



## OBJECTIVE

Long-term capital growth and a return objective to outperform the MSCI benchmark.

## STRATEGY

Invests in global business models at the forefront of innovation that capture large scale opportunities in public markets through the leaders, enablers and beneficiaries of transformative innovation of today, tomorrow and the future.

## WHY INVEST

Get exposure to global innovation and disruption on listed markets that are underestimating their impact.

Reduce concentration risk in Australian share portfolios that are heavily skewed towards banks, resources and the Australian dollar, while underweight global innovation and disruption.

Diversification benefits because of minimal overlap with traditional index-based strategies and complement traditional value/ growth strategies.

Growth potential aims to capture long-term alpha+, with low correlation of relative returns to traditional growth strategies and negative correlation to value strategies.

Grounded in fundamentals with focused bottom-up investment research to identify innovative companies and convergence across markets.

Investor aligned wealth management as the investment team invest in their strategies and control the investment manager.

## PORTFOLIO MANAGER

**Heath Behncke**  
Managing Director  
Holon Global Investments Limited

## COMPANY DETAIL

**Holon Global Investments Limited**  
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[www.holon.investments](http://www.holon.investments)

# HOLON PHOTON FUND - QUARTERLY REPORT

## PORTFOLIO PERFORMANCE

June 2020

	3 Months	6 Months	9 Months	Since Inception 1 July 2019
Holon Photon Fund	17.6%	14.1%	19.6%	22.6%
MSCI AC World Index	6.0%	(4.3%)	0.1%	2.7%
Outperformance	<b>11.6 %</b>	<b>18.4%</b>	<b>19.5%</b>	<b>19.9%</b>

*Note: All returns are net of fees and in AUD terms. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding taxation.*

## KEY POINTS

- World is going digital and our portfolio companies are likely to be material beneficiaries.
- The management teams (Mega Caps in particular) are investing heavily to capitalise.
- We remain focused on assessing the significance of the current structural change.
- Overall, we are not optimistic on the broader market as the "COVID-19 shock" is absorbed.

## MARKET COMMENTARY

The Holon Photon Fund (the Fund) continued to perform well, up 17.6% for the June quarter, outperforming by 11.6%. **Every company** in the portfolio outperformed the market, with Afterpay (+207%) and Tesla (+101%) the strongest contributors. Afterpay rallied as their value proposition to merchants has strengthened considerably in a physically constrained world, while the market continues to reassess the timing around Tesla scaling car production globally into the millions.

The Fund's resilience during the sharpest sell off in market history over Q1 2020 highlighted the strength of the invested business models. Our major portfolio companies fell on average by 7% (in local currency terms) versus the broader 20-25% fall for major equity markets globally. The strong rise in the quarter highlighted a **world accelerating towards a digital future**.

Q1 2020 management updates from our portfolio companies across April, May and June indicated significantly higher levels of user engagement across platforms, products and services. In many cases the metrics quoted were in the millions and hundreds of millions. As a result, the majority of management teams indicated they would continue **investing heavily for the long term**. We continue to expect R&D spending of our portfolio companies to be way ahead of the majority of companies globally as they invest for an increasingly **digital future**.

While we expect near term earnings of our portfolio companies to be impacted due to the "COVID-19 shock", the picture for medium to longer term earnings is increasingly positive. This bodes well for the Fund's future returns and is exactly what we wanted to hear from our portfolio companies: **strengthening their market positioning through the downturn**.

As we round the inaugural year for the Fund with a return of 22.6%, we have outperformed the market by nearly 20%. While a pleasing result and exceeding our internal objectives, we remain **cautious about equity markets in general**. We believe we are in a much lower return environment than many understand (just look at cash and bond returns), however, the focus on global innovation positions us uniquely to continue driving your wealth.

We believe two things seem more certain every day as we adapt and manage through the pandemic: 1) **Digital infrastructure is becoming essential** for business and consumers; and 2) Governments and their respective central banks will be **spending and printing more money**. Both are happening at an accelerated rate.

On the first, our investment team is busily accessing the volumes of 'new daily information' to quantify the extent of behavioural change in consumers and businesses. The remote work experiment and the accelerating shift to online retail are prime examples. The Fund remains uniquely positioned to capture these structural changes, while importantly avoiding the causalities, such as banks and listed property in particular.

On the second, we believe society will start to question "What is money?" Debasing money at the current rate has significant ramifications going forward, one of which is the likelihood of negative rates in most of the developed world. Financial services companies will not perform well in such an environment and Australia is substantially overweight here. Increasingly, the fishbowl we operate in is looking risky. This is one of the key reasons why we have a strong preference for our portfolio companies to have no net debt, and a preference for substantial amounts of cash.



**Photon**  
global innovation fund

**Invest**  
where the  
world is going

## HOLON GLOBAL INVESTMENT LIMITED

### WHY?

Holon's mission is to help protect and grow your wealth in a world where the new normal is accelerating innovation (or change).

We believe innovation drives wealth creation, and everyone should have access to investing in the best companies globally that are driving innovation (or change) today, tomorrow and in the future.

### HOW?

We invest in global companies with compelling valuation propositions, managed by competent and capable people of integrity.

We put ourselves in the shoes of those managers, and think deeply about the probabilities of the businesses achieving our investment objective and your wealth goals.

We find the businesses that we can't live without today and search for the game-changing businesses of tomorrow and the future.

### WHAT?

Holon Photon Fund is a managed fund that provides simple access, open to everyone to invest in the best businesses the World has to offer.

We are your trusted investment partner for wealth creation.

## INVESTMENT ACTIVITY

No changes to positions during the quarter. At month end, the Fund had 21% in cash to deploy into future opportunities. We remain well positioned to benefit from accelerating global digitalisation trends through the Mega Cap global leaders. We are actively looking to add to the portfolio companies in the emerging global and exponential bucket in particular.

## PORTFOLIO BREAKDOWN

INNOVATION EXPOSURE	
Payments	18.3%
Software services	16.3%
Cloud	15.7%
E-commerce	9.1%
Energy	6.0%
Advertising	7.2%
Entertainment	4.0%
Hardware	1.8%

TOP HOLDINGS	
Xero	9.9%
Alibaba	9.7%
Tesla	9.3%
Amazon	8.8%
Google	7.4%
Visa	6.9%
Megaport	6.1%
Afterpay	5.9%

GICS SECTOR WEIGHTS	
Cash	21.3%
Information Technology	38.0%
Communication Services	12.9%
Consumer Discretionary	27.8%

COUNTRY WEIGHTINGS	
Cash	21.3%
Australia	11.0%
United States	29.4%
Europe	10.0%
United Kingdom	4.5%
China	17.4%
Other	6.5%

## PORTFOLIO CHARACTERISTICS (as at 30 June 2020)

Weighted Average Market Capitalisation	A\$425bn
Current (12mth) Operating Cash Flow Yield	3.5%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	2.16%
Percentage of Fund in the Top 10 Holdings	74.2%
Number of Positions	11
Cash Weighting	21%

## VISIT THE WEBSITE

Holon Global Investments Limited's website is [www.holon.investments](http://www.holon.investments)

## STRUCTURE AND TERMS

Distribution Reinvestment Plan	Distribution Reinvestment Plan
Legal Domicile	Australian
Fees	Management Fee 1.35% Performance Fee 15%
Reporting and Correspondence	Monthly; Quarterly and Annual
Responsible Entity & Unit Registry	One Investment Group

**Disclaimer:** The responsible entity for the Holon Photon Fund (ARSN 633 803 497) is One Managed Investment Funds Limited (ACN 117 400 987) (AFSL 297042) (OMIFL). The investment manager for the Holon Photon Fund is Holon Global Asset Management Pty Ltd (ACN 629 590 585) (Holon) that is a wholly owned subsidiary of Holon Global Investments Limited (ACN 129 237 592). Holon is an Australian Financial Services Representative (No. 1276082) of Atlas Funds Management Pty Ltd (ACN 612 499 528) which holds an Australian Financial Services Licence (No. 491395). The information contained in this document was not prepared by OMIFL but prepared by other parties. All of the commentary, statements of opinion and recommendations contain only general advice and have not taken into account your personal circumstances. This document contains general financial product advice only. Any investment in OMIFL products need to be made in accordance with and after reading the Product Disclosure Statement (PDS) and Additional Information Booklet (AIB), and investors should consider the PDS before deciding whether to invest in the Fund or continue to hold units in the Fund. The opinions, advice, recommendations and other information contained in this document, whether expressed or implied, are published or made by Holon in good faith in relation to the facts known at the time of preparation. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. Past performance is not indicative of future performance. The PDS and AIB can be obtained by visiting [www.oneinvestment.com.au/photon](http://www.oneinvestment.com.au/photon). **Limitation of liability:** Whilst all care has been taken in preparation of this document, to the maximum extent permitted by law, neither Holon or OMIFL will be liable in any way for any loss or damage suffered by you through use or reliance on this information. Holon and OMIFL's liability for negligence, breach of contract or contravention of any law, which cannot be lawfully excluded, is limited, at Holon's option and to the maximum extent permitted by law, to supplying this information or any part of it to you, or to paying for the resupply of this information or any part of it to you.