

5 October 2023

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,



Tom Bloomfield
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

Most markets were sharply down in September. The HM1 portfolio decreased 5.4% for the month, the Nasdaq was down 5.5%, The S&P 500 down 4.9% and the MSCI World Index in AUD was down 4.0%. In this month's update we provide a brief update on the monthly portfolio movements and a deep dive into one of our portfolio holdings Brookfield Corporation. Since inception in November 2018, the HM1 portfolio has delivered an annualised pre-tax investment return of 8.9% pa and has paid dividends totalling 46 cents per share. A reminder that HM1 recently declared an interim fully franked dividend of 7 cents per share. For HM1 shares the ex-dividend date was 20 September and the dividend is payable on 19 October.

September was a tough month for risk assets and our portfolio was not immune. The US 10-year Bond rate moved up 50bps to a cycle high of 4.6%. The message of higher for longer caused growth equities in particular to give back some of their recent gains again this month. Within the HM1 portfolio, we were most impacted by Opthea (-23%), Darling Ingredients (-15%) and Zillow (-11%). On a more positive note, in the Conference Portfolio we sold our holdings in ASML for a gain of 5%, partly disposed of our holdings in Carsales for a gain of 32% and we sold our position in New Relic into the bid to take it private when no new suitors emerged. This was a great call by Ricky Sandler of Eminence Capital and returned 66% over our 10 months of ownership. Ricky will return to the stage again this year with a new pick at the Sohn Hearts & Minds conference on 17 November at the Sydney Opera House.

This month we spoke to Allan Goldstein of Cooper Investors who has just returned from the Brookfield annual strategy day in New York. This is one of their core holdings in the fund and we are delighted to share some of their deep thinking on the stock. [You can click here to read more.](#)

Introducing the Hearts & Minds Podcast: Conversations on Impact and Investing. Join the HM1 team each week as they pull back the curtain for the Hearts and Minds community. From engaging conversations with respected investors to insightful explorations with groundbreaking researchers, you'll gain a deeper understanding of the impact you're directly helping to create. The first episode is with HM1's Core Fund Manager, TDM Growth Partners. Investment Team Members Ed Cowan and Fraser Christie discuss TDM's unique investing approach and share the investment case for two Core Portfolio Holdings, GYG and ROKT. [You can listen here.](#)

Pre-Tax NTA	\$2.72
Post-Tax NTA	\$2.81
Share Price (ASX: HM1)	\$2.31
Investment Performance p.a. (Since inception 14 Nov 2018)	7.5%
Cash Weighting	17%
Latest Dividend (Interim payable 19 October 2023)	7cps
Fully Franked Dividend Yield¹	5.8%
Profits Reserve (At 30 June 2023)	67cps
Available Franking Credits² (At 30 June 2023)	56cps
Cumulative Medical Research Funding	\$43.9m

¹Fully franked dividend of 13.5cps paid April 2023 divided by share price at 30 September 2023. ²Represents the level of future dividends (expressed as cents per share) that can be fully franked. All figures as at 30 September 2023 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	-5.4%	-3.5%	4.1%	-5.4%	7.5%
MSCI World Index (AUD)	-4.0%	6.3%	19.8%	10.3%	9.8%

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	2021	2022	2023	2024 (Interim)
Dividends – fully franked	12cps	13.5cps	13.5cps	7.0cps

Top 10 Portfolio Holdings

Represents 47% of total portfolio holdings (in alphabetical order)



BHP
BHP.AX



Carsales.com
CAR.AX



Champion Iron
CIA.AX



Formula One Group
FWONK.NAS



Guzman Y Gomez



Intercontinental Exchange Ltd
ICE.NYSE



Mastercard Inc
MA.NYSE



Microsoft Corporation
MSFT.NAS



Rokt



Zillow Group Inc
Z.NAS

Conference Portfolio Holdings

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



AMP Limited
AMP.AX



ASML Holding N.V.
ASML.AS



Carsales.com
CAR.AX



Champion Iron
CIA.AX



China Duty Free
1880 HK



Darling Ingredients Inc.
DAR.NYSE



La Francaise des Jeux
FDJ.PA



Keywords Studios
KWS.L



New Relic, Inc.
NEWR.NYSE



Nike, Inc.
NKE.NYSE



Transurban Group
TCL.AX

News from the **HM1 Network**

Introducing the **Hearts & Minds Podcast: Conversations on Impact and Investing**

Join host **Maggie O'Neill**, Head of Marketing and Operations, **CIO Charlie Lanchester**, and **CEO Paul Rayson** as they pull back the curtain for the Hearts and Minds community. From engaging conversations with respected investors to insightful explorations with groundbreaking researchers, you'll gain a deeper understanding of the impact you're directly helping to create.

Get access to the first episode with one of HM1's Core Fund Managers, **TDM Growth Partners** featuring investment team members **Ed Cowan** and **Fraser Christie**. [You can listen here.](#)



In this month's update, we have insights into one of our core holdings in the fund, **Brookfield**. **Allan Goldstein of Cooper Investors** recently attended their annual strategy day and has shared an overview of Brookfield Corporation. [You can read more here.](#)



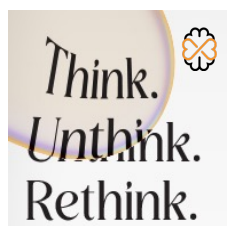
We're pleased to share that we have made our first donation to a beneficiary in Western Australia, **Harry Perkins Institute of Medical Research**. The donation will fund the work of Associate Professor Gina Ravenscroft's laboratory. [You can read the full media release here.](#)



Conference Fund Manager, **Ricky Sandler of Eminence Capital** is making a comeback at this year's Sohn Hearts & Minds Investment Leaders Conference. His 2022 stock pick, New Relic, returned nearly 70% since he pitched it last year. [You can read the full article here.](#)



Bob Desmond, Head of Claremont Global and Conference Fund Manager recently featured on *Livewire Markets'* 'The Rules of Investing' podcast. Bob explains why quality growth is the best strategy in all markets, and the one stock he would love to own "forever". [Listen to the full podcast here.](#)



Looking for insights that truly matter? Join us on **Friday 17 November at the Sydney Opera House** for thought leadership with a fresh perspective. Don't miss this year's **Sohn Hearts & Minds Conference**, Australia's premier investment leaders event. [Limited tickets are available here.](#)



Philip King of Regal Funds Management (Core Fund Manager) and **Tim Carleton of Auscap Asset Management** (Conference Fund Manager) appeared on a panel session at *Livewire Live 2023* to discuss the pockets of opportunity in today's market. [You can read an overview of the session here.](#)

Core Fund Managers

CALEDONIA

COOPER INVESTORS

MAGELLAN
EXPERTS IN GLOBAL INVESTING

MUNRO

REGAL
FUNDS

tdm.
GROWTH PARTNERS

Tribeca
Investment Partners

Conference Fund Managers

Auscap
Asset Management

Claremont Global

COOPER INVESTORS

EMINENCE
CAPITAL

FACT Capital
Fairness, Alignment, Corresponding, Transparency

Firetrail
Invest with Conviction

MUNRO

Perpetual

REGAL
FUNDS

SAMUEL TERRY
ASSET MANAGEMENT

Tribeca
Investment Partners

WaveStone
CAPITAL

Designated Beneficiaries

Baker
HEART & DIABETES INSTITUTE

Cerebral Palsy
ALLIANCE
RESEARCH FOUNDATION

The Florey
Advancing Brain Research

kr kids research
kids critical care research

PAIN
Foundation

Perkins
HARRY PERKINS INSTITUTE
OF MEDICAL RESEARCH

rpa Green Light
Institute
FOR EMERGENCY CARE

St Vincent's Clinic
Research Foundation

Victor Chang
Cardiac Research Institute

WEHI
brighter together

Pro-Bono Service Providers

BoardRoom

Charter
Hall

CITCO

domestique

KING & WOOD
MALLESONS
金杜律师事务所

MONT
LAWYERS

PITCHER
PARTNERS