

7 October 2026

The Manager
ASX Market Announcements
ASX Limited
Exchange Centre
Level 27, 39 Martin Place
Sydney NSW 2000

Dear Shareholders,

Hearts & Minds announces further reduction in costs for HMI shareholders through expanded investor offering

Since listing in 2018, Hearts & Minds Investments Ltd (ASX: HMI) has demonstrated that strong investment returns and meaningful philanthropy can coexist.

Together with the Sohn Hearts & Minds Conference, HMI is now on track to surpass \$100 million in cumulative funding for Australian medical research by the end of 2026, a milestone made possible by the support of our shareholders, fund manager partners and broader Hearts & Minds community.

Today, the HMI Board is pleased to announce the next phase of the Hearts & Minds journey: the establishment of a broader Hearts & Minds Group ("Group") structure designed to support additional fund offerings. The new structure will result in the formation of a new dedicated management company, Hearts & Minds Investment Management Pty Ltd, to which existing service contracts and staff of HMI will be transferred. The new entity will provide back all existing services required by HMI as well as provide support services to additional Hearts & Minds investment vehicles (refer below).

By expanding the investment activities of the Group, we can share the economies of scale with all investors. Accordingly, on completion of the restructure, the Board expects to be able to further reduce the MER of HMI from the recently announced 1.50% pa (down from circa 1.85% pa previously) to a target of 1.30% pa. The MER (in our case represented as the charitable donation we make each year) will reduce by 0.10% pa for each \$150m of additional FUM that the Group raises via new initiatives, subject to a floor of 1.30% pa.

The changes proposed are for the benefit of existing HMI shareholders and have the benefit of materially growing the philanthropic objectives of the Hearts & Minds Group in total.

HM2: A New Global Income Strategy

As part of this growth, the Hearts & Minds Group is in advanced stages of developing a second investment fund, currently referred to as HM2 which will be a diversified global income strategy, investing in leading international credit managers. The initial manager lineup includes Barings, Eldridge, KKR, Third Point, Deltroit and Revolution Asset Management, each bringing extensive experience across multiple credit cycles.

The HM2 portfolio has been designed to:

- Provide diversified exposure across corporate and structured credit, asset-backed finance, special situations and opportunistic long-short strategies, with a primary focus on North America and Europe
- Target returns of approximately 10% per annum after all fees
- Deliver a running yield of at least 8% from inception
- Have fees materially below those applied by the underlying managers (who will waive those fees) – 1% with effectively NO performance fees compared to total fees of circa 2% via the underlying funds
- Provide exposure to difficult-to-access managers
- Extend the Hearts & Minds philanthropic model through an annual charitable contribution equivalent to 1% of net tangible assets (net of costs)

Once the details of HM2 are finalised, they will be made available to HM1 investors and eligible investors (wholesale investors only) will be offered the opportunity to invest.

Funding the Next Phase of Growth

HM1 will effectively allocate approximately \$2m of this year's donation amount to assist in the establishment of HM2. It will do this as the expected pay off from this allocation or "loan" is very fast and is expected to materially increase the overall quantum of charitable donations the Hearts & Minds stable of funds can originate over time. This expected increase in total charitable funding going forward is notwithstanding the proposed reduction in HM1's annual donation amount referred to above.

The use of funds that would have been otherwise donated by HM1 will have no net financial impact on HM1 shareholders.

Looking Ahead

The next phase of Hearts & Minds represents an important evolution of the organisation's founding vision.

By leveraging the success and reputation established by Sohn Hearts & Minds and HM1, the Board believes the creation of a broader Hearts & Minds Group will enable the organisation to reach more investors, offer additional investment solutions across new asset classes and ultimately direct greater capital towards Australian medical research.

Almost a decade after the inaugural Sohn Hearts & Minds Conference, and eight years from the launch of HM1, the core ambition remains unchanged: to deliver strong investment outcomes while creating meaningful and enduring support for medical research.

This announcement was authorised for release by the Chair of the Board of Directors.

For and on behalf of the board,

A handwritten signature in black ink that reads "Natalie Climo".

Natalie Climo
Company Secretary