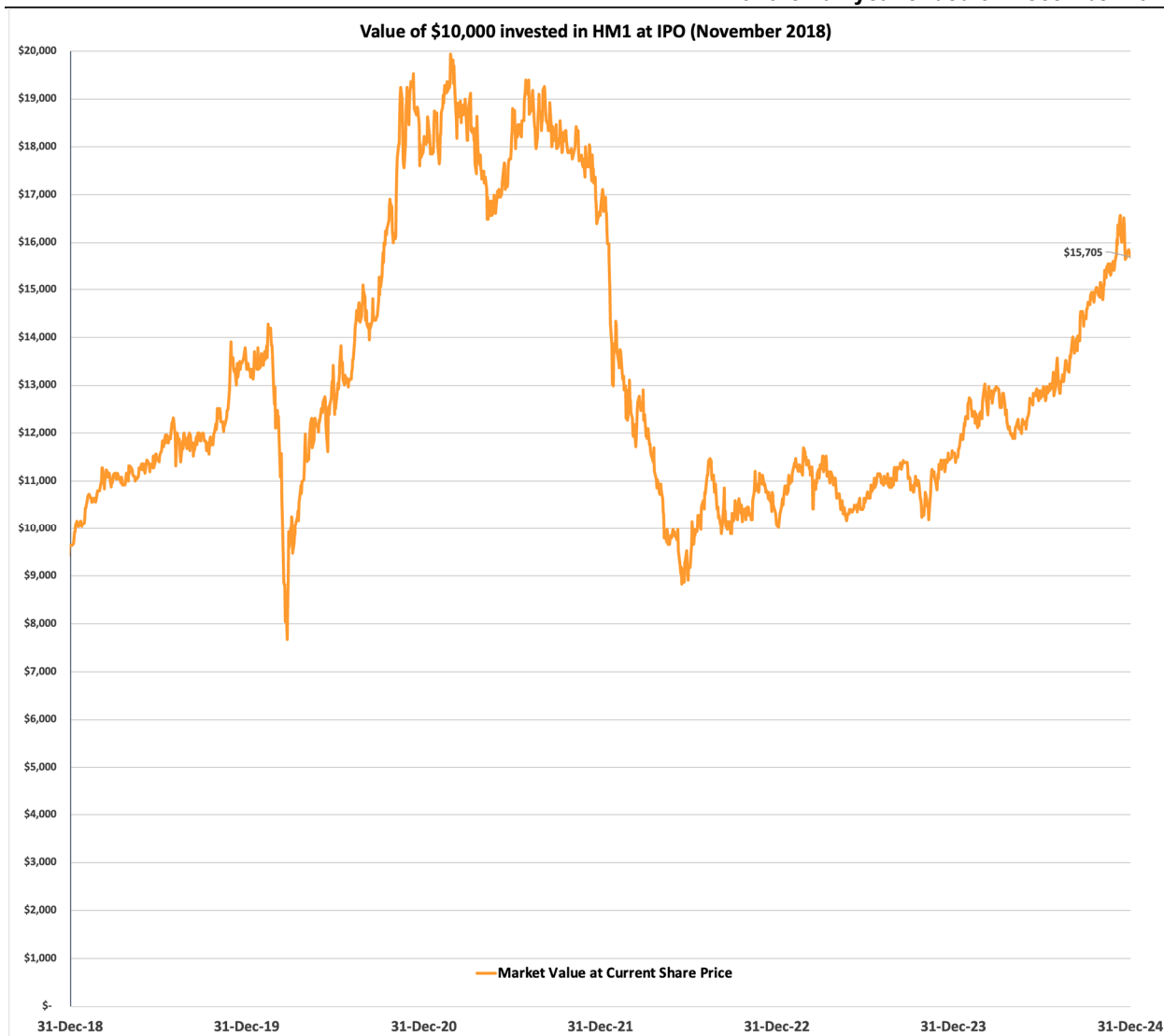
## 2. Change in Net Tangible Assets (NTA)

The following chart shows the components of the change in post-tax NTA per share over the half year to 31 December 2024. The major increase in value over the half year came from unrealised and realised gains from the investment portfolio equating to 75 cents per share. On a pre-tax basis, investment returns less the payment and provision for donations and expenses drove a 23.6% increase in pre-tax NTA. After the provision for tax and prior to the payment of the half-year dividend, the post-tax NTA increased by 16.2% over the half year. A fully franked dividend of 7.5 cents per share was paid on 17 October 2024. After the payment of the half year dividend, post-tax NTA increased from \$3.05 per share to \$3.47 per share, an increase of 13.8%. The NTA on 31 December 2024 does not include the value of franking credits that have been generated on tax paid.



## 3. Total Shareholder Return

Total shareholder return measures the change in the HM1 share price plus dividends paid. HM1's share price increased 20% over the half year from \$2.58 on 30 June 2024 to \$3.10 on 31 December 2024. In addition, HM1 paid a fully franked dividend of 7.5 cents per share during the half year amounting to a total shareholder return for the six months of 23%. Since inception, HM1 has paid fully franked dividends amounting to a total of 60.5 cents per share to shareholders. The notional value of a \$10,000 invested in HM1 shares from the date of listing, assuming the reinvestment of dividends, would be \$15,705 on 31 December 2024, an increase of 57% or 7.6% per annum. The share price of \$3.10 on 31 December 2024 represented an 11% discount to the NTA per share of HM1 of \$3.47.



## Medical Research

In line with its philanthropic objective, HM1 provides financial support to leading Australian medical research organisations to help the development of new medicines and treatments and drive a new generation of medical research in Australia. HM1 and its participating fund managers and service providers forego any fees and instead an amount equivalent to 1.5% of net tangible assets per annum is donated to designated charities.

In the half year to 31 December 2024 the Company paid \$4.5 million in donations and has accrued a further \$5.6 million as of 31 December 2024.

We would like to thank our participating fund managers and service providers for their outstanding and continued generosity since listing.

**Corporate Tax Rate**

The Company is taxed at the corporate rate of 30.0% The Company maintains a franking account and may declare franked dividends to shareholders.

**Significant Changes in State of Affairs**

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the period other than disclosed in the report and the Company's announcements to the ASX.

**Subsequent Events**

Since the end of the half year, the Directors have declared a half-year fully franked dividend of 8.0 cents per share payable on 17 April 2025. In the latest release to the ASX, the Company reported a NTA per share as of 7 February 2025, as follows:

<b>Net Tangible Assets per Share</b>	<b>7 Feb 2025</b>	<b>31 Dec 2024</b>
Pre-tax NTA per ordinary share	\$3.91	\$3.73
Post-tax NTA per ordinary share	\$3.60	\$3.47

**Auditors Independence Declaration**

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 in relation to the review for the half year is set out on page 8 of this Financial Report.

**Rounding of Amounts to Nearest Dollar**

In accordance with *ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and Interim Financial Report have been rounded to the nearest dollar, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors.



Christopher Cuffe AO  
Chair and Independent Director

Sydney  
20 February 2025

**Auditor's Independence Declaration  
To the Directors of Hearts and Minds Investments Limited  
ABN 61 628 753 220**

In relation to the independent auditor's review of Hearts and Minds Investments Limited for the half year ended 31 December 2024, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

**Richard King**  
Partner**Pitcher Partners**  
Sydney

20 February 2025

		For the half year ended 31 December 2024 \$	For the half year ended 31 December 2023 \$
	<b>Notes</b>		
<b>Investment earnings from ordinary activities</b>			
Net realised gains/(losses) on financial assets at fair value through profit or loss		29,496,537	(5,640,721)
Net unrealised gains on financial assets at fair value through profit or loss		97,948,190	28,889,176
Net realised losses on foreign exchange transactions		(5,407,244)	(6,076,696)
Net unrealised gains on foreign exchange transactions		9,344,042	5,341,655
Dividend income		5,876,316	3,472,722
Other income		256,930	4,245
<b>Total investment income</b>		<b>137,514,771</b>	<b>25,990,381</b>
<b>Expenses</b>			
Donations	3	(5,551,530)	(4,903,053)
Employee costs		(495,238)	(514,553)
Interest expense		—	(6)
Other expenses		(358,036)	(365,908)
<b>Total expenses</b>		<b>(6,404,804)</b>	<b>(5,783,520)</b>
<b>Income before income tax</b>		<b>131,109,967</b>	<b>20,206,861</b>
Income tax expense		(39,163,020)	(5,659,846)
<b>Net income for the period</b>		<b>91,946,947</b>	<b>14,547,015</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Net realised gains on investments taken to equity, net of tax	6	9,060,521	531,599
Net unrealised gains/(losses) on investments taken to equity, net of tax	6	14,282,333	(1,133,536)
<b>Net realised and unrealised gains/(losses) on investments taken to equity, net of tax</b>		<b>23,342,854</b>	<b>(601,937)</b>
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>23,342,854</b>	<b>(601,937)</b>
<b>Total comprehensive income for the period</b>		<b>115,289,801</b>	<b>13,945,078</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share attributable to the ordinary equity holders of the Company:</b>			
Basic and diluted earnings per share		40.15	6.36

The accompanying notes form part of these half year financial statements.

	Notes	31 December 2024 \$	30 June 2024 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		55,954,377	65,924,833
Financial assets at fair value through profit or loss	7	698,105,053	553,555,134
Amounts due from brokers		–	6,960,236
Other receivables		352,962	242,582
<b>Total current assets</b>		<b>754,412,392</b>	<b>626,682,785</b>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	7	107,713,794	94,080,593
Deferred tax assets		–	9,744,087
<b>Total non-current assets</b>		<b>107,713,794</b>	<b>103,824,680</b>
<b>Total assets</b>		<b>862,126,186</b>	<b>730,507,465</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Donation provision	3	7,485,888	6,443,840
Current tax liabilities		3,382,852	–
Amounts due to brokers		–	6,992,717
Other payables		170,000	140,000
<b>Total current liabilities</b>		<b>11,038,740</b>	<b>13,576,557</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		55,563,565	19,523,404
<b>Total non-current liabilities</b>		<b>55,563,565</b>	<b>19,523,404</b>
<b>Total liabilities</b>		<b>66,602,305</b>	<b>33,099,961</b>
<b>Net assets</b>		<b>795,523,881</b>	<b>697,407,504</b>
<b>Equity</b>			
Share capital	5	574,939,172	574,939,172
Reserves	6	156,662,138	133,650,323
Retained earnings/accumulated losses		63,922,571	(11,181,991)
<b>Total equity</b>		<b>795,523,881</b>	<b>697,407,504</b>

The accompanying notes form part of these half year financial statements.

	Note	Share capital \$	Investment portfolio revaluation reserve \$	Profits reserve \$	Retained earnings \$	Total \$
<b>Balance at 1 July 2023</b>		<b>574,476,801</b>	<b>9,886,072</b>	<b>153,270,754</b>	<b>(62,110,751)</b>	<b>675,522,876</b>
Net income for the period		–	–	–	14,547,015	14,547,015
Other comprehensive income, net of tax		–	(601,937)	–	–	(601,937)
Transfer to profits reserve		–	(531,599)	531,599	–	–
<b>Transactions with equity holders in their capacity as owners:</b>						
Dividends		–	–	(16,016,126)	–	(16,016,126)
<b>Balance at 31 December 2023</b>		<b>574,476,801</b>	<b>8,752,536</b>	<b>137,786,227</b>	<b>(47,563,736)</b>	<b>673,451,828</b>
<b>Balance at 1 July 2024</b>		<b>574,939,172</b>	<b>732,053</b>	<b>132,918,270</b>	<b>(11,181,991)</b>	<b>697,407,504</b>
Net income for the period	6	–	–	–	91,946,947	91,946,947
Other comprehensive income, net of tax		–	23,342,854	–	–	23,342,854
Transfer to profits reserve	6	–	(9,060,521)	25,902,906	(16,842,385)	–
<b>Transactions with equity holders in their capacity as owners:</b>						
Dividends		–	–	(17,173,424)	–	(17,173,424)
<b>Balance at 31 December 2024</b>		<b>574,939,172</b>	<b>15,014,386</b>	<b>141,647,752</b>	<b>63,922,571</b>	<b>795,523,881</b>

The accompanying notes form part of these half year financial statements.

		For the half year ended 31 December 2024 \$	For the half year ended 31 December 2023 \$
	Note		
<b>Cash flows from operating activities</b>			
Dividends received		6,022,866	4,285,776
Other income received		—	6,196
Interest paid		—	(6)
Donations paid		(4,509,482)	(4,979,692)
Payments for other expenses		(823,274)	(969,706)
<b>Net cash provided by/(used in) operating activities</b>		<b>690,110</b>	<b>(1,657,432)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of investments		265,478,627	200,749,886
Payments for purchases of investments		(262,902,567)	(212,586,135)
<b>Net cash provided by/(used in) investing activities</b>		<b>2,576,060</b>	<b>(11,836,249)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	6(c)	(17,173,424)	(16,016,126)
<b>Net cash used in financing activities</b>		<b>(17,173,424)</b>	<b>(16,016,126)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(13,907,254)</b>	<b>(29,509,807)</b>
Cash and cash equivalents at the beginning of the period		65,924,833	59,246,589
Effect of foreign currency exchange rate changes on cash and cash equivalents		3,936,798	(735,041)
<b>Cash and cash equivalents at end of the period</b>		<b>55,954,377</b>	<b>29,001,741</b>

The accompanying notes form part of these half year financial statements.



## 1 General information

The half year financial statements of the Company are for the half year ended 31 December 2024.

The half year financial statements were authorised for issue on 20 February 2025 by the Board of Directors.

## 2 Summary of material accounting policies

### Basis of preparation

These general purpose financial statements for the half year ended 31 December 2024 have been prepared in accordance with Australian Accounting Standards Board ("AASB") 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The material accounting policies adopted are consistent with those of the 30 June 2024 financial statements.

In accordance with ASIC Corporations (*Rounding in Financial/Directors' Report*) Instrument 2016/191, the amounts in the half year financial report have been rounded to the nearest dollar, unless otherwise indicated.

The Company has adopted all of the new and amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period and there was no material impact on adoption.

## 3 Donations

In line with the Company's philanthropic objectives, the Company donates a percentage of the Company's net tangible assets to leading Australian medical research organisations every six months. The donations are equal to 1.5% per annum of the average monthly net tangible assets for the previous half year and roughly equivalent to the value of the investment management fees foregone by participating fund managers. The donations accrue monthly and will vary month-to-month in proportion to the net tangible asset value. The accrual of the donation amount each month increases expenses and decreases the Company's net tangible assets.

## 4 Dividend franking account

	For the half year ended 31 December 2024 \$	For the year ended 30 June 2024 \$
Opening balance	41,288,184	54,424,109
Franking credits on dividends received	—	592,220
Franking credits on dividends paid	(7,360,039)	(13,728,145)
<b>Closing balance of franking account</b>	<b>33,928,145</b>	<b>41,288,184</b>
Franking credits on dividends receivable	—	—
<b>Franking credits available for use in subsequent reporting periods</b>	<b>33,928,145</b>	<b>41,288,184</b>

**5 Share capital**
**(a) Issued capital**

	<b>31 December 2024</b>	<b>31 December 2024</b>
	<b>No. of shares</b>	<b>\$</b>
Ordinary shares	228,982,167	574,939,172

	<b>30 June 2024</b>	<b>30 June 2024</b>
	<b>No. of shares</b>	<b>\$</b>
Ordinary shares	228,982,167	574,939,172

**(b) Movements in share capital**

	<b>For the half year ended 31 December 2024</b>	<b>For the half year ended 31 December 2024</b>
	<b>No. of shares</b>	<b>\$</b>
Opening balance	228,982,167	574,939,172

<b>Closing balance</b>	<b>228,982,167</b>	<b>574,939,172</b>
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	<b>For the year ended 30 June 2024</b>	<b>For the year ended 30 June 2024</b>
	<b>No. of shares</b>	<b>\$</b>
Opening balance	228,802,420	574,476,801
Shares issued at \$2.59 per share	179,747	462,371

<b>Closing balance</b>	<b>228,982,167</b>	<b>574,939,172</b>
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**6 Reserves**
**(a) Reserves**

	<b>31 December 2024</b>	<b>30 June 2024</b>
	<b>\$</b>	<b>\$</b>
Investment portfolio revaluation reserve	15,014,386	732,053
Profits reserve	141,647,752	132,918,270
<b>Total reserves</b>	<b>156,662,138</b>	<b>133,650,323</b>

**6 Reserves (continued)**
**(b) Investment portfolio revaluation reserve**

	For the half year ended 31 December 2024 \$	For the year ended 30 June 2024 \$
Opening balance	732,053	9,886,072
Net realised gains on investments taken to equity	12,943,601	16,685,763
Income tax expense on net realised gains on investments taken to equity	(3,883,080)	(5,005,729)
Net unrealised gains/(losses) on investments taken to equity	20,403,333	(13,077,170)
Deferred income tax (expense)/credit on net unrealised gains/(losses) on investments taken to equity	(6,121,000)	3,923,151
Transfer to profits reserve	(9,060,521)	(11,680,034)
<b>Closing balance</b>	<b>15,014,386</b>	<b>732,053</b>

**(c) Profits reserve**

	For the half year ended 31 December 2024 \$	For the year ended 30 June 2024 \$
Opening balance	132,918,270	153,270,754
Transfer from retained earnings	16,842,385	–
Transfer from investment portfolio revaluation reserve	9,060,521	11,680,034
Dividends	(17,173,424)	(32,032,518)
<b>Closing balance</b>	<b>141,647,752</b>	<b>132,918,270</b>

**(d) Dividends**

During the half year ended 31 December 2024, the Company paid a fully franked dividend of 7.5 cents per share to shareholders amounting to a total dividend payment of \$17,173,424, of which \$5,312,280 was reinvested by shareholders in HM1 shares via the dividend reinvestment plan. On 17 October 2024, 708,304 fully paid shares were acquired on market and transferred to shareholders pursuant to the dividend reinvestment plan.

During the year ended 30 June 2024, the Company paid a fully franked dividend of 14 cents per share to shareholders amounting to a total dividend payment of \$32,032,518, of which \$3,524,039 was reinvested by shareholders in HM1 shares via the dividend reinvestment plan.

**(e) Dividends not recognised at year end**

In addition to the above dividends, since the end of the half year, the Directors have declared a half-year fully franked dividend of 8.0 cents per share payable on 17 April 2025. This dividend has not been recognised as a liability at 31 December 2024.

**7 Financial assets****Fair value measurements****(a) Fair value estimation**

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset takes place either in the principal market for the asset or, in the absence of a principal market, in the most advantageous market for the asset. The principal or the most advantageous market must be accessible to the Company. The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted closing price, without any deduction for transaction costs.

**(b) Fair value hierarchy**

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

## 7 Financial assets (continued)

### Fair value measurements (continued)

#### (b) Fair value hierarchy

The following tables represent the Company's assets and liabilities measured and recognised at fair value at:

<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities on major exchanges	647,478,499	–	–	647,478,499
Unlisted equity securities	–	19,102,237	31,524,317	50,626,554
<b>Financial assets at fair value through other comprehensive income</b>				
Listed equity securities on major exchanges	107,713,794	–	–	107,713,794
<b>Total financial assets at fair value</b>	<b>755,192,293</b>	<b>19,102,237</b>	<b>31,524,317</b>	<b>805,818,847</b>
<b>30 June 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities on major exchanges	514,581,539	–	–	514,581,539
Unlisted equity securities	–	18,076,909	20,896,686	38,973,595
<b>Financial assets at fair value through other comprehensive income</b>				
Listed equity securities on major exchanges	94,080,593	–	–	94,080,593
<b>Total financial assets at fair value</b>	<b>608,662,132</b>	<b>18,076,909</b>	<b>20,896,686</b>	<b>647,635,727</b>

For the year ended 30 June 2024, an equity security was transferred from Level 3 to Level 1, which relates to the Company's investment in unlisted securities in Guzman y Gomez. On 20 June 2024, Guzman y Gomez completed its initial public offering (IPO) and became listed on ASX. There were no transfers between levels for the half year ended 31 December 2024.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

## 7 Financial assets (continued)

### Fair value measurements (continued)

#### (b) Fair value hierarchy (continued)

The carrying amounts of other receivables and other payables are assumed to approximate their fair values due to their short-term nature.

*Valuation techniques and key inputs used in Level 2 and Level 3 fair value measurements:*

	Fair value as at 31 December 2024 \$	Valuation techniques	Unobservable inputs	Range inputs
<b>Recurring fair value measurements</b>				
Financial assets at fair value through profit or loss:				
Unlisted equity securities	<u>31,524,317</u>	Recent material arm's length market transaction	N/A	N/A
Unlisted equity securities	<u>19,102,237</u>	Daily unit price	N/A	N/A
	Fair value as at 30 June 2024 \$	Valuation techniques	Unobservable inputs	Range inputs
<b>Recurring fair value measurements</b>				
Financial assets at fair value through profit or loss:				
Unlisted equity securities	<u>20,896,686</u>	Recent material arm's length market transaction	N/A	N/A
Unlisted equity securities	<u>18,076,909</u>	Daily unit price	N/A	N/A

#### (c) Level 3 fair value measurements

The table below shows reconciliation of all movements in the fair value of Level 3 investments:

	31 December 2024 \$	30 June 2024 \$
Opening balance	20,896,686	40,912,365
Transfer out to Level 1	–	(20,000,000)
Net change in unrealised gains/(losses) in financial assets at fair value through profit or loss	<u>10,627,631</u>	<u>(15,679)</u>
Closing balance	<u>31,524,317</u>	<u>20,896,686</u>

The net change in unrealised gains on Level 3 investment still held as at half year ended 31 December 2024 amounted to \$10,627,631 and net change in unrealised losses on Level 3 investment as at year end 30 June 2024 amounted to \$15,679 were included in the Statement of Comprehensive Income.

**7 Financial assets (continued)****Fair value measurements (continued)****(c) Level 3 fair value measurements (continued)***Valuation process for Level 3 investments*

The Company holds investments in unlisted securities which are not quoted in an active market and the inputs for measuring fair value are not based on observable market data. Transactions in such investments do not occur on a regular basis. These investments are valued at fair value. The method that the Company uses to determine the fair value of Rokt Ltd is generally the most recent material arm's length transaction and Regal Australia Long/Short Equity Fund is valued based on the reported daily unit price. The Board has determined that it is appropriate to use these transactions or latest available prices or valuations in determining the fair value of the investments in unlisted securities. The Company classifies the fair value of these investments as Level 3 in the fair value hierarchy.

The most recent material arms-length transaction or latest available price or valuation received from the underlying investment manager are considered to be the key inputs in the determination of fair value. The methodologies that are used by the underlying investment manager to determine the fair value of the Company's investment in any unlisted portfolio companies are as follows:

- market approach (whereby fair value is derived by reference to observable transactions or valuation measures for comparable companies or assets including any recent transactions in the unlisted security);
- income approach (such as the discounted projected cash flow method); or
- cost approach, as the best initial approximation of fair value upon acquisition of an investment.

The Company has the following control procedures in place to evaluate whether the carrying value of the unlisted securities is calculated in a manner consistent with AASB 13 *Fair Value Measurement*:

- Thorough initial due diligence process and ongoing monitoring procedures, primarily discussions with the underlying investment fund managers;
- Historical realisations or quoted market values of comparable companies to the last reported fair values;
- Review of the financial statements, key assumptions and significant judgements used in determining the fair value of each investment; and
- The evaluation of detailed valuation assessments provided by the Investment Manager, (where available).

Due to the inherent uncertainty of the valuation of the unlisted securities, the values used and the methodologies and assumptions adopted in the valuation may differ significantly from the values that would have been used had a ready market for the investment existed and the differences could be significant. These values may need to be revised as circumstances change and material adjustments may still arise as a result of revaluation of the unquoted investments fair value within the next financial period.

## 8 Segment information

The Company is solely engaged in investment activities, deriving revenue from dividend income, interest income and from the sale of its investments. It has no reportable business or geographical segments.

The Company's investments are listed equity securities on major exchanges. The split of the Company's investments by the country of listing is set out below.

	31 December 2024	30 June 2024
	Country of Listing	Country of Listing
	%	%
United States	66	59
Australia	20	18
Germany	8	3
Canada	2	6
Hong Kong	2	7
United Kingdom	2	7
	<b>100</b>	<b>100</b>

## 9 Related party transactions

All transactions with related entities were made on normal commercial terms and at market rates, except as noted below.

### Investment and management fees

All participating fund managers provide investment management services to the Company at no cost. A proportion of donation payments paid by the Company are paid to medical research organisations nominated by the participating fund managers.

The Company Secretary has waived her right to receive fees. The Company holds professional indemnity insurance to her benefit. She receives an indemnity as an officer of the Company to the maximum extent permitted by law and is entitled to be reimbursed for any external costs and expenses she incurs. The Company Secretary is an employee of Boardroom Pty Limited. Boardroom Pty Limited provide company secretarial services to the Company.

Matthew Grounds is Chair of Victor Chang Cardiac Research Institute which is a designated medical research beneficiary of Hearts and Minds Investments Limited. The Company donated \$2,078,658 to Victor Chang Cardiac Research Institute for the half year ended 31 December 2024 (half year ended 31 December 2023: \$2,174,347).

Gary Weiss is a Non-Executive Director of Victor Chang Cardiac Research Institute which is a designated medical research beneficiary of Hearts and Minds Investments Limited. The Company donated \$2,078,658 to Victor Chang Cardiac Research Institute for the half year ended 31 December 2024 (half year ended 31 December 2023: \$2,174,347).

Michael Traill is a Director of Paul Ramsay Foundation. Paul Ramsay Foundation holds 4,270,106 shares in HM1 on 31 December 2024 (half year ended 31 December 2023: 4,270,106).

### Directors' fees

The Directors have agreed to waive any right to be paid director fees.

## 10 Commitments and contingencies

The Company had no material contingent liabilities or commitments as at 31 December 2024 (2023: Nil).



**11 Events occurring after the reporting period**

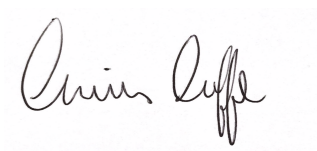
Since the end of the half year, the Directors declared a half-year fully franked dividend of 8.0 cents per share payable on 17 April 2025. No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

**Directors' Declaration**

In accordance with a resolution of the Board of Directors of Hearts and Minds Investments Limited, the Directors declare that:

- (a) The financial statements and notes as set out in pages 9 to 21 are in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position of the Company as at 31 December 2024 and of its performance, as represented by the results of the operations and the cash flows, for the half year ended on that date.
- (b) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.



Christopher Cuffe AO  
Chair and Independent Director

Sydney  
20 February 2025

**Independent Auditor's Review Report  
To the Members of Hearts and Minds Investment Limited  
ABN 61 628 753 220****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of Hearts and Minds Investment Limited ("the Company") which comprises the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Hearts and Minds Investment Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

**Responsibility of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Richard King**  
Partner



**Pitcher Partners**  
Sydney

20 February 2025