



23 February 2022

The Manager
ASX Market Announcements
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Shareholders,

Please find attached the Half-Year to 31 December 2021 Results Announcement for Hearts and Minds Investments Limited.

For and on behalf of the board,

Tom Bloomfield
Company Secretary

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Dear Fellow Shareholder,

Hearts and Minds Investments Limited (ASX: HM1) today announced its results for the half-year to 31 December 2021. HM1 recorded a total loss after tax of \$24.3 million for the half-year compared to a total profit after tax of \$91.3m in the prior December half. The result for the period reflects realised gains from disposals during the half, offset by unrealised mark to market losses on the investment portfolio as of 31 December 2021.

Significant realised gains were achieved on the 2020 Conference portfolio which delivered a 23% pre-tax return over the 1 year holding period. However, the realised gains were more than offset by unrealised losses recorded across the total portfolio as of 31 December 2021. The Net Tangible Assets (NTA) of the Company decreased over the half-year from \$886.0 million on 30 June 2021 to \$861.7 million on 31 December 2021. This equates to a post-tax NTA per share of \$3.81 on 31 December 2021.

Investment Portfolio Performance

The investment portfolio has underperformed broader market indices over the half-year as investors rotated out of growth stocks to value stocks. The total portfolio declined by 3.6% on a mark to market basis over the half-year. In light of the significant shift in market sentiment we have conducted a thorough review of all of our investment positions with our Core and Conference Fund Managers. This review has resulted in minor changes to our holdings, but on the whole our fund managers remain comfortable with our investment holdings despite the recent market movements.

Performance to 31 December 2021	6 Months	1 Year	3 Years per annum	Since Inception per annum
HM1 Investment Portfolio Performance	-3.6%	6.5%	24.6%	21.8%
MSCI World Net TR (AUD) Index	11.3%	29.3%	20.4%	17.7%

HM1 investment portfolio performance is calculated based on a before tax basis and after all expenses. Index returns are before expenses and before tax. Inception was 14 November 2018.

Whilst we are disappointed with the Company's investment performance over the 2021 calendar year, this follows our first two years of significant out-performance. We continue to work with our fund managers to strive to deliver attractive returns over the medium term.

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Dividend

The significant realised gains we have achieved over the first three years of operation has meant HM1 has built up a large profits reserve and franking credits balance. Given this, the Directors are pleased to declare a fully franked dividend of 13.5 cents per share payable on April 12, 2022. The dividend represents a 12.5% increase on last year's dividend of 12 cents per share. We retain a significant buffer in our profits reserve and franking accounts to cover dividend payments at the current level for the next few years.

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 the volume weighted average price on the four trading days following the dividend record date. Eligible shareholders can elect to participate in the DRP or amend their current election online by [clicking here](#).

Key Dividend Dates

	Cents per ordinary share	Franking %
Dividend per ordinary share	13.5	100%

Dividend dates:

Ex-dividend date:	30 March 2022
Record date:	31 March 2022
DRP election date:	4 April 2022
Payment date:	12 April 2022

Medical Research

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 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.

The current designated medical research organisations are Victor Chang Cardiac Research Institute, Baker Heart and Diabetes Institute, Black Dog Institute, Charlie Teo Foundation, Cerebral Palsy Alliance, The Children's Hospital at Westmead – Kids Critical Care Research, The Florey Institute of Neuroscience and Mental Health, Orygen, Centre of Human Psychopharmacology at Swinburne University, RPA Green Light Institute, Walter and Eliza Hall Institute of Medical Research and Pain Management Research Institute.

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In the half-year to 31 December 2021 the Company paid \$6.4m in donations and has accrued a further \$6.7m as of 31 December 2021. This accrued donation amount will be paid to the designated charities during March 2022 to fund medical research.

We sincerely thank our fund managers and service providers for their ongoing 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 investment proposition whilst also supporting the advancement of medical research in Australia.

For further information on HM1 and our results for the half-year ended 31 December 2021, visit the HM1 website at www.hm1.com.au.

Kind regards,

A handwritten signature in black ink, appearing to read "Chris Cuffe", written in a cursive style.

Chris Cuffe AO
Chairman

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