

## Hearts and Minds Investments Limited

### Results for the year ended 30 June 2021

Dear fellow Shareholders,

On behalf of the Board and management we would like to thank you for your support of Hearts and Minds Investments Limited (HM1) and we are delighted to share the Annual Report for the year ended 30 June 2021. HM1 is a listed investment company that was established in 2018 with the combined objective of providing a concentrated securities portfolio of the highest conviction ideas from respected fund managers, whilst also supporting Australian medical research organisations.

The HM1 portfolio posted a very pleasing pre-tax investment return of 28.0% for the year ended 30 June 2021, in line with the significant increase in the global equity benchmark, the MSCI World Net Total Return (AUD) Index, which increased 27.5% over the same period. Since the inception of the Company in November 2018, HM1 has generated a compound annual pre-tax investment return of 28.1% compared to the MSCI World Net Total Return (AUD) Index increase of 16.6% per annum over the same period.

For the year ended 30 June 2021, HM1 recorded a 34% increase in total comprehensive income after tax to \$157.9 million (2020: \$117.6 million). The result was partly driven by net realised gains from the 2019 Conference Portfolio which was disposed of during the year and net realised gains from both the Core Portfolio and the 2020 Conference Portfolio. In addition to the net realised gains, the financial result for the year reflects net unrealised gains from the total investment portfolio on 30 June 2021. HM1's post-tax net tangible assets have increased 18.1% over the year to \$886.0 million as of 30 June 2021. Further details of the performance of HM1 can be found in the Annual Report.

In April 2021, HM1 paid its first dividend to shareholders. A fully franked dividend of 12 cents per ordinary share amounting to a total dividend of \$27.0 million. Our dividend reinvestment plan was operational and many shareholders reinvested their dividend into HM1 shares. The dividend policy of HM1 aims to pay a fully franked annual dividend in April each year following the realisation of the previous year's Conference Portfolio, subject to sufficient cash reserves, available franking credits and is within prudent business practice.

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

The current designated medical research organisations are Victor Chang Cardiac Research Institute, Black Dog Institute, Charlie Teo Foundation, The Children's Hospital at Westmead – Kids Critical Care Research, The Florey Institute of Neuroscience and Mental Health, Multiple Sclerosis Research Australia, Orygen, Centre of Human Psychopharmacology at Swinburne University and RPA Green Light Institute. More information on the wonderful work of these organisations can be found in the Annual Report.

During the year ended 30 June 2021, HM1 paid \$11.3 million to its designated medical research organisations and made provision for a further \$6.4 million. These donated monies will be used by the medical research organisations to fund important research into the prevention and treatment of chronic diseases and mental health disorders. The current pandemic highlights the critical importance of medical research to global health outcomes and economic prosperity.

Through their investment in HM1, shareholders gain exposure to the highest conviction ideas, investment approach and expertise of leading fund managers, and make a significant contribution to advancing medical research in Australia. This is made possible by all of our participating fund managers foregoing investment management and performance fees. The Board of Directors, the Investment Committee and many of our service providers also work on a pro bono basis.

We sincerely thank our fund managers and service providers for their ongoing support and generosity in supporting the operations and objectives of HM1. We would also like to thank you, our shareholders, for supporting HM1's combined objective of providing a compelling and attractive investment proposition whilst also supporting the advancement of medical research in Australia.

For further information on HM1 and our results for the year ended 30 June 2021 refer to the HM1 2021 Annual Report which was released today. You can view the report on the [HM1 website here](#).



**Christopher Cuffe AO**  
**Chairman**

Sydney  
26 August 2021