HEARTS & MINDS INVESTMENTS

Appendix 4E

Hearts and Minds Investments Limited (HM1)

ABN 61 628 753 220

Financial Report

Results for Announcement to the Market for the Year Ended 30 June 2024

	Change	30 Jun 2024	30 Jun 2023
		$'000	$'000
Total Net Investment Income	45%	**83,372**	57,581
Profit/(Loss) from ordinary activities after tax	55%	**50,929**	32,726
Other Comprehensive Income net of tax	(92)%	**2,526**	30,227
Total Comprehensive Income net of tax	(15)%	**53,455**	62,954

Net Tangible Assets (NTA) Per Ordinary Share

	30 Jun 2024	30 Jun 2023
Pre-tax NTA per ordinary share	$3.09	$2.90
Net tax benefit/(liability) per ordinary share	($0.04)	$0.05
Post-tax NTA per ordinary share	$3.05	$2.95

Dividends

During the year, HM1 paid fully franked dividends amounting to 14 cents per share. HM1 has declared an increased half-yearly fully franked dividend of 7.5 cents per share payable in October 2024. The Board aims to maintain a policy of paying fully franked dividends to shareholders subject to sufficient cash reserves, available franking credits and prudent business practice.

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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 issued or acquired under the on market acquisition provisions of the DRP.

	Cents per Ordinary share	Franking %
Dividend per ordinary share	7.5	100%
Dividend dates:		
Ex-dividend date:		11 September 2024
Record date:		12 September 2024
DRP election date:		16 September 2024
Payment date:		17 October 2024

Brief Explanation of Results:

For the year ended 30 June 2024, the Company recorded a total comprehensive income after tax of $53.5 million (2023: total comprehensive income after tax of $63.0 million). The result for the year is driven by the performance of the investment portfolio. The investment portfolio increased on a pre-tax basis by 11.7% for the year ended 30 June 2024 building on a solid performance in the prior year. The result was driven by a strong performance across both the Core Portfolio and the current Conference Portfolio. The composition of the investment gains comprised $33.3 million in realised investment gains and $53.6 million in unrealised gains.

The net asset value of the Company increased from $675.5 million on 30 June 2023 to $697.4 million as of 30 June 2024, comprising total comprehensive income after tax of $53.5 million less fully franked dividends paid to shareholders of $32.0 million. Since the inception of the Company in November 2018, HM1 has generated a compound annual pre-tax investment return of 9.3%. Further information on the financial position of the Company and the movement in net asset values is contained in the Investment Committee Report.

In line with its philanthropic objective, HM1 provides financial contributions equivalent to 1.5% of NTA per annum to leading Australian medical research organisations to fund the development of new medicines and treatments and to drive a new generation of medical research in Australia. This is effectively funded by HM1's participating fund managers, its Board of Directors and Committees all working on a pro bono basis.

During the year ended 30 June 2024, HM1 paid $9.4 million to its designated medical research organisations and made provision for a further $6.4 million. These 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. Further details on the results are included in the Annual Report.

This report is based on the Annual Report which has been audited by Pitcher Partners. The audit report is included in the Annual Report which accompanies this Appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.

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Annual General Meeting

HM1 advises that its Annual General Meeting will be held on or around Wednesday, 27 November 2024. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch. In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00 pm (AEDT) on Tuesday, 8 October 2024.

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Hearts and Minds Investments Limited

Annual Report

For the year ended 30 June 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 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	Chair
Core Fund Managers *(Pro bono)*	Caledonia (Private) Investments Cooper Investors Magellan Asset Management Munro Partners Regal Funds Management TDM Growth Partners Tribeca Investment Partners	
2023 Conference Fund Managers *(Pro bono)*	Aikya Investment Management Azora Capital Bayberry Capital Partners Ellerston Capital Eminence Capital IFM Investors	Metronome Capital Munro Partners Prusik Investment Management Terra Capital Toscafund Asset Management Tribeca Investment Partners
Registered Office	Boardroom Pty Limited Level 8, 210 George Street Sydney NSW 2000 Australia	
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 Australia Telephone: +61 2 9290 9600
Stock Exchange	Australian Securities Exchange The home exchange is Sydney ASX code: HM1 Ordinary Shares

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Chair and Chief Executive Officer's Letter

Dear Shareholders,

On behalf of the Board and management we would like to thank you for your ongoing support of Hearts and Minds Investments Limited (hereafter referred to as 'HM1' or the 'Company') and we are pleased to share the Annual Report for the year ended 30 June 2024.

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

We are pleased to report that, following the changes we made to the management of our investment portfolio 18 months ago, investment performance has improved. The HM1 investment portfolio increased by 11.7% for the year ended 30 June 2024, building on gains made in the prior year. The current year's investment performance was primarily driven by the technology holdings in our Core Portfolio and an improved performance in the current Conference Portfolio. Since the inception of the Company in November 2018, HM1 has generated a compound pre-tax investment return of 9.3% per annum. Further details of the performance of the investment portfolio can be found in the Investment Committee Report.

During the year, HM1 paid fully franked dividends amounting to 14 cents per share. HM1 has declared an increased half-yearly fully franked dividend of 7.5 cents per share payable in October 2024. The Board aims to maintain a policy of paying fully franked dividends to shareholders subject to sufficient cash reserves, available franking credits and prudent business practice.

HM1's share price increased from $2.26 on 30 June 2023 to $2.58 on 30 June 2024. The share price discount to NTA per share narrowed to a 17% discount to HM1's pre-tax NTA of $3.09 on 30 June 2024. The improvement in the share price and the payment of 14 cents in fully franked dividends resulted in a total shareholder return of 20% for FY24. The Board remains confident that the ongoing improvement in investment performance will continue to narrow the share price discount to HM1's pre-tax NTA per share.

In line with its philanthropic objective, HM1 provides financial contributions equivalent to 1.5% of NTA per annum to leading Australian medical research organisations to fund the development of new medicines and treatments and to drive a new generation of medical research in Australia. This is effectively funded by HM1's participating fund managers, its Board of Directors and Committees all working on a pro bono basis. We sincerely thank everyone for their ongoing involvement and generosity.

During the year ended 30 June 2024, HM1 paid $9.4 million to its designated medical research organisations and made provision for a further $6.4 million. These 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. Further details on the wonderful work of our selected medical research organisations can be found in the Medical Research Report.

We believe that HM1 offers a compelling investment in a concentrated portfolio of global equities recommended by a select panel of successful fund managers. The investment returns of the portfolio are underpinned by a fully franked dividend that is paid half yearly to shareholders. All investment fees are waived and instead an equivalent amount is contributed to fund medical research in Australia. This represents a professionally curated and managed equity investment and meaningful social returns.

Finally, we would also like to thank you, our shareholders, for supporting the advancement of medical research in Australia through your investment in HM1.

Christopher Cuffe AO
Chair

Paul Rayson
Chief Executive Officer

Sydney
28 August 2024

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Investment Committee Report

The Investment Committee of HM1, in conjunction with the Chief Investment Officer (CIO) Charlie Lanchester, is responsible for implementing the Company's investment strategy, including the selection of fund managers, managing the investment portfolio and reviewing fund manager performance. The Company's Investment Committee consists of Lorraine Berends (Chair), David Wright, Christopher Cuffe, Matthew Grounds, Brett Paton and Paul Rayson. The Investment Committee's experience and qualifications are provided in the Directors' Report.

HM1 Investment Strategy

HM1 invests in a concentrated portfolio of global securities based on the highest conviction ideas from two groups of fund managers.

- 65% of the investment portfolio is held in up to 20 securities based on the highest conviction ideas of our Core Fund Managers. The Core Fund Managers together with the CIO regularly monitor their recommendations.

- 35% of the investment portfolio is held in 10 to 15 securities based on the annual investment recommendations of our Conference Fund Managers. HM1 generally allocates an equal weight investment to each of these recommendations. These securities are expected to be held in the investment portfolio for a period of up to 12 months. After this period the securities are expected to be sold to invest in the recommendations of the selected Conference Fund Managers who present at the next conference.

The Board's view is that the investment strategy offers investors an opportunity to:

- gain exposure to the highest conviction ideas, investment approach and expertise of each fund manager, a number of whom are not otherwise readily accessible to retail investors;
- benefit from having a portfolio that is not concentrated on the philosophy or investment style of just one fund manager; and
- access a concentrated portfolio of global securities which are expected to provide attractive shareholder returns over the medium term (being five years or more).

HM1 aims to be fully invested subject to an appropriate cash buffer to meet tax liabilities, dividend payments, donation payments and general expenses.

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. An investment benchmark, the MSCI World Index (AUD), is also measured before taxes. Our investment performance compared to this benchmark is reported to shareholders on a monthly basis;

2. Net tangible asset (NTA) growth, which is a post-tax measure and 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- and post-tax NTA per share of the Company is 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 are set out below.

1. Investment Portfolio Performance

Performance to 30 June 2024	1 year % pa	2 years % pa	3 years % pa	Since inception[1] % pa
HM1 Investment Portfolio Performance	11.7%	13.4%	-5.1%	9.3%
MSCI World Index (AUD)	18.3%	19.5%	9.3%	11.8%

1. Inception 14 November 2018

The HM1 investment portfolio increased on a pre-tax basis by 11.7% for the year ended 30 June 2024 building on the strong performance of the prior year. Since the inception of the Company in November 2018, HM1 has generated a compound annual pre-tax investment return of 9.3%. The current year's investment performance was primarily driven by the technology holdings in our Core Portfolio and an improved performance in the current Conference Portfolio.

The Core Portfolio performed well in FY24 driven by large share price gains in several of our Core Portfolio holdings, namely NVIDIA, TSMC, Microsoft, Amazon, NextDC, Brookfield Corp and ICE. The addition of Munro Partners as a new Core Fund Manager has had a significant positive impact on our Core Portfolio. The material detractors to performance in the Core Portfolio were Just Eat Takeaway, Opthea and Eurofins. The relevant Core Fund Managers continue to see upside in these holdings. We also note that Guzman y Gomez listed on the ASX on 20 June 2024. At 30 June 2024, the share price of Guzman y Gomez was $27.42. HM1 invested in Guzman y Gomez in January 2023, prior to its initial public offering at a price equivalent to $16.00 per share, providing a very attractive return of over 70% during the 18 months holding period.

The current Conference Portfolio has also performed well, up 15% over the 7 month holding period to 30 June 2024. We realised significant early profits in our holdings of Bath and Body Works (up 55%), Unicredit (up 38%) and Resmed (up 26%). We also have significant unrealised gains on our current holdings of Telix Pharmaceuticals and Swire Pacific. Poorer performers in the Conference Portfolio are those holdings exposed to the Chinese economy, namely Miniso and AIA.

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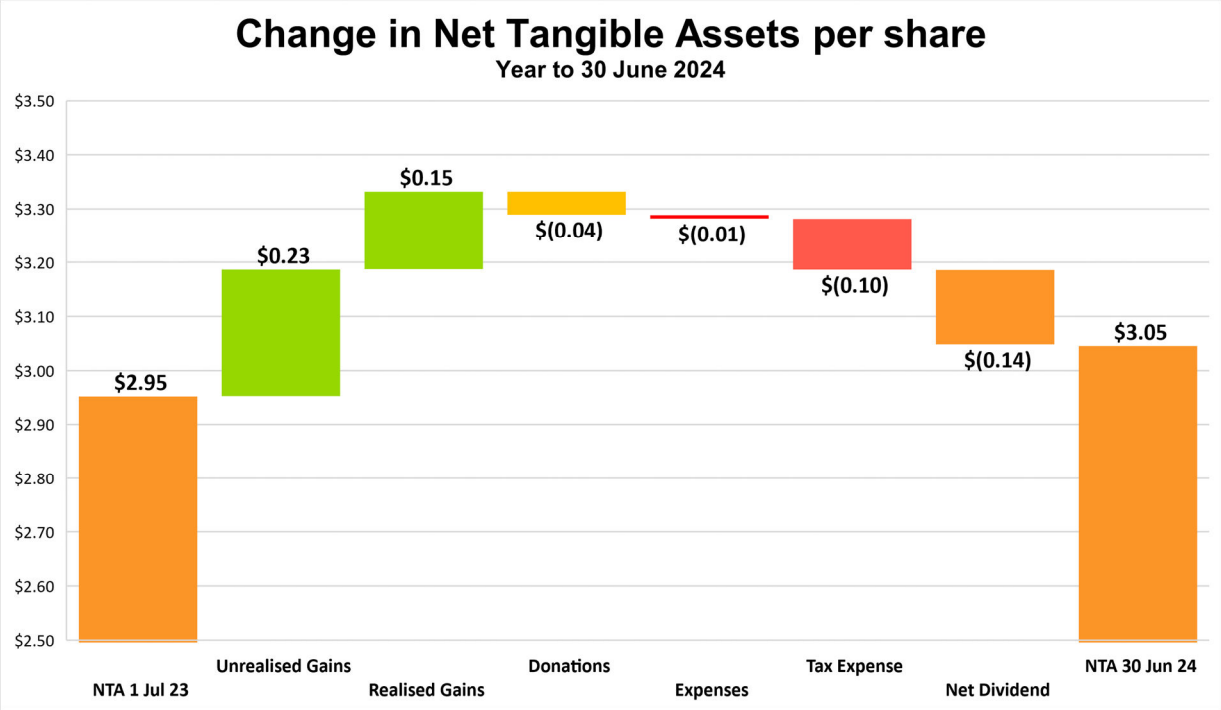
2. NTA Growth

The following chart shows the components of the change in post-tax NTA per share over the year. The major increase in post-tax NTA came from both unrealised and realised gains from the investment portfolio equating to 38 cents per share. After the payment of donations, expenses and tax, the post-tax NTA per share increased 8.1% over the year prior to the payment of dividends. HM1 paid fully franked dividends amounting to 14 cents per share during the year. On 30 June 2024, HM1's post-tax NTA per share was $3.05 and the pre-tax NTA per share was $3.09.

HM1 NTA Performance



3. Total Shareholder Return

Total shareholder return measures the change in the HM1 share price plus dividends paid. HM1's share price increased from $2.26 at 30 June 2023 to $2.58 on 30 June 2024. In addition, HM1 paid fully franked dividends totalling 14 cents per share during the year amounting to a total shareholder return for FY24 of 20%. Since inception HM1 has paid 52 cents in fully franked dividends to shareholders. The notional value of a $10,000 investment in HM1 shares from the date of listing, assuming the reinvestment of dividends, would be $12,732 on 30 June 2024, an increase of 27%. The HM1 share price of $2.58 on 30 June 2024 represented a 17% discount to the pre-tax NTA per share of HM1 of $3.09.

Set out on the next page is a table of the investment portfolio holdings of HM1 at market value on 30 June 2024.

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Investments at Fair Value on 30 June 2024

Company Name	Stock Exchange	Fair Value	% of Portfolio
Microsoft Corporation	Nasdaq	$47,583,521	6.7%
Zillow Group, Inc. - C	Nasdaq	$43,127,605	6.0%
Intercontinental Exchange Inc.	NYSE	$43,105,263	6.0%
Mastercard Inc.	NYSE	$40,352,017	5.7%
Guzman y Gomez Ltd	ASX	$34,275,000	4.8%
Telix Pharmaceuticals Ltd	ASX	$29,560,250	4.1%
Block, Inc.	NYSE	$27,559,829	3.9%
Liberty Media Formula One	Nasdaq	$27,469,186	3.8%
Taiwan Semiconductor Manufacturing Co. Ltd	NYSE	$25,397,788	3.6%
Amazon.com Inc.	Nasdaq	$21,935,860	3.1%
Rokt Ltd	Unlisted	$20,896,686	2.9%
Ashland Inc.	NYSE	$20,825,347	2.9%
Swire Pacific Ltd	HKSE	$19,750,106	2.8%
Brookfield Corporation	TSX	$18,710,557	2.6%
NEXTDC Ltd	ASX	$18,511,500	2.6%
NVIDIA Corp.	Nasdaq	$18,154,026	2.5%
Regal Australia Long/Short Equity Fund	Managed Fund	$18,076,908	2.5%
Webster Financial Corp.	NYSE	$17,395,868	2.4%
NexGen Energy Ltd	TSX	$17,014,827	2.4%
Games Workshop Group PLC	LSE	$15,015,223	2.1%
Wise PLC	LSE	$14,766,161	2.1%
International Workplace Group PLC	LSE	$14,359,379	2.0%
International Flavours & Fragrances Inc	NYSE	$13,795,242	1.9%
Eurofins Scientific SE	PAR	$13,461,179	1.9%
AIA Group Ltd	HKSE	$13,162,243	1.8%
Corpay Inc	NYSE	$12,703,311	1.8%
Miniso Group Holdings Ltd	HKSE	$10,620,187	1.5%
Opthea Ltd	ASX	$10,472,048	1.5%
CSL Ltd	ASX	$6,199,410	0.9%
Just Eat Takeaway.com N.V.	AMS	$5,414,835	0.8%
Brookfield Asset Management Ltd	TSX	$4,281,396	0.6%
CTG Duty Free	HKE	$3,682,969	0.6%
Cash and Cash Equivalents		$65,924,833	9.2%
Total Portfolio		**$713,560,560**	**100.0%**

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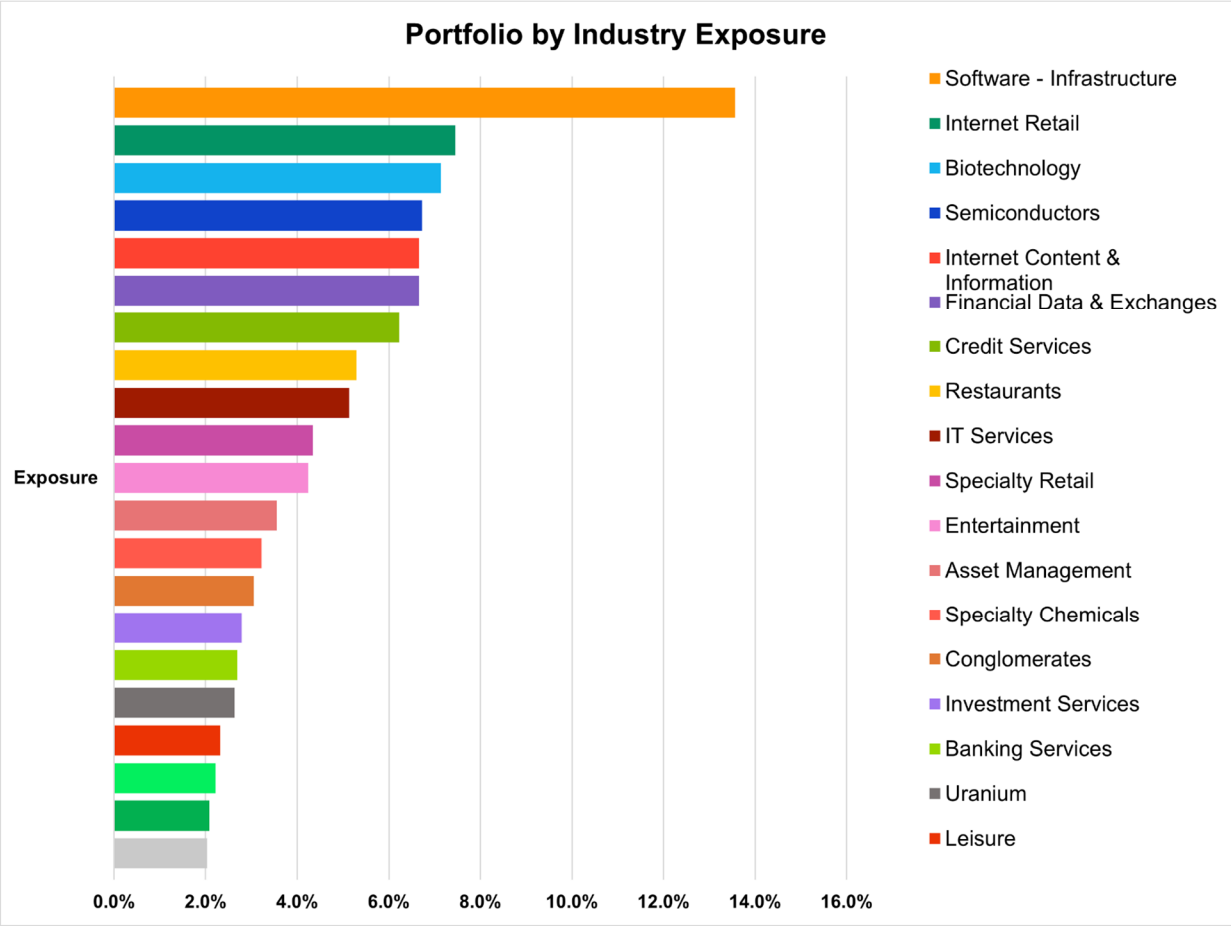
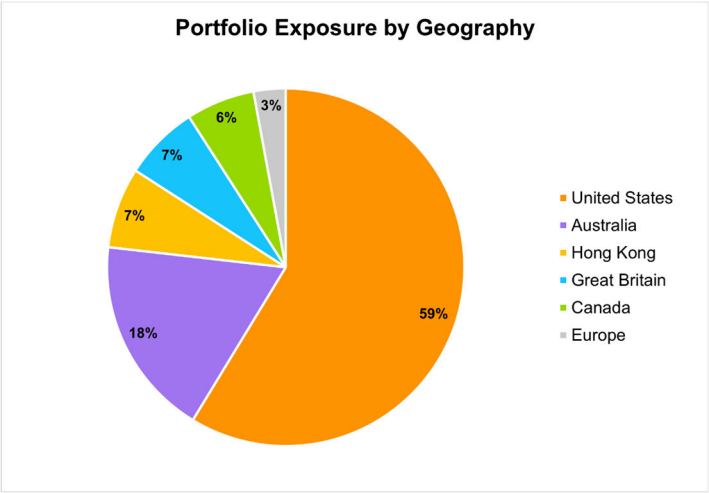
Portfolio Characteristics

The following charts summarise the characteristics of HM1's investment portfolio at 30 June 2024.



The investment portfolio is concentrated in a relatively small number of securities and sector exposure is clearly weighted to certain industry sectors. Compared to the broad MSCI World Index, the HM1 investment portfolio exhibits positive biases to the Software - Infrastructure, Internet Retail, Biotechnology and Semiconductors sectors. The investment portfolio has negative (underweight) biases to the Banking, Resources, Industrials and Transportation sectors.



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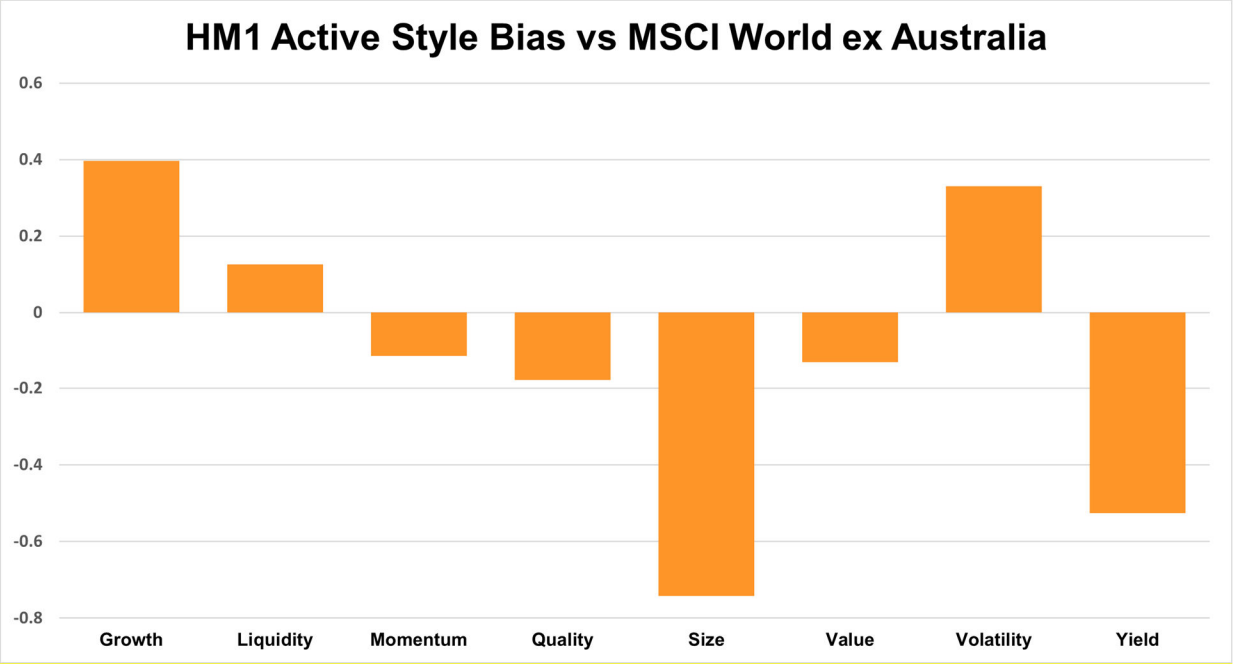
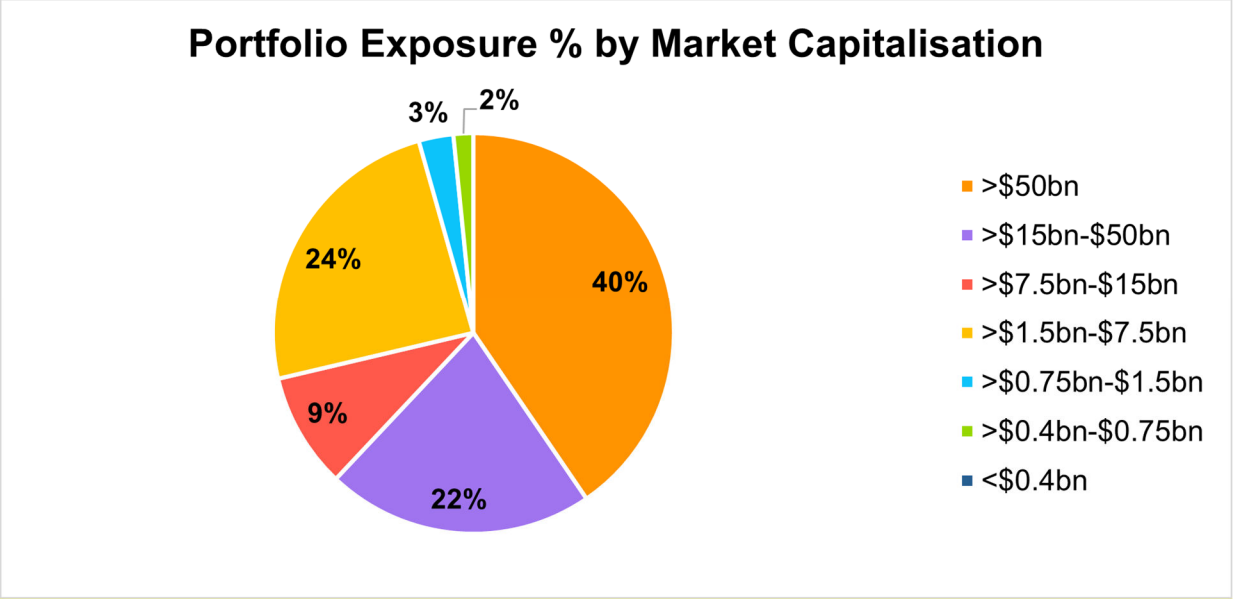
Active Style Biases

The chart below illustrates the style tilts exhibited in the HM1 investment portfolio based on the securities in the portfolio on 30 June 2024.



Consistent with HM1's capital growth objective, the investment portfolio exhibits a factor bias to securities categorised as growth securities, with consequent higher volatility. Other significant style biases include a negative bias to size (meaning a smaller companies bias than the benchmark), dividend yielding securities and value categorised securities. Despite strong liquidity in the portfolio holdings, the negative size factor indicates a bias to mid capitalisation securities compared to the MSCI World Index. Ten of the companies in the investment portfolio have a market capitalisation of over US$50 billion. The smallest security is capitalised at A$600 million.



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Risk Metrics

The following table provides a number of risk measures associated with the blend of securities that form the HM1 investment portfolio on 30 June 2024 compared to the MSCI World Index (AUD). As these risk measures are taken at a specific point in time, these factors are not predictive of the risk characteristics of the HM1 investment portfolio going forward. The portfolio displays a very high active share measure which indicates it is a concentrated high conviction portfolio, is actively managed and does not closely track either the composition or performance of the MSCI World Index (AUD). The investment portfolio carries a commensurate level of risk which is indicated by the Sharpe ratio and downside capture metrics.

HM1 Portfolio Risk Metrics (current portfolio since inception to 30 June 2024)	
Portfolio Beta	0.98
Tracking Error	12.0%
Active Share	88.7%
Portfolio Volatility	16.8%
Correlation (with Benchmark)	0.70
Sharpe Ratio	0.45
Upside Capture	85.2%
Downside Capture	104.4%

Lorraine Berends AM
Chair

Charlie Lanchester
Chief Investment Officer

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Our Fund Managers

We sincerely thank our participating fund managers that provide their time, expertise and highest conviction investment ideas on a pro bono basis. The notional value to HM1 of the investment management fees and performance fees foregone during the financial year ended 30 June 2024 is equivalent to $10.1 million.

Core Fund Managers

Seven Core Fund Managers each provide their highest conviction investment ideas which are reviewed regularly. These securities represent 65% of the total investment portfolio.

CALEDONIA

Caledonia is a global investment management firm that has been compounding capital for over 30 years. Managed by Co-Chief Investment Officers, Will Vicars & Michael Messara, Caledonia's goal is to achieve high absolute returns over the long-term, through a concentrated long/short equity strategy with a focus on deep fundamental research & high conviction investing.

COOPER INVESTORS

Cooper Investors Pty Limited is a specialist equities fund manager. Cooper Investors commenced operations in 2001 and manages money for a range of clients, including large pension and superannuation funds, religious institutions, Australian State Government agencies, school endowments, charities, high net worth families and retail clients. Cooper Investors is 100% owned by its employees. Cooper Investors seeks to invest in quality companies with a strong value proposition.

MAGELLAN EXPERTS IN GLOBAL INVESTING

Magellan Asset Management Limited is an Australian-based asset manager that is a wholly-owned subsidiary of Magellan Financial Group Limited. Magellan manages investments across its global equities, global listed infrastructure and Australian equities strategies for retail, high net worth and institutional investors.

MUNRO

Munro Partners is a global investment management partnership specialising in growth equities. Founded in 2016 by an award-winning team with a proven track record of delivering strong returns, they are majority owned and controlled by employees. Their proprietary investment process, combined with a global network and deep industry expertise, positions their portfolios to capitalise on the key structural changes occurring in our world today. Their partnership is Australian-domiciled, with offices in Melbourne and Toronto, Canada.

REGAL FUNDS

Regal Partners Limited is an ASX-listed, specialist alternatives investment manager with over $16.5 billion in funds under management. Formed following the merger of Regal Funds Management Pty Limited and VGI Partners Limited, the group manages a broad range of investment strategies covering long/short equities, private markets, real & natural assets and credit & royalties on behalf of institutions, family offices, charitable groups and private investors.

tdm. GROWTH PARTNERS

TDM Growth Partners Pty Limited is a global investment firm with offices in Sydney and New York. TDM invests in fast growing companies run by passionate management teams. Their unique and flexible mandate allows them to invest in public and private companies globally. They operate on long-term time horizons, fully aligned incentives, and a commitment to help scale businesses they are proud of. TDM has a highly focused approach to investing, with a portfolio of no more than 15 investments globally.

Tribeca Investment Partners

Tribeca Investment Partners is an Asia Pacific based asset management and advisory firm with over two decades of experience in partnering with sophisticated clients to provide innovative solutions beyond the mainstream. Combining deep multi-asset class expertise across investment management, private wealth management and corporate advisory with key staff located across the Asia Pacific, Tribeca takes pride in its strong alignment with clients, speed to market and proven track record.

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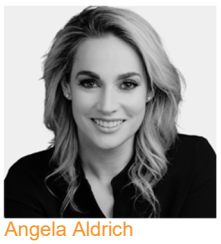
Conference Fund Managers

The remaining 35% of the investment portfolio is invested in 10 to 15 recommendations from the fund managers who present at the annual Sohn Hearts & Minds Investment Leaders Conference. Each year this group of fund managers will change based on the conference program of speakers and their eligible recommendations. The speakers are invited onto the program following a rigorous six-month selection process by the HM1 Board, Investment Committee and Conference Fund Manager Selection Committee. The 2023 Conference Fund Managers are set out below.



Angela Aldrich
Bayberry Capital Partners LP (USA)

Rikki Bannan
IFM Investors (AUS)

Jeremy Bond
Terra Capital (AUS)

Ravi Chopra
Azora Capital (USA)

Martin Hughes
Toscafund Asset Management (UK)

Sharif el Khazen
Metronome Capital LLP (UK)

Chris Kourtis
Ellerston Capital (AUS)

Jun Bei Liu
Tribeca Investment Partners (AUS)

Kieran Moore
Munro Partners (AUS)

Tom Naughton
Prusik Investment Management (UK)

Ricky Sandler
Eminence Capital (USA)

Ashish Swarup
Aikya Investment Management (UK)

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Medical Research Organisations

We are proud to support leading Australian medical research organisations. Beneficiaries are nominated by our Core Fund Managers and Board. This Medical Research Report provides an update on some of the ground-breaking projects and discoveries underway. For more information visit heartsandmindsgroup.com.au.

Baker Heart and Diabetes Institute

Dedicated to diagnosing, preventing and treating diabetes, cardiovascular disease and associated metabolic diseases.

Supporting a groundbreaking trial to improve health outcomes for patients with diabetes in remote Indigenous communities. Diabetes is a significant issue in these areas where socioeconomic disadvantages and limited healthcare access are prevalent. The trial aims to establish a sustainable and effective care model that can be replicated in other Indigenous communities.

Learn more: heartsandmindsgroup.com.au/beneficiaries/baker

Bionics Institute

Solving the world's most challenging conditions with innovative technology

Supporting new approaches to managing tinnitus. Tinnitus affects up to 1 in 5 Australians, severely impacting their quality of life. This project aims to develop an objective measure for tinnitus using functional near-infrared spectroscopy to measure changes in blood oxygen levels in the brain.

Learn more: heartsandmindsgroup.com.au/beneficiaries/bionics

Brain and Mind Centre

Transforming brain and mind health with world-leading research

Supporting innovative research to identify the molecular drivers of Progressive Supranuclear Palsy (PSP), a rare neurological condition. By uncovering the protein changes in the brain that drive PSP, this research aims to pave the way for new treatments and improve the lives of those affected by this disorder.

Learn more: heartsandmindsgroup.com.au/beneficiaries/brain-and-mind-centre

Centre for Population Genomics

Creating a world where genomic information enables comprehensive disease prediction, accurate diagnosis and effective therapeutics for all.

Supporting rare disease diagnosis for families in under-represented ancestry groups. Many families from these minority population groups struggle to access genetic diagnoses, limiting their ability to receive appropriate medical care and support.

Learn more: heartsandmindsgroup.com.au/beneficiaries/population-genomics

Cerebral Palsy Alliance

Great minds working together to deliver a world of opportunity for people with cerebral palsy and similar disabilities, and their families.

Supporting research to improve early intervention methods and comprehensive support for both infants and parents. Additionally, developing solutions for alleviating spasticity which significantly impacts individuals with cerebral palsy.

Learn more: heartsandmindsgroup.com.au/beneficiaries/cerebral-palsy-alliance

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Epworth Centre for Immunotherapies and Snowdome Laboratories

Changing blood cancer treatment. Forever.

Supporting innovative research and technologies to find answers for blood cancer treatment. Traditional treatments like chemotherapy often lead to severe side effects and variable outcomes. The Epworth Centre works to improve treatment options through cutting-edge research.

Learn more: heartsandmindsgroup.com.au/beneficiaries/epworth-centre

The Florey

Advancing brain research to improve the physical and mental health of people worldwide.

Supporting research to develop immunotherapies targeting a protein called TDP-43 found in various neurodegenerative diseases including motor neurone disease, frontotemporal dementia, Alzheimer's disease, Parkinson's disease and Huntington's disease.

Learn more: heartsandmindsgroup.com.au/beneficiaries/the-florey

HammondCare - The Dementia Centre

Global thought leaders in dementia care.

Supporting advancements in dementia care research and best practices. The centre is addressing terminal agitation by utilising data linkage between Dementia Support Australia and the Australian Institute of Health and Welfare's Death Index to better understand terminal agitation.

Learn more: heartsandmindsgroup.com.au/beneficiaries/hammondcare

Kids Critical Care Research

Delivering highly responsive personalised care and best outcomes for patients through Sydney Children's Hospital Foundation.

Supporting the development of a strategic project to harness big data, biobanking, innovative trial designs and long-term neurodevelopmental outcomes in children following critical illness and intensive care admission.

Learn more: heartsandmindsgroup.com.au/beneficiaries/kids-critical-care-research

Muscular Dystrophy NSW

Supporting and connecting people with neuromuscular conditions.

Supporting cutting-edge research to improve the lives of individuals living with neuromuscular conditions. HM1 will support two full-time postgraduate scholarships, offering financial support to young talent. This initiative aims to develop new treatments and improve patient outcomes.

Learn more: heartsandmindsgroup.com.au/beneficiaries/mdnsw

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Neuroscience Research Australia (NeuRA)

Advancing medical science to prevent, treat and cure brain and nervous system diseases, disorders and injuries.

Supporting research through human brain tissue studies at the Sydney Brain Bank. This facility collects, characterises, stores and distributes human brain and spinal cord tissue for research crucial for better diagnostics and treatments.

Learn more: heartsandmindsgroup.com.au/beneficiaries/neura

Pain Management Research Institute

Leading the way in the science and treatment of pain since 1990.

Supporting the OPEN Clinical Pain Management (CPM) Education Training Program to improve chronic pain care across Australia. This eLearning initiative enhances healthcare professionals' knowledge, confidence and skills in non-drug, person-centred pain management approaches.

Learn more: heartsandmindsgroup.com.au/beneficiaries/pain

Harry Perkins Institute of Medical Research

Innovative medical research translating discoveries from the lab to the bedside.

Supporting research towards safe and effective treatments for rare genetic muscle diseases. The Perkins Institute aims to identify lead therapeutics capable of addressing the underlying cause of these diseases ultimately translating treatments into clinical trials.

Learn more: www.heartsandmindsgroup.com.au/beneficiaries/perkins

RPA Green Light Institute for Emergency Care

Seeking to lead improvement in emergency care and patient outcomes through collaborative research and innovation.

Supporting research projects ranging from improving cardiac arrest, sepsis, injury and trauma care, as well as understanding mental health following COVID-19.

Learn more: heartsandmindsgroup.com.au/beneficiaries/rpa

SpinalCure Australia

Identifying and funding the world's most promising cure-focused research for spinal cord injury.

Supporting studies to advance neurostimulation and an IVIg clinical trial as potential treatments for spinal cord injury. With over 20,000 Australians living with SCI, these efforts aim to revolutionise treatments and improve patients' quality of life.

Learn more: heartsandmindsgroup.com.au/beneficiaries/spinalcure

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St Vincent's Clinic Research Foundation

Bridging the gap from bench to bedside through translational research.

Supporting multidisciplinary research grants to promote patient-focused studies at St Vincent's Campus. Featured projects include improving the management and treatment of heart transplant recipients and understanding the Program for Early Intervention and Prevention of Disability.

Learn more: heartsandmindsgroup.com.au/beneficiaries/svcrf

Turning Point

Australia's leading national addiction treatment, training and research centre.

Supporting research to evaluate the feasibility, acceptability and effectiveness of a resonance-breathing, brain-body calming training program delivered via a smartphone app to reduce alcohol cravings and consumption.

Learn more: heartsandmindsgroup.com.au/beneficiaries/turning-point

Victor Chang Cardiac Research Institute

Globally renowned for scientific discoveries in cardiovascular disease.

Supporting several research projects including one focused on preventing sudden cardiac death to improve patient outcomes. By identifying and understanding genetic mutations, this research aims to enhance the prediction of sudden cardiac death and ultimately save lives.

Learn more: heartsandmindsgroup.com.au/beneficiaries/victor-chang

WEHI

Collaborating and innovating to help people live healthier, longer lives.

Supporting two key research projects aimed at deepening our understanding, increasing survival rates, and enhancing patient wellbeing. One project focuses on identifying the genetic causes of autoimmune diseases, while the other seeks to improve the safety and effectiveness of CAR T-cell therapy.

Learn more: heartsandmindsgroup.com.au/beneficiaries/wehi

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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 annual report of the Company (Annual Report) for the year ended 30 June 2024.

Principal Activity

HM1 was established in 2018 with the combined objective of providing a concentrated investment portfolio of the highest conviction ideas from respected fund managers, while also supporting Australian medical research organisations. No change in this activity took place during the period or is likely in the future.

Review of Operations

For the year ended 30 June 2024, the Company recorded a total comprehensive income after tax of $53.5 million (2023: total comprehensive income after tax of $63.0 million). The result for the year is driven by the performance of the investment portfolio. The investment portfolio increased on a pre-tax basis by 11.7% for the year ended 30 June 2024 building on a solid performance in the prior year. The result was driven by a strong performance across both the Core Portfolio and the current Conference Portfolio. The composition of the investment gains comprised $33.3 million in realised investment gains and $53.6 million in unrealised gains. Since the inception of the Company in November 2018, HM1 has generated a compound annual pre-tax investment return of 9.3%. Further details of the performance of the investment portfolio and the Company can be found in the Investment Committee Report.

Financial Position

The net asset value of the Company increased from $675.5 million on 30 June 2023 to $697.4 million as of 30 June 2024, comprising total comprehensive income after tax of $53.5 million less fully franked dividends paid to shareholders of $32.0 million. Further information on the financial position of the Company and the movement in net asset values is contained in the Investment Committee Report.

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.

During the year HM1 paid fully franked dividends amounting to 14 cents per share. HM1 has declared an increased half-yearly fully franked dividend of 7.5 cents per share payable in October 2024.

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.

Medical Research

In line with its philanthropic objective, HM1 provides financial contributions equivalent to 1.5% of NTA per annum to leading Australian medical research organisations to fund the development of new medicines and treatments and to drive a new generation of medical research in Australia. This is effectively funded by HM1's participating fund managers, its Board of Directors and Committees all working on a pro bono basis.

During the year ended 30 June 2024, HM1 paid $9.4 million to its designated medical research organisations and made provision for a further $6.4 million. These 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.

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Directors

The following persons held office as Directors during the period or since the end of the period 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

Information of Directors

Christopher Cuffe AO (Chair and Independent Director)

Experience and expertise

Commencing his career as a chartered accountant, Christopher Cuffe entered the fund management industry in 1985. In 1988, he joined Colonial First State where he was CEO from 1990 until 2003. In 2003, he became CEO of the listed Challenger Group. He holds a Bachelor of Commerce from the University of New South Wales and a Diploma from the Securities Institute of Australia. He is a Fellow of the Chartered Accountants in Australia and New Zealand, a Fellow of the Institute of Company Directors, and an Associate of the Financial Services Institute of Australasia. In October 2007 Christopher was inducted into the Australian Fund Manager's RBS Hall of Fame for services to the investment industry.

Christopher Cuffe has been Chair of the Company since 12 September 2018, the date of incorporation.

Other current directorships

Christopher Cuffe is currently involved in a portfolio of activities in the investment and non-profit sectors which include: member of the investment committee of UniSuper (a $140 billion profit-for-members superannuation fund); member of the investment committee of the Paul Ramsay Foundation (Australia's largest charitable foundation); Chair of Australian Philanthropic Services (a not for profit organisation assisting individuals, families and professional advisers with effective philanthropy); Director of listed companies Global Value Fund Limited (appointed April 2014) and Argo Investments Limited (appointed August 2016); Director of Keyview Financial Group (a private credit investment manager) and founder, Director and manager of Third Link Growth Fund.

Former directorship in the last 3 years

Christopher Cuffe was a non-executive director of Antipodes Global Investment Company Limited from July 2016 to December 2021.

Special responsibilities

Chair of the Board and member of the Investment Committee.

Interests in shares of the Company

Details of Christopher Cuffe's interests in shares of the Company are included later in this report.

Interests in contracts

Christopher Cuffe has no interests in contracts of the Company.

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Information of Directors (continued)

Lorraine Berends AM (Independent Director)

Experience and expertise

Lorraine Berends has worked in the financial services industry for over 40 years and possesses extensive experience in both investment management and superannuation. Before moving to a non-executive career in 2014, she worked for 15 years with US based investment manager Marvin & Palmer Associates. She contributed extensively to industry associations throughout her executive career, serving on the boards of the Investment Management Consultants Association (now the CIMA Society of Australia) for 13 years (7 years as Chair) and the Association of Superannuation Funds Australia (ASFA) for 12 years (3 years as Chair). She has been awarded life membership of both the CIMA Society and ASFA. She holds a Bachelor of Science from Monash University, is a fellow of the Actuaries Institute and a fellow of ASFA.

Other current directorships

Lorraine Berends is an independent Non-Executive Director of ASX listed Pinnacle Investment Management Group Limited (appointed September 2018) and of listed investment companies Plato Income Maximiser Limited (appointed February 2017) and Spheria Emerging Companies Limited (appointed September 2017). She is also a company appointed Director of Qantas Superannuation Limited and a Non-Executive Director of the PNI Foundation Limited.

Former directorship in the last 3 years

Lorraine Berends was a non-executive director of Antipodes Global Investment Company Limited from July 2016 to December 2021.

Special responsibilities

Chair of the Investment Committee.

Interests in shares of the Company

Details of Lorraine Berends' interests in shares of the Company are included later in this report.

Interests in contracts

Lorraine Berends has no interests in contracts of the Company.

Guy Fowler OAM (Independent Director)

Experience and expertise

Guy Fowler is a co-founder of the Hearts and Minds Investment Leaders Conference. Guy is also the founder and Co-Executive Chair of Barrenjoey Capital Partners Pty Ltd. He worked in a range of senior positions at UBS Australia for over 25 years including as the Head of Capital Markets and as the Head of the Corporate Advisory business. In these roles he has advised on many of the largest and most complex equity capital markets and corporate transactions completed in Australia. He is a qualified Chartered Accountant.

Other current directorships

None.

Special responsibilities

None.

Interests in shares of the Company

Details of Guy Fowler's interests in shares of the Company are included later in this report.

Interests in contracts

Guy Fowler has no interest in contracts of the Company.

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Information of Directors (continued)

Matthew Grounds AM (Independent Director)

Experience and expertise

Matthew Grounds is a co-founder of the Hearts and Minds Investment Leaders Conference. Matthew is also the Co-Executive Chair of Barrenjoey Capital Partners Pty Ltd. Over the past 25 years, he held a variety of senior roles at UBS including CEO and Country Head, Joint Global Head of the Investment Banking business, Head of Capital Markets and Head of the Corporate Advisory business. In these roles, he has advised on many of the largest and most complex equity capital markets and corporate transactions completed in Australia. He is also a Council Member of the University of NSW, Chair of Victor Chang Cardiac Research Institute, and a Director of the Financial Markets Foundation for Children. He holds a Bachelor of Commerce (Finance major) and a Bachelor of Laws from the University of New South Wales.

Other current directorships

None.

Special responsibilities

Member of the Investment Committee

Interests in shares of the Company

Details of Matthew Grounds' interests in shares of the Company are included later in this report.

Interests in contracts

Matthew Grounds is Chair of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Michael Traill AM (Independent Director)

Experience and expertise

Michael Traill founded Social Ventures Australia in 2002, after 15 years as a co-founder and Executive Director of Macquarie Group's private equity arm, Macquarie Direct Investment. He is the author of "Jumping Ship – From the world of corporate Australia to the heart of social investment" which won the prestigious Ashurst Business Literature Prize. In 2010, he was made a member of the Order of Australia in recognition of his services to non-profit organisations. He holds a BA (Hons) from the University of Melbourne and an MBA from Harvard University. He is also an Adjunct Professor for the Centre for Social Impact (UNSW) and Chair of the Federal Government Task Force on Social Impact Investing.

Other current directorships

Michael Traill currently has a range of primarily social purpose Chair and board roles including Chair of the Paul Ramsay Foundation, Executive Director of For Purpose Investments, a Director of M H Carnegie & Co, Catalyst Education and Australian Philanthropic Services and Chair of the Investment Committee for Palisade Impact.

Special responsibilities

None.

Interests in shares of the Company

Details of Michael Traill's interests in shares of the Company are included later in this report.

Interests in contracts

Michael Traill has no interests in contracts of the Company.

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Information of Directors (continued)

Gary Weiss AM (Independent Director)

Experience and expertise

Gary Weiss is a co-founder of the Sohn Hearts & Minds Investment Leaders Conference. Gary was formerly Chair of Clearview Wealth Limited and Coats PLC, is a former Non-Executive Director of Premier Investments Limited and Pro-Pac Packaging Limited, a former Executive Director of Whitlam, Turnbull & Co and Guinness Peat Group PLC and sat on the board of Westfield Holdings Limited and many other public companies. He has also been involved in overseeing large businesses with operations in many regions including Europe, China and India and is familiar with investments across a wide range of industries, corporate finance, and private equity type deals. He holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales.

Other current directorships

Gary Weiss is currently the Executive Director of Ariadne Australia Limited (appointed November 1989), the Chairman of Coast Entertainment Holdings Limited (appointed September 2017), Cromwell Property Group (appointed March 2021) and Deputy Chairman of Myer Holdings Limited (appointed November 2023). Gary is also a Non-Executive Director of Victor Chang Cardiac Research Institute and Thorney Opportunities Limited (appointed November 2013). He is also a Commissioner of the Australian Rugby League Commission.

Special responsibilities

Gary Weiss is a member of the Conference Fund Managers Selection Committee.

Interests in shares of the Company

Details of Gary Weiss' interests in shares of the Company are included later in this report.

Interests in contracts

Gary Weiss is a Non-Executive Director of Victor Chang Cardiac Research Institute which is a designated charitable beneficiary of Hearts and Minds Investments Limited.

Geoffrey Wilson AO (Independent Director)

Experience and expertise

Geoffrey Wilson has over 44 years direct experience in investment markets having held a variety of senior investment roles in Australia, the UK, and the US. Geoff founded Wilson Asset Management in 1997 and created Australia's first listed philanthropic wealth creation vehicles, the Future Generation companies. Wilson Asset Management manages over $5 billion on behalf of more than 130,000 investors as the investment manager for eight listed investment companies and the Wilson Asset Management Leaders Trust. He holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors.

Other current directorships

Geoffrey Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Leaders Limited (appointed March 2016), WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007), WAM Microcap Limited (appointed March 2017), WAM Global Limited (appointed February 2018) and WAM Strategic Value Limited (appointed March 2021). He is the Founder and a Director of Future Generation Global Limited (appointed May 2015), Future Generation Australia Limited (appointed July 2014) and a Director of WAM Alternative Assets Limited (appointed September 2020), Global Value Fund Limited (appointed April 2014), Sporting Chance Cancer Foundation and the Australia Rugby Foundation.

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Information of Directors (continued)

Geoffrey Wilson AO (Independent Director) (continued)

Special responsibilities

None.

Interests in shares of the Company

Details of Geoffrey Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Geoffrey Wilson has no interest in contracts of the Company.

David Wright (Independent Director)

Experience and expertise

David is the Investment Director of Zenith Investment Partners, a business he co-founded in 2002. He was CEO of the Group until December 2023 before moving to the Investment Director role where he has overall responsibility for the strategic direction of the investment functions of the Group. He remains closely involved in servicing the company's investment consulting clients with portfolio construction, management and monitoring advice. He has a wealth of investment industry experience acquired over his extensive career including senior positions at IWL Ltd as Head of Research and Associate Director and Head of Managed Funds research at Lonsdale Limited.

Other current directorships

David Wright is currently a Director of Zenith Investment Partners Pty Ltd, Zenith Partners Group Pty Ltd, Zenith CW Pty Ltd, ZIP Holdco Pty Ltd, FE fund info (Australia) Pty Ltd and FE (Au) Pty Ltd and a member of the Qantas Superannuation Investment Committee.

Special responsibilities

Chair of the Conference Fund Managers Selection Committee

Interests in shares of the Company

Details of David Wright's interests in shares of the Company are included later in this report.

Interests in contracts

David Wright has no interests in contracts of the Company.

Chief Executive Officer

Paul Rayson

Paul Rayson is a Chartered Accountant and has worked in the financial services industry for over 25 years and has extensive experience in investment markets, technology, retail banking, risk management and insurance. He is currently Chair of the ASX Business Committee and is the former Managing Director of CommSec, Australia's leading online broker and former Managing Director of Australian Investment Exchange Limited and Colonial Mutual Life Assurance Society Limited. He has also held CFO and governance positions across large financial services businesses. Prior to financial services, he held senior roles in Chartered Accounting and Consulting firms specialising in corporate advisory, risk management and strategy. He holds a Commerce degree from Swinburne University and is a Fellow of the Institute of Chartered Accountants.

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Chief Investment Officer

Charlie Lanchester

Charlie is an accomplished fund manager and investor with over 30 years active funds management experience at leading investment organisations. Most recently Charlie was Head of Fundamental Australian Active Equities at BlackRock. Prior to that Charlie held senior investment roles at Perpetual Investments, Platinum Asset Management and Schroder Investment Management. Charlie is also currently the Chair of the Australian Fund Manager Awards Foundation and Chair of Surf Aid International.

Company Secretary

Eryl Baron (appointed 21 February 2024)

Ms. Baron is an employee of Boardroom Pty Ltd. Eryl is a corporate governance and finance professional with extensive experience as a company secretary and governance advisor working with both private and public listed companies. Eryl is currently the company secretary to several ASX listed and unlisted entities and advises companies across a number of sectors.

Tom Bloomfield (resigned 21 February 2024)

Tom has over fifteen years of international Corporate Secretarial experience working for global organisations, both 'in-house' and for corporate services providers. He has experience working with and consulting to a range of international and domestic clients. He acts as Company Secretary to a number of ASX listed, unlisted and private companies in Australia in numerous industry sectors. Tom is a Chartered Company Secretary, Fellow of ICSA (Institute of Chartered Secretaries and Administrators) and Member of the Australian Institute of Company Directors. He holds a Law degree with Honours and a Graduate Diploma in Applied Corporate Governance.

Members of the Investment Committee

The experience and qualifications of the members of the Investment Committee at the end of the financial period, up to the date of this report are set out below:

Brett Paton

Brett Paton is currently Chair of the management company of Escala Partners, an Australian wealth management advisory group, and Chair of Pointsbet Holdings Limited. He has worked in a range of senior positions including Vice Chair at UBS Australia where he spent 23 years. He also spent 5 years at Citi serving as Vice Chair Australia, Institutional Clients Group. He has served as a Non-Executive Director of Tabcorp and Chair of Audit and Risk for its demerged entity, Echo Entertainment, giving him valuable insights into the functions expected of ASX 100 boards. He was previously a Council Member at RMIT University and Chair of the Risk and Audit Committee, Chair of PLC VC, a global venture capital investment organisation, and previously a member of the ASX Capital Markets Advisory Committee. He is a qualified Chartered Accountant.

Christopher Cuffe AO

Christopher Cuffe is also a Director. Please refer to the Directors' Report to Shareholders for details of Christopher Cuffe's experience and qualifications.

Lorraine Berends AM

Lorraine Berends is also a Director. Please refer to the Directors' Report to Shareholders for details of Lorraine Berends' experience and qualifications.

David Wright

David Wright is also a Director. Please refer to the Directors' Report to Shareholders for details of David Wright's experience and qualifications.

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Members of the Investment Committee (continued)

Matthew Grounds AM

Matthew Grounds is also a Director. Please refer to the Directors' Report to Shareholders for details of Matthew Ground's experience and qualifications.

Paul Rayson

Paul Rayson is also Chief Executive Officer. Please refer to the Directors' Report to Shareholders for details of Paul Rayson's experience and qualifications.

Members of the Conference Fund Manager Selection Committee

David Wright

David Wright is also a Director. Please refer to the Directors' Report to Shareholders for details of David Wright's experience and qualifications.

Gary Weiss AM

Gary Weiss is also a Director. Please refer to the Directors' Report to Shareholders for details of Gary Weiss' experience and qualifications.

Michael Walsh

Michael Walsh is a founding member of the organising committee for the Sohn Hearts and Minds Investment Leaders Conference and has been instrumental in the success of the event. Michael Walsh is currently a Senior Advisor, UBS Global Markets and Head of Global Family Offices at UBS in Australia and New Zealand.

Charlie Lanchester

Charlie Lanchester is also Chief Investment Officer. Please refer to the Directors' Report to Shareholders for details of Charlie Lanchester's experience and qualifications.

Remuneration Report (Audited)

The responsibility for the Company's remuneration policy rests with the Board of Directors. Given the size of the Company, its charitable nature, that the Company has only four employees and that Directors have agreed to waive Directors' fees on an ongoing basis, the Company has not formed a separate remuneration committee.

a) Remuneration of Directors and Other Key Management Personnel

Key management personnel (KMP) include the Directors, the Chief Executive Officer and the Chief Investment Officer. Directors have agreed to waive their Directors' fees on an ongoing basis. For the year ended 30 June 2024, no Directors' fees were paid by the Company. The remuneration of the Chief Executive Officer and the Chief Investment Officer is based on the scope and responsibilities of their roles. The Board determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced candidates to these roles. The remuneration of the Chief Executive Officer and the Chief Investment Officer is set out below. The Chief Executive Officer and the Chief Investment Officer are employed under standard employment contracts with a three month notice period. The remuneration of the Chief Executive Officer and the Chief Investment Officer is salary based and does not include securities or options in the Company and no element of the remuneration is tied to Company performance. The Chief Executive Officer and the Chief Investment Officer are not provided with retirement benefits apart from statutory superannuation.

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Remuneration Report (Audited) (continued)

a) Remuneration of Directors and Other Key Management Personnel (continued)

Year ended 30 June 2024	Short-term benefits Salary $	Termination benefits $	Post-employment benefits Superannuation $	Total Remuneration $
Paul Rayson	274,708	–	27,399	302,107
Charlie Lanchester	280,385	–	27,399	307,784

Year ended 30 June 2023	Short-term benefits Salary $	Termination benefits $	Post-employment benefits Superannuation $	Total Remuneration $
Paul Rayson	274,708	–	25,292	300,000
Charlie Lanchester (commenced 12/4/23)	66,250	–	5,550	71,800
Past Employee				
Rory Lucas (employment ceased 1/2/23)	188,125	205,904*	16,042	410,071

* Includes payment for notice period and statutory entitlements

Company performance measures and KMP remuneration	2024	2023	2022	2021	2020
Total comprehensive income/(loss) ($)	53,454,775	62,953,931	(219,589,213)	157,948,475	117,553,802
Dividends (cents per share)	14.0	13.5	13.5	12.0	–
NTA after tax ($ per share)	3.05	2.95	2.81	3.92	3.92
Share Price ($ per share)	2.58	2.26	2.02	4.32	4.32
Total KMP remuneration ($)	609,891	781,871	501,000	383,175	383,175
Shareholders' Equity ($)	697,407,504	675,522,876	641,129,695	885,999,277	750,506,830

b) Other KMP Related Transactions

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 a Senior Manager 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. Hearts and Minds Investments Limited donated $4,135,568 to Victor Chang Cardiac Research Institute for the year ended 30 June 2024 (2023: $5,036,644).

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. Hearts and Minds Investments Limited donated $4,135,568 to Victor Chang Cardiac Research Institute for the year ended 30 June 2024 (2023: $5,036,644).

Michael Traill is a Director of Paul Ramsay Foundation. Paul Ramsay Foundation held 4,270,106 shares in HM1 on 30 June 2024 (2023: 4,270,106).

Remuneration Report (Audited) (continued)

c) Equity Instruments Disclosures of Directors, Other Key Management Personnel and Related Parties

As the date of this report, the Directors, other key management personnel and their related parties held the following interest in the Company:

Directors and Key Management	Opening balance at 1 July 2023	Acquisitions	Disposals	Closing balance at 30 June 2024
Christopher Cuffe AO	75,000	25,000	–	100,000
Lorraine Berends AM	45,000	–	–	45,000
Guy Fowler OAM	1,258,042	34,030	–	1,292,072
Matthew Grounds AM	1,201,397	–	–	1,201,397
Michael Traill AM	72,281	–	–	72,281
Gary Weiss AM	498,878	2,851	–	501,729
Geoffrey Wilson AO	1,687,500	–	–	1,687,500
David Wright	95,000	–	–	95,000
Paul Rayson	149,907	35,093	–	185,000
Charlie Lanchester	89,061	–	–	89,061

Directors, other key management personnel and Director related entities acquired and disposed of ordinary shares in the Company on the same terms and conditions available to other shareholders. There has been no change in the interests of Directors, other key management personnel and Director Related entities since the end of the financial year to the date of this report. The Directors have not, during or since the end of financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

- End of remuneration report -

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Directors' Meetings

Director	No. of eligible to attend	Attended
Christopher Cuffe AO	4	4
Lorraine Berends AM	4	4
Guy Fowler OAM	4	3
Matthew Grounds AM	4	4
Michael Traill AM	4	4
Gary Weiss AM	4	4
Geoffrey Wilson AO	4	3
David Wright	4	4

Investment Committee Meetings

Member	No. of eligible to attend	Attended
Christopher Cuffe AO	4	4
Lorraine Berends AM	4	4
Brett Paton	4	3
David Wright	4	4
Matthew Grounds AM	4	2
Paul Rayson	4	4

Conference Fund Managers Selection Committee Meetings

Member	No. of eligible to attend	Attended
David Wright	5	4
Gary Weiss AM	5	4
Michael Walsh	5	5
Charlie Lanchester	5	5

Events Occurring After the Reporting Period

The Directors are not aware of any events subsequent to 30 June 2024 that would materially affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

Future Developments

HM1's future performance is dependent on the performance of the HM1's investment portfolio, which in turn is impacted by investee company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market. Accordingly, it is not possible or appropriate to accurately predict the future performance of HM1's investment portfolio.

Environmental Regulation

The Company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Risk Management Philosophy and Approach

The Board of Directors' risk policies and controls are designed to be robust and relevant to the investment objectives and investment strategy. The Board of Directors is committed to robust corporate governance practices to create value and provide accountability and a control system commensurate with the risk involved. The Board of Directors will monitor the investment portfolio to ensure compliance with the investment strategy and the investment guidelines.

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Risk Management Philosophy and Approach (continued)

The Investment Committee, in conjunction with the Chief Investment Officer, is responsible for managing the investment portfolio. The Investment Committee meets quarterly, and more frequently as required, to review the investment portfolio and ensure that HM1 continues to deliver on its investment objective and investment strategy.

Indemnification and Insurance of Officers and Directors

The Company has director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of, being or acting as a Director of the Company. The Company has also agreed to maintain in favour of each officer of the Company, a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

No indemnities have been given or insurance premiums paid during or since the end of the financial period for any person who is or has been an auditor of the Company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

During the year, Pitcher Partners, the Company's auditor, did not perform any non-assurance services in addition to their statutory duties for the Company. Related entities of Pitcher Partners perform certain taxation services for the Company. Details of the amounts paid to the auditors are disclosed in Note 5 to the financial statements.

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 6 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: *Code of Ethics for Professional Accountants including Independence Standards* set by the Accounting Professional and Ethical Standards Board.

Rounding of Amounts

In accordance with the *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, the amounts in the Directors' Report to Shareholders and Annual Report have been rounded off in accordance with that Instrument to the nearest dollar or unless otherwise indicated.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2024 is provided on the Company website at heartsandmindsinvestments.com.au

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Christopher Cuffe AO
Chair and Independent Director

Sydney
28 August 2024

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

In relation to the independent audit of Hearts and Minds Investments Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor's 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

28 August 2024

Adelaide | Brisbane | Melbourne | Newcastle | Perth | Sydney

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	Notes	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Investment earnings from ordinary activities			
Net realised gains/(losses) on financial assets at fair value through profit or loss		18,933,710	(71,485,233)
Net unrealised gains on financial assets at fair value through profit or loss		58,442,602	121,668,567
Net realised (losses)/gains on foreign exchange transactions		(9,300,198)	2,181,067
Net unrealised gains/(losses) on foreign exchange transactions		8,278,971	(144,485)
Dividend income	4	7,011,552	5,351,866
Sundry income		5,033	9,604
Total investment income		**83,371,670**	**57,581,386**
Expenses			
Donations	7	(10,087,699)	(10,090,124)
Employee costs		(953,557)	(950,718)
Interest expense		(6)	(1,651)
Other expenses		(650,798)	(881,633)
Total expenses		**(11,692,060)**	**(11,924,126)**
Income before income tax		**71,679,610**	**45,657,260**
Income tax expense	3	(20,750,850)	(12,930,776)
Net income for the year		**50,928,760**	**32,726,484**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net realised gains on investments taken to equity, net of tax	9	11,680,034	9,999,090
Net unrealised (losses)/gains on investments taken to equity, net of tax	9	(9,154,019)	20,228,357
Net realised and unrealised gains on investments taken to equity, net of tax		2,526,015	30,227,447
Other comprehensive income for the year, net of tax		2,526,015	30,227,447
Total comprehensive income for the year		**53,454,775**	**62,953,931**
		Cents	**Cents**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings per share	12	22.26	14.35

The accompanying notes form part of these financial statements.

	Notes	30 June 2024 $	30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents	10	65,924,833	59,246,589
Financial assets at fair value through profit or loss	14	553,555,134	479,951,559
Amounts due from brokers		6,960,236	–
Other receivables	6	242,582	862,881
Total current assets		**626,682,785**	**540,061,029**
Non-current assets			
Financial assets at fair value through other comprehensive income	14	94,080,593	129,231,792
Deferred tax assets	3	9,744,087	17,969,836
Total non-current assets		**103,824,680**	**147,201,628**
Total assets		**730,507,465**	**687,262,657**
Liabilities			
Current liabilities			
Amounts due to brokers		6,992,717	–
Donation provision	7	6,443,840	5,726,006
Other payables		140,000	100,000
Total current liabilities		**13,576,557**	**5,826,006**
Non-current liabilities			
Deferred tax liabilities		19,523,404	5,913,775
Total non-current liabilities		**19,523,404**	5,913,775
Total liabilities		**33,099,961**	**11,739,781**
Net assets		**697,407,504**	**675,522,876**
Equity			
Share capital	8	574,939,172	574,476,801
Reserves	9	133,650,323	163,156,826
Accumulated losses		(11,181,991)	(62,110,751)
Total equity		**697,407,504**	**675,522,876**

The accompanying notes form part of these financial statements.

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	Notes	Share capital $	Investment portfolio revaluation reserve $	Profits reserve $	Accumulated losses $	Total $
Balance at 1 July 2022	8	572,278,169	(10,342,285)	174,031,046	(94,837,235)	641,129,695
Net income for the year	9	–	–	–	32,726,484	32,726,484
Other comprehensive income for the year, net of tax	9	–	30,227,447	–	–	30,227,447
Transfer to profits reserve	9	–	(9,999,090)	9,999,090	–	–
Transactions with equity holders in their capacity as owners:						
Shares issued	8	2,198,632	–	–	–	2,198,632
Dividends	9	–	–	(30,759,382)	–	(30,759,382)
Balance at 30 June 2023		**574,476,801**	**9,886,072**	**153,270,754**	**(62,110,751)**	**675,522,876**
Balance at 1 July 2023	8	574,476,801	9,886,072	153,270,754	(62,110,751)	675,522,876
Net income for the year	9	–	–	–	50,928,760	50,928,760
Other comprehensive income for the year, net of tax	9	–	2,526,015	–	–	2,526,015
Transfer to profits reserve	9	–	(11,680,034)	11,680,034	–	–
Transactions with equity holders in their capacity as owners:						
Shares issued	8	462,371	–	–	–	462,371
Dividends	9	–	–	(32,032,518)	–	(32,032,518)
Balance at 30 June 2024		**574,939,172**	**732,053**	**132,918,270**	**(11,181,991)**	**697,407,504**

Consolidated Entity Disclosure Statement

The Company is not required to prepare consolidated financial statements by Australian Accounting Standards. Accordingly, in accordance with subsection 295(3A) of the *Corporations Act 2001*, no further information is required to be disclosed in this consolidated entity disclosure statement.

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	Notes	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Cash flows from operating activities			
Dividends received		7,636,884	4,662,484
Other income received		–	1,332
Interest paid		(6)	(1,651)
Donations paid		(9,369,865)	(10,239,287)
Payments for other expenses		(1,564,355)	(1,820,101)
Income tax refund		1,951	14,998,758
Net cash (used in)/provided by operating activities	11	**(3,295,391)**	**7,601,535**
Cash flows from investing activities			
Proceeds from sales of investments		332,521,702	444,410,176
Payments for purchases of investments		(289,956,693)	(488,267,320)
Net cash provided by/(used in) investing activities		**42,565,009**	**(43,857,144)**
Cash flows from financing activities			
Dividends paid	9	(31,570,147)	(28,560,750)
Net cash used in financing activities		**(31,570,147)**	**(28,560,750)**
Net increase/(decrease) in cash and cash equivalents		7,699,471	(64,816,359)
Cash and cash equivalents at the beginning of the year		59,246,589	122,026,366
Effect of foreign currency exchange rate changes on cash and cash equivalents		(1,021,227)	2,036,582
Cash and cash equivalents at the end of the year	10	**65,924,833**	**59,246,589**
Non-cash financing activities			
Dividend reinvestment plan	8(b)	3,524,039	3,766,855

The accompanying notes form part of these financial statements.

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1 General information

Hearts and Minds Investments Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The registered office is Level 8, 210 George Street, Sydney NSW 2000.

The Company was incorporated on 12 September 2018. Its shares were admitted for quotation on the Official List of ASX Limited ("ASX") on 9 November 2018 and commenced operations on 14 November 2018. The financial statements of the Company are for the year ended 30 June 2024.

The financial statements were authorised for issue on 28 August 2024 by the Board of Directors.

2 Summary of material accounting policy information

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial statements of the Company also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

These financial statements have been prepared on an accruals basis, and are based on historical cost convention except for the revaluation of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and cash flow information.

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, the amounts in the 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 year and there was no material impact on adoption.

(b) Investment income

Dividends

Dividends are recognised as revenue in the Statement of Comprehensive Income when the right to receive payment is established.

(c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

At initial recognition, the Company measures a financial asset at its fair value in the Statement of Financial Position. Transaction costs for financial assets carried at fair value through other comprehensive income are included as part of the initial measurement.

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2 Summary of material accounting policy information (continued)

(c) Financial instruments (continued)

Classification of financial assets

Financial assets recognised by the Company are subsequently measured in their entirety at either amortised cost or fair value.

Financial assets not irrevocably designated on initial recognition at fair value through other comprehensive income ("FVTOCI") are classified as 'Fair Value through Profit or Loss' ("FVTPL").

For all investments in equity instruments (financial assets) made between 12 September 2018 and 11 October 2021 the Company made an irrevocable election to present subsequent changes in the fair value of these investments (and the related tax thereon) in other comprehensive income. Such financial assets were classified at FVTOCI and were considered long-term in nature and not held for trading. Some financial assets are still classified in this way at balance date.

From 12 October 2021, the Company classifies new investments in equity instruments (financial assets) at FVTPL in accordance with the entity's business model test and cash flow characteristics. Gains and losses arising from changes in fair value (and the related tax thereon) are included in the net income for the period and the corresponding basic and diluted earnings per share in the period in which they arise.

Classification of financial liabilities

Financial liabilities recognised by the Company are subsequently measured at amortised cost.

Measurement

The fair value of financial assets is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Usually, the quoted market prices on a recognised exchange or, in its absence, the most advantageous market to which the Company has access at that date. The Company's accounting policy on fair value is disclosed in Note 14.

Changes in the fair value for financial assets at fair value through other comprehensive income are recognised through the investment portfolio revaluation reserve after deducting a provision for the potential deferred tax liability.

Other receivables

Other receivables are non-derivative assets and are stated at their amortised cost less any provision for impairment.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has substantially transferred all the risks and rewards of ownership.

When a financial asset held at fair value through other comprehensive income is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the investment portfolio revaluation reserve to the profits reserve.

(d) Donation provision

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 of the previous half-year. The donation provision represents the amount provided for donations at the reporting date.

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2 Summary of material accounting policy information (continued)

(e) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Australian dollars ("AUD" or "$") which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of fair value gain or loss.

(f) Income tax

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and deferred tax liabilities attributable to temporary differences and unused tax losses, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amounts of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the Company has a legally enforceable right to offset and intends to settle on a net basis.

Current and deferred tax is recognised in the Profit and Loss or Other Comprehensive Income consistent with the classification of financial assets.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Issued capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares have been recognised in the Statement of Comprehensive Income, net of any tax effects.

(i) Profits reserve

A profits reserve is made up of amounts transferred from current and retained earnings and realised gains on disposal of financial assets that are preserved for future dividend payments.

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2 Summary of material accounting policy information (continued)

(j) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting year but not distributed at the end of the reporting year.

(k) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

The investments of the Company are recommended by fund managers who provide their expertise and stock recommendations to the Company on a pro bono basis. Therefore, the investment portfolio of the Company does not incur any fund management fees. It is estimated that the investments fees forgone by the fund managers based on normal commercial terms for the year ended 30 June 2024 equates to $10,120,925 (2023: $9,735,444). This notional benefit to the Company is not included in the financial statements of the Company.

During the year ended 30 June 2024, the Company made purchases of $1,012,438 (2023: $54,625,405) into unlisted securities which are not quoted in an active market. These investments are valued at their fair value. The methods used to determine the fair value of these investments is outlined in Note 14(a).

Other than these estimates, there are no estimates or judgements that have a material impact on the Company's financial results for the year ended 30 June 2024 (2023: None).

(l) New standards and interpretations applicable and not yet adopted

There are no new standards or interpretations applicable and not yet adopted that would have a material impact for the Company.

3 Income tax

(a) Income tax expense

The prima facie tax on profit or loss before income tax is reconciled to the income tax expense as follows:

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Prima facie income tax expense on the net profit at 30%	21,503,883	13,697,178
Imputation credits and foreign tax credits claimed at 100%	(1,072,975)	(1,094,860)
Imputation credits gross up on dividends received	177,666	219,490
Foreign tax credits gross up dividends received	144,227	108,968
Adjustment for prior year tax refund	(1,951)	–
Income tax expense recognised in profit or loss	**20,750,850**	**12,930,776**
Income tax on net realised gains on investments	5,005,729	4,285,324
Deferred tax on net unrealised (losses)/gains on investments	(3,923,151)	8,669,296
Income tax expense recognised in other comprehensive income	**1,082,578**	**12,954,620**
Total income tax expense	**21,833,428**	**25,885,396**

3 Income tax (continued)

(b) Total income tax expense results in a:

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Current income tax liabilities	3,218,069	–
Deferred tax liabilities	17,532,781	33,368,473
Deferred tax assets	–	(20,437,697)
Income tax expense recognised in profit or loss	**20,750,850**	**12,930,776**
Current income tax liabilities	5,005,729	4,285,324
Deferred tax liabilities	(3,923,151)	8,669,296
Income tax expense recognised in other comprehensive income	**1,082,578**	**12,954,620**
Total income tax expense	**21,833,428**	**25,885,396**

(c) Balance of current tax asset:

	30 June 2024 $	30 June 2023 $
Current tax asset	**–**	**–**
Movement in current tax asset:		
Opening balance	–	14,825,917
Tax refund	–	(14,998,758)
Adjustment for prior year over provision	–	172,841
Closing balance	**–**	**–**

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3 Income tax (continued)

(d) Balance of deferred tax assets:

	30 June 2024 $	30 June 2023 $
Deferred tax assets	**9,744,087**	**17,969,836**
Tax losses carried forward	10,348,635	16,468,964
Accrual not deductible at balance date	1,933,152	1,717,802
Increase in provision for employee entitlements	42,000	–
Unrealised losses on foreign exchange	(2,483,691)	43,345
Dividend receivable at balance date	(96,009)	(260,275)
Closing balance	**9,744,087**	**17,969,836**
Movement in deferred tax assets:		
Opening balance	17,969,836	38,114,298
Charged to profit or loss	(6,120,329)	16,468,964
Charged to other comprehensive income	(2,105,420)	2,062,522
Prior period correction error	–	580,145
Reclassification to deferred tax assets	–	(39,256,093)
Closing balance	**9,744,087**	**17,969,836**

(e) Balance of deferred tax liabilities:

	30 June 2024 $	30 June 2023 $
Deferred tax liabilities	**(19,523,404)**	**(5,913,775)**
Unrealised gains on investments	(19,523,404)	(5,913,775)
Closing balance	**(19,523,404)**	**(5,913,775)**
Movement in deferred tax liabilities:		
Opening balance	(5,913,775)	–
Charged to profit or loss	(17,532,780)	(35,747,586)
Charged to other comprehensive income	3,923,151	(8,669,296)
Prior period correction error	–	(752,986)
Reclassification to deferred tax assets	–	39,256,093
Closing balance	**(19,523,404)**	**(5,913,775)**

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3 Income tax (continued)

(f) Dividend franking account

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Opening balance	54,424,109	81,873,826
Franking credits on dividends received	592,220	711,702
Franking credits on dividends paid	(13,728,145)	(13,182,592)
Tax refund during the year	–	(14,998,758)
Closing balance of franking account	**41,288,184**	**54,404,178**
Franking credits on dividends receivable	–	19,931
Franking credits available for use in subsequent reporting periods	**41,288,184**	**54,424,109**

4 Dividend income

Dividend income from financial assets at fair value

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Dividend income from financial assets at fair value – Investments sold during the year	2,178,987	863,595
Dividend income from financial assets at fair value – Investments held at year end[1]	5,313,321	4,851,499
Dividend income from financial assets at fair value	**7,492,308**	**5,715,094**
Withholding tax on dividends	(480,756)	(363,228)
Dividend income from financial assets at fair value	**7,011,552**	**5,351,866**

[1] Dividend income related to investments in other comprehensive income as of 30 June 2024 is $39,016 (2023: $1,103,213).

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5 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Audit and review of financial statements	73,201	53,369
Other services provided by related practice of the auditor		
Taxation services	34,125	4,125
Total remuneration for audit and other assurance services	**107,326**	**57,494**

6 Other receivables

	30 June 2024 $	30 June 2023 $
Dividend receivable	228,940	854,272
Other receivables	13,642	8,609
Total other receivables	**242,582**	**862,881**

7 Donation provision

	30 June 2024 $	30 June 2023 $
Donation provision	6,443,840	5,726,006
Total donation provision	**6,443,840**	**5,726,006**

For the year ended 30 June 2024, the amount recognised in the Statement of Comprehensive Income as an expense was $10,087,699 (2023: $10,090,124). This amount represents donations paid or payable to medical research beneficiaries to advance medical research in Australia. As at 30 June 2024, the amount recorded as a donation provision in the Statement of Financial Position of $6,443,840 (2023: $5,726,006) represents a provision for donations payable to medical research beneficiaries at balance date.

8 Share capital

(a) Issued capital

	30 June 2024 No. of shares	30 June 2024 $
Ordinary shares	228,982,167	574,939,172

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8 Share capital (continued)

(a) Issued capital (continued)

	30 June 2023 No. of shares	30 June 2023 $
Ordinary shares	228,802,420	574,476,801

(b) Movements in share capital

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

	For the year ended 30 June 2023 No. of shares	For the year ended 30 June 2023 $
Opening balance	227,850,849	572,278,169
Shares issued at $2.31 per share	951,571	2,198,632
Closing balance	**228,802,420**	**574,476,801**

On 18 April 2024, the Company issued 179,747 fully paid ordinary shares at $2.59 pursuant to the dividend reinvestment plan. In the prior financial year, on 4 April 2023, the Company issued 951,571 fully paid ordinary shares at $2.31 pursuant to the dividend reinvestment plan.

9 Reserves

(a) Reserves

	30 June 2024 $	30 June 2023 $
Investment portfolio revaluation reserve	732,053	9,886,072
Profits reserve	132,918,270	153,270,754
Total reserves	**133,650,323**	**163,156,826**

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9 Reserves (continued)

(b) Investment portfolio revaluation reserve

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Opening balance	9,886,072	(10,342,285)
Net realised gains on investments taken to equity	16,685,763	14,284,414
Income tax on net realised gains on investments taken to equity	(5,005,729)	(4,285,324)
Net unrealised (losses)/gains on investments taken to equity	(13,077,170)	28,897,653
Deferred income tax on unrealised (losses)/gains on investments taken to equity	3,923,151	(8,669,296)
Transfer to profits reserve	(11,680,034)	(9,999,090)
Closing balance	**732,053**	**9,886,072**

(c) Profits reserve

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Opening balance	153,270,754	174,031,046
Transfer from investment portfolio revaluation reserve	11,680,034	9,999,090
Dividends	(32,032,518)	(30,759,382)
Closing balance	**132,918,270**	**153,270,754**

During the year, 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. In the prior year, the Company paid a fully franked dividend of 13.5 cents per share to shareholders amounting to a total dividend payment of $30,759,382, of which $3,766,855 was reinvested by shareholders in HM1 shares via the dividend reinvestment plan.

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10 Cash and cash equivalents

Cash at the end of the reporting year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	30 June 2024 $	30 June 2023 $
Cash at bank	1,891,891	3,866,782
Cash at custodian	64,032,942	55,379,807
Total cash and cash equivalents	**65,924,833**	**59,246,589**

The cash at bank is denominated in AUD, is at call and is earning interest at a fixed rate of 0.01% (2023: 0.01%). The cash at custodian is at call and denominated in AUD, United States Dollars ("USD"), Hong Kong Dollars ("HKD"), Canadian Dollars ("CAD"), Euros ("EUR") and British Pound Sterling ("GBP") and is non-interest bearing.

Risk exposure

The Company's exposure to interest rate risk is discussed in Note 13. The maximum exposure to credit risk in relation to cash at the end of the reporting year is the carrying amount of cash in bank and cash at custodian.

Cash at bank is with Commonwealth Bank of Australia that has a Standard and Poor's short-term rating of A-1+ (2023: A-1+) and long-term rating of AA- (2023: AA-). Cash at custodian is with JP Morgan Chase Bank that has a short-term rating of A-1 (2023: A-1) and a long-term rating of A+ (2023: A+).

11 Reconciliation of net income for the year to net cash provided by/(used in) operating activities

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Net income for the year	**50,928,760**	**32,726,484**
Fair value gains and movements in financial assets at fair value through profit or loss	(77,376,312)	(50,183,334)
Effects of foreign currency exchange rate changes on cash and cash equivalents	1,021,227	(2,036,582)
Change in operating assets and liabilities:		
Decrease/(increase) in other receivables	620,299	(697,654)
Decrease in deferred tax assets	8,225,749	17,388,941
Decrease in current tax asset	–	10,540,593
Increase/(decrease) in donation provision	717,834	(149,163)
Increase in deferred tax liabilities	12,527,052	–
Increase in other payables	40,000	12,250
Net cash (used in)/provided by operating activities	**(3,295,391)**	**7,601,535**

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12 Basic and diluted loss per share

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Net income for the year used in the calculation of basic and diluted loss per share attributable to the ordinary equity holders of the Company	50,928,760	32,726,484

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 $
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company	22.26	14.35

Weighted average number of shares used as denominator

	For the year ended 30 June 2024 No. of shares	For the year ended 30 June 2023 No. of shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share attributable to the ordinary equity holders of the Company	228,838,271	228,054,198

At the end of the year, there were no outstanding securities that are potentially dilutive in nature for the Company (2023: None).

13 Financial risk management

The Company's financial instruments consist mainly of cash and cash equivalents, other receivables, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and other payables.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and equity price risk), credit risk, liquidity risk and other risks. The Board of the Company have implemented a risk management framework to mitigate these risks.

Risks are managed in the context of the Company's strategic objectives, the size and complexity of its operations, and the Board's expectations and attitude to risk. The Company has implemented a risk management framework based on the Australian New Zealand International Standard Organisation 31000:2009 *Risk management – Principles and guidelines*. Details of the Company's risk management framework are available on the Company's website.

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13 Financial risk management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The investment portfolio is exposed to market risk. The market risk of securities in the Company's investment portfolio can fluctuate as a result of market conditions. The value of the investment portfolio may be impacted by factors such as economic conditions, interest rates, currency exchange rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. In addition, as the Company is listed on the ASX, its securities are exposed to market risks. As a result, the security price may trade at a discount or a premium to its net tangible assets.

Currency risk

The Company holds monetary assets denominated in currencies other than the Australian dollar. The Company monitors the exposure on all foreign currency denominated assets and liabilities.

The Company does not hedge against its foreign exchange exposure, and consequently, the impact of foreign exchange movements is directly reflected in the Statement of Comprehensive Income.

While the Company has direct exposure to foreign exchange rate changes on the price of non-Australian dollar denominated investments, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain investments in which the Company invests, even if those investments are denominated in Australian dollars. For that reason, the sensitivity analysis below may not necessarily indicate the total effect on the Company's equity of future movements in foreign exchange rates.

The table below summarises the Company's monetary assets exposed to foreign currency risk at 30 June 2024 and 30 June 2023:

	30 June 2024 Net currency exposure* %	**30 June 2023 Net currency exposure* %**
United States Dollar	59	56
Hong Kong Dollar	7	1
Pound Sterling	7	2
Canadian Dollar	6	3
Euro	3	10
Total	**82**	**72**

* As percentage of investment portfolio exposure.

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13 Financial risk management (continued)

Market risk (continued)

Sensitivity

The following tables illustrate the sensitivities of the Company's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the AUD weakened/strengthened by 10% against the other currencies.

As at 30 June 2024	USD impact AUD	HKD impact AUD	EUR impact AUD	CAD impact AUD	GBP impact AUD
Impact on profit and loss	+/-23,630,957	+/-3,325,785	+/-1,904,781	+/-2,805,182	+/-3,123,464
Impact on other comprehensive income	+/-6,182,709	+/-	+/-157,933	+/-	+/-

As at 30 June 2023	USD impact AUD	HKD impact AUD	EUR impact AUD	CAD impact AUD	GBP impact AUD
Impact on profit and loss	+/-17,389,402	+/-569,475	+/-3,909,681	+/-1,326,689	+/-843,704
Impact on other comprehensive income	+/-7,843,057	+/-	+/-201,049	+/-	+/-

Equity price risk

The Company is exposed to price risk on its financial assets classified in the Statement of Financial Position as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. There is a risk that securities will fall in value over short or extended periods of time. Equity markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. The Company's typical investment portfolio is expected to hold 25 to 30 securities, which represents a high level of investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility. The Company seeks to manage and constrain market risk by diversification of the investment portfolio across a number of fund managers.

Price risk also arises from the Company's investments in unlisted securities, whose valuation is based on the valuation of the underlying companies or funds of those unlisted securities. All investments present a risk of loss of capital. The Company mitigates this risk through careful selection of unlisted securities within defined limits. The underlying companies or funds are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid in nature.

The Company follows a due diligence process prior to making an investment in an unlisted security. In making an investment decision, the Company considers both qualitative and quantitative criteria in the areas of financial performance, business strategy and risk, such as financial information obtained through the underlying investment manager and from information gathered from external sources. The Company also performs ongoing monitoring procedures primarily through discussions with the underlying investment managers.

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13 Financial risk management (continued)

Market risk (continued)

Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in the fair value of financial assets that were reasonably possible based on the market risk that the Company was exposed to at reporting date, assuming a tax rate of 30%.

	30 June 2024 $	30 June 2023 $
Impacts on total profit and loss		
MSCI World Index		
Change in variable +/- 5%	19,374,430	16,798,305
Change in variable +/- 10%	38,748,859	33,596,609
Impacts on other comprehensive income		
MSCI World Index		
Change in variable +/- 5%	3,292,821	4,523,113
Change in variable +/- 10%	6,585,641	9,046,225

Cash flow and interest rate risk

The Company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The tables below summarise the Company's exposure to interest rate risks:

30 June 2024	Interest bearing $	Non-interest bearing $	Total $
Financial assets			
Cash and cash equivalents	1,891,891	64,032,942	65,924,833
Financial assets at fair value through profit or loss	–	553,555,134	553,555,134
Financial assets at fair value through other comprehensive income	–	94,080,593	94,080,593
Amounts due from brokers	–	6,960,236	6,960,236
Other receivables	–	242,582	242,582
Total financial assets	**1,891,891**	**718,871,487**	**720,763,378**
Financial liabilities			
Amounts due to brokers	–	6,992,717	6,992,717
Donation provision	–	6,443,840	6,443,840
Other payables	–	140,000	140,000
Total financial liabilities	**–**	**13,576,557**	**13,576,557**

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13 Financial risk management (continued)

Market risk (continued)

Cash flow and interest rate risk (continued)

30 June 2023	Interest bearing $	Non-interest bearing $	Total $
Financial assets			
Cash and cash equivalents	3,866,782	55,379,807	59,246,589
Financial assets at fair value through profit or loss	–	479,951,559	479,951,559
Financial assets at fair value through other comprehensive income	–	129,231,792	129,231,792
Other receivables	–	862,881	862,881
Total financial assets	**3,866,782**	**665,426,039**	**669,292,821**
Financial liabilities			
Donation provision	–	5,726,006	5,726,006
Other payables	–	100,000	100,000
Total financial liabilities	**–**	**5,826,006**	**5,826,006**

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. At 30 June 2024, if interest rates had increased by 300 basis points (bps) or decreased by 300 bps from the year end rates with all other variables held constant, post tax profit for the year would have been $1,314,300 (2023: $1,903,366) higher or $1,314,300 (2023: $1,903,366) lower, as a result of higher or lower interest income from cash and cash equivalents.

Interest rate risk also arises from the effects of fluctuations in the prevailing levels of market interest rates on the Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The sensitivity to changes in the value of financial assets at fair value through other comprehensive income is set out in the price risk and currency risk sensitivity tables. The Directors do not consider it meaningful to provide a separate analysis of the sensitivity of the investment portfolio to changes in interest rates.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from cash and cash equivalents, deposits with banks and other financial institutions and other receivables.

The maximum exposure to credit risk at balance sheet date of recognised financial assets is the carrying amount, net of any provisions for expected credit losses of those assets, as disclosed in the Statement of Financial Position and Note 10 to the financial statements.

The Company held no collateral as security or any other credit enhancements. None of the assets exposed to a credit risk are overdue or considered to be impaired.

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13 Financial risk management (continued)

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board and Investment Committee monitor the Company's cash flow requirements in relation to the investment portfolio taking into account dividends, tax payments and investing activity.

The Company's inward cash flows depend on the level of dividend and interest revenue received, investment disposals and capital raising initiatives from time to time. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. The major cash outflows are investments, donations, general expenditure and future dividends paid to shareholders and the level of these outflows is managed by the Board and Investment Committee. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. A sufficient level of the Company's cash is held at call to meet cash outflows and mitigate liquidity risk.

The tables below summarise the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted cash flows:

30 June 2024	On demand	1 to 3 months	3 to 12 months	More than 12 months	No fixed maturity	Total
	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	65,924,833	–	–	–	–	65,924,833
Financial assets at fair value through profit or loss	–	–	–	–	553,555,134	553,555,134
Financial assets at fair value through other comprehensive income	–	–	–	–	94,080,593	94,080,593
Amounts due from brokers	6,960,236	–	–	–		6,960,236
Other receivables	242,582	–	–	–	–	242,582
Total financial assets	**73,127,651**	**–**	**–**	**–**	**647,635,727**	**720,763,378**
Financial liabilities						
Amounts due to brokers	6,992,717	–	–	–	–	6,992,717
Donation provision	–	6,443,840	–	–	–	6,443,840
Other payables	140,000	–	–	–	–	140,000
Total financial liabilities	**7,132,717**	**6,443,840**	**–**	**–**	**–**	**13,576,557**

30 June 2023	On demand	1 to 3 months	3 to 12 months	More than 12 months	No fixed maturity	Total
	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	59,246,589	–	–	–	–	59,246,589
Financial assets at fair value through profit or loss	–	–	–	–	479,951,559	479,951,559
Financial assets at fair value through other comprehensive income	–	–	–	–	129,231,792	129,231,792
Other receivables	862,881	–	–	–	–	862,881
Total financial assets	**60,109,470**	**–**	**–**	**–**	**609,183,351**	**669,292,821**
Financial liabilities						
Donation provision	–	5,726,006	–	–	–	5,726,006
Other payables	100,000	–	–	–	–	100,000
Total financial liabilities	**100,000**	**5,726,006**	**–**	**–**	**–**	**5,826,006**

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14 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).

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

30 June 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at fair value through profit or loss				
Listed equity securities on major exchanges	514,581,539	–	–	514,581,539
Unlisted equity securities	–	18,076,909	20,896,686	38,973,595
Financial assets at fair value through other comprehensive income				
Listed equity securities on major exchanges	94,080,593	–	–	94,080,593
Total financial assets at fair value	**608,662,132**	**18,076,909**	**20,896,686**	**647,635,727**

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14 Financial assets (continued)

Fair value measurements (continued)

(b) Fair value hierarchy (continued)

30 June 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets at fair value through profit or loss				
Listed equity securities on major exchanges	423,574,173	–	–	423,574,173
Unlisted equity securities	–	15,465,021	40,912,365	56,377,386
Financial assets at fair value through other comprehensive income				
Listed equity securities on major exchanges	129,231,792	–	–	129,231,792
Total financial assets at fair value	**552,805,965**	**15,465,021**	**40,912,365**	**609,183,351**

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 year ended 30 June 2023.

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

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 30 June 2024 $	Valuation techniques	Unobservable inputs	Range inputs
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
Unlisted equity securities	38,973,595	Recent material arm's length market transaction	N/A	N/A

	Fair value as at 30 June 2023 $	Valuation techniques	Unobservable inputs	Range inputs
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
Unlisted equity securities	56,377,386	Recent material arm's length market transaction	N/A	N/A

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14 Financial assets (continued)

Fair value measurements (continued)

(c) Level 3 fair value measurements

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

	30 June 2024 $	30 June 2023 $
Opening balance	40,912,365	–
Purchases	–	39,625,405
Transfer out to Level 1	(20,000,000)	–
Net change in unrealised (losses)/gains	(15,679)	1,286,960
Closing balance	20,896,686	40,912,365

The net change in unrealised losses on Level 3 investments still held as at year end that amounted to $15,679 (2023: unrealised gains $1,286,960) was included in the Statement of Comprehensive Income.

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 these investments is generally the most recent material arm's length transaction or the latest available price or valuation received from the underlying investment manager. 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 manager;
- 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;
- The evaluation of detailed valuation assessments provided by the investment manager, (where available).

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14 Financial assets (continued)

Fair value measurements (continued)

(c) Level 3 fair value measurements (continued)

Valuation process for Level 3 investments (continued)

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 the revaluation of the unlisted securities within the next financial period.

15 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.

	30 June 2024 Country of Listing %	30 June 2023 Country of Listing %
United States	59	56
Australia	18	28
Hong Kong	7	1
United Kingdom	7	2
Canada	6	3
Germany	3	10
	100	**100**

16 Key management personnel compensation

The names and positions held of the Company's key management personnel (KMP) (including Directors in office at any time during the year ended 30 June 2024) are:

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
Paul Rayson	Chief Executive Officer
Charlie Lanchester	Chief Investment Officer

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16 Key management personnel compensation (continued)

(a) Remuneration

KMP include the Directors, the Chief Executive Officer and the Chief Investment Officer. Directors have agreed to waive their directors' fees on an ongoing basis. For the year ended 30 June 2024, no directors' fees were paid by the Company. The remuneration of the Chief Executive Officer and the Chief Investment Officer are set out below. The Chief Executive Officer and the Chief Investment Officer are employed under standard employment contracts with a three month notice period. The remuneration of the Chief Executive Officer and the Chief Investment Officer is salary based and does not include securities or options in the Company and no element of the remuneration is tied to Company performance. The Chief Executive Officer and the Chief Investment Officer are not provided with retirement benefits apart from statutory superannuation.

	Short-term benefits Salary $	Termination benefits $	Post-employment benefits Superannuation $	Total Remuneration $
Total KMP remuneration paid year ended 30 June 2024	555,093	–	54,798	609,891
Total KMP remuneration paid year ended 30 June 2023	529,083	205,904*	46,884	781,871

* Includes payment for notice period and statutory entitlements.

(b) Shareholdings

The Company's KMP and their related parties held the following interests in the Company:

Directors and Key Management	Opening balance at 1 July 2023	Acquisitions	Disposals	Closing balance at 30 June 2024
Christopher Cuffe AO	75,000	25,000	–	100,000
Lorraine Berends AM	45,000	–	–	45,000
Guy Fowler OAM	1,258,042	34,030	–	1,292,072
Matthew Grounds AM	1,201,397	–	–	1,201,397
Michael Traill AM	72,281	–	–	72,281
Gary Weiss AM	498,878	2,851	–	501,729
Geoffrey Wilson AO	1,687,500	–	–	1,687,500
David Wright	95,000	–	–	95,000
Paul Rayson	149,907	35,093	–	185,000
Charlie Lanchester	89,061	–	–	89,061

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16 Key management personnel compensation (continued)

(b) Shareholdings (continued)

Directors and Key Management	Opening balance at 1 July 2022	Acquisitions	Disposals	Closing balance at 30 June 2023
Christopher Cuffe AO	1,153,300	25,000	(1,103,300)*	75,000
Lorraine Berends	45,000	–	–	45,000
Guy Fowler	1,258,042	–	–	1,258,042
Matthew Grounds AM	1,201,397	–	–	1,201,397
Michael Traill AM	1,172,281	–	(1,100,000)*	72,281
Gary Weiss AM	495,002	3,876	–	498,878
Geoffrey Wilson AO	1,687,500	–	–	1,687,500
David Wright	95,000	–	–	95,000
Paul Rayson	149,907	–	–	149,907
Charlie Lanchester	–	89,061	–	89,061

* Due to an internal process and approval change made by Australian Philanthropic Services, Mr. Christopher Cuffe and Mr. Michael Traill were no longer deemed to control the 1,103,300 and 1,100,000 HM1 shares held by Australian Philanthropic Services Foundation on 30 June 2022.

Directors, other KMP and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

17 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 he 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 $4,135,568 to Victor Chang Cardiac Research Institute for the year ended 30 June 2024 (2023: $5,036,644).

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 $4,135,568 to Victor Chang Cardiac Research Institute for the year ended 30 June 2024 (2023: $5,036,644).

Michael Traill is a Director of Paul Ramsay Foundation. Paul Ramsay Foundation holds 4,270,106 shares in HM1 on 30 June 2024 (2023: 4,270,106).

Directors' fees

The Directors have agreed to waive any right to be paid director fees (see Note 16).

18 Commitments and contingencies

The Company had no material contingent liabilities or commitments as at 30 June 2024 (2023: Nil).

19 Events occurring after the reporting year

No matter or circumstance has occurred subsequent to year 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 years.

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Directors' Declaration

In accordance with a resolution of the Directors of Hearts and Minds Investments Limited (the "Company"), the Directors of the Company declare that:

(a) The financial report as set out in pages 31 to 58 and the additional disclosures included in the Directors' Report designated as 'Remuneration Report', as set out on pages 24 to 26, are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards, which, as stated in Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the financial position of the Company as at 30 June 2024 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date.

(b) At the date of this declaration, in the Director's 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.

(c) The Directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the person who performs the Chief Executive Officer and Chief Financial Officer functions, for the purpose of the *Corporations Act 2001*.

(d) The consolidated entity disclosure statement required by subsection 295(3A) of the *Corporations Act 2001* is true and correct.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

Christopher Cuffe AO
Chair and Independent Director

Sydney
28 August 2024

PITCHER PARTNERS

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Independent Auditor's Report
To the Members of Hearts and Minds Investments Limited
ABN 61 628 753 220

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hearts and Minds Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, the consolidated entity disclosure statement, and the Directors' declaration.

In our opinion, the accompanying financial report of Hearts and Minds Investments Limited is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Existence and Valuation of Financial Assets ***Refer to Note 14: Financial Assets***	
The Company's financial assets are its largest asset and represent the most significant driver of the Company's Net Tangible Assets and operating result. The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX and are therefore classified as Level 1. The Company has also made an investment into an unlisted managed investment scheme which involves judgement in determining the fair value of the investment and is considered Level 2. The remaining investment is considered to be Level 3, where the investment is not traded in an active market and fair value is determined using valuation techniques where there are judgements involved in determining the fair value of the investments. For Level 3 investment the model used to value this investment includes inputs which may not be market observable and are therefore estimated based on significant assumptions and judgements. Given the significance of the investments balance, the key audit matter for us was whether the Company has accurately recorded the fair value and has ownership at year end	Our procedures included, amongst others: • Obtaining an understanding of and evaluating the investment management processes and controls; • Reviewing and evaluating the independent auditor's report on the design and operating effectiveness of internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Administrator and Custodian; • Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the auditors' report relate to and obtaining a bridging letter; • Obtaining confirmation of the investment holdings directly from the Custodian; • For level 1 securities: Comparing the investment valuation of the Company at last sale price ensuring that the last sale price is within the bid-ask spread obtained from independent pricing sources; • For Level 2 securities: Obtaining information on the latest reported unit price and comparing to reported net asset values; • For level 3 securities: Assess management's assumptions and significant judgements used in determining the fair value of the investment and recalculate the value of the investment; • Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and • Assessing the adequacy of disclosures in the financial statements.

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Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal controls as the Directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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Auditor's Responsibilities for the Audit of the Financial Report (continued)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 26 of the Directors' Report for the year ended 30 June 2024. In our opinion, the Remuneration Report of Hearts and Minds Investments Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Richard King
Partner

Pitcher Partners
Sydney

28 August 2024

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Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information is current as at 2 August 2024.

Corporate Governance Statement

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on HM1's website (www.heartsandmindsinvestments.com.au) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

Number of Holdings of Equity Securities

As at the Reporting Date, the number of holders in each class of equity securities on issue in HM1 is as follows:

Security type	No. of securities	No. of shareholders
Fully Paid Ordinary Shares	228,982,167	8,049

Voting Rights of Equity Securities

The only class of equity securities on issue in the Company which carry voting rights is ordinary shares.

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

Distribution of Holders of Ordinary Shares

	Class of Ordinary Shares		
	Total holders	Units	% Units
1-1,000	1,244	565,982	0.250
1,001-5,000	2,385	6,417,492	2.800
5,001-10,000	1,498	11,693,600	5.110
10,001-100,000	2,747	73,220,457	31.980
100,001-9,999,999,999	192	137,084,636	59.870
Totals:	**8,066**	**228,982,167**	**100.000**

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Unmarketable Parcels

The number of holders of less than a marketable parcel of ordinary shares as at the Reporting Date is as follows:

Unmarketable Parcels as Reporting Date	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $2.70 per unit	185	235	18,232

Substantial Holders

The number of shares held by substantial shareholders and their associates, as stated on their most recent Substantial Shareholder notice, are set out below:

Shareholder	Number of Shares	% of Shares on Issue
Saba Capital Management GP, LLC*	20,741,756	9.0582%

* Notice released to ASX on 25 June 2024

Twenty Largest Holders of Quoted Equity Securities

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, the number of ordinary shares and the percentage of capital held by each holder as at the Reporting Date, is as follows:

Shareholder name	Shares held	% Held
HSBC Custody Nominees (Australia) Limited	30,807,598	13.454%
BNP Paribas Nominees Pty Ltd <Barclays>	14,021,274	6.123%
Netwealth Investments Limited <Wrap Services A/C>	7,317,791	3.196%
Charles & Cornelia Goode Foundation Pty Ltd <CCG Foundation A/C>	7,301,740	3.189%
National Nominees Limited	7,259,389	3.170%
Citicorp Nominees Pty Limited	5,169,474	2.258%
BNP Paribas Noms Pty Ltd	5,010,574	2.188%
Koll Pty Ltd <No 1 Account>	4,443,750	1.941%
Associated World Investments Pty Ltd	2,250,000	0.983%
Skip Enterprises Pty Limited <Farquhar A/C>	2,250,000	0.983%
Jane Hansen Super Pty Ltd <Jane Hansen Super Fund A/C>	2,200,228	0.961%
The Ian Potter Foundation Ltd <No 1 A/C>	1,800,000	0.786%
Wilson Foundation Pty Ltd <Wilson Foundation A/C>	1,687,500	0.737%
BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	1,563,441	0.683%
Kennbros Pty Limited	1,353,823	0.591%
Bridgestar Pty Ltd	1,150,000	0.502%
Australian Philanthropic Services Foundation Pty Ltd <Aps Foundation A/C>	1,100,000	0.480%
IOOF Investment Services Limited <IOOF IDPS A/C>	1,033,864	0.452%
Super Y Pty Ltd <Yamey Super Fund A/C>	993,614	0.434%
Mightyboy Pty Ltd	808,458	0.353%
Total number of shares of Top 20 Holders:	**99,522,518**	**43.463%**
Total Securities:	**228,982,167**	**100.000%**

Unquoted Equity Securities

There are no unquoted equity securities.

Company Secretary

The Company Secretary is Ms. Eryl Baron.

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Registered Office

The address and telephone number of the Company's registered office is:

Level 8, 210 George Street
Sydney NSW 2000 Australia

Telephone: +61 2 9290 9600

Share Registry

The address and telephone number of the Company's share registry, Boardroom Pty Limited is:

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia
Phone No: +61 2 9290 9600

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: HM1).

Other Information

There are no issues of securities approved for the purpose of Item 7 of Section 611 of the Corporations Act which have not yet been completed. No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire.