



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

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HOLON PHOTON FUND - MONTHLY REPORT

PORTFOLIO PERFORMANCE

July 2020

	1 Month	3 Months	6 Months	CYTD	1-Year	Since Inception (p.a.%)
Holon Photon Fund	4.8	12.1	11.1	19.6	26.6	26.3
MSCI AC World	1.1	3.5	(6.9)	(3.3)	3.1	3.5
Outperformance	3.7	8.6	18.0	22.9	23.5	22.8

Note: All percentage 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, in our view, our portfolio companies are likely to be material beneficiaries.
- Management teams of our Mega Cap Companies are investing heavily to capitalise.
- Our investment team remains focused on assessing the impact of the 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 outperform (+3.7%) during July and is up 26.6% over the last year, well ahead of the broader index (+3.1%). Commentary from our major Mega Cap management teams is **confirming a world going digital at an accelerated pace**. We believe that, combined with the **debasement of money** because of unprecedented government spending and printing, that these two outcomes are **more certain** in a world full of uncertainty.

Alibaba (+17%) and Amazon (+11%) were strong performers during July and increasingly viewed as providing the essential infrastructure in the post COVID-19 era. Amazon's sales growth rate accelerated to 40% in second quarter of 2020 compared to the second quarter of 2019. Operating cash flow increased by 42% to US\$51.2 billion for the trailing twelve months, or over four times the operating cash flow (US\$12.0 billion) Amazon generated for the calendar year 2015. On earnings, management called out meaningfully higher year-over-year network square footage growth of approximately 50% (increased by 15% in 2019) expected in 2020, with the majority of this to come in Q3 and Q4. In our view, this is one of the lead indicators on future cashflow generation and, as a result, cashflows are likely to be materially higher in future periods.

Tesla (+37%) continued to rally, supported by a view the stock will be included in the S&P 500 index near term. The second quarter result under trying conditions was a standout. On the management call, Elon Musk reminded investors Tesla is aiming to eventually produce 20 million electronic vehicles annually at an affordable price point, so they could achieve their mission of enabling a sustainable energy future. He also indicated they will scale production globally at a high rate and for a long period to achieve this outcome. As a result, Holon continues not to expect much in the way of earnings near term as most of the profits will be reinvested into achieving this aim. This renders simple analysis like 'price to earnings' as unhelpful in trying to value Tesla today. We believe that Tesla's market capitalisation of US\$267 billion is reflective of the substantial opportunity ahead to drive new sources of "value" for Tesla's electric car owners. If Tesla can enable your car to derive income, the value proposition becomes extremely compelling, it is like the iPhone moment for smart phones.

During the month we added five new positions to the portfolio, with the most important (weighting wise) of these being Roku, the leading player in digital television. Roku provides a platform for television distribution and can be viewed as a next generation internet TV platform. While Roku is known for its hardware devices, the real value lies in providing the operating systems for television sets to go digital. You can think of Roku as the Microsoft for TV's. Over time, TV viewing will move predominantly to streaming and that means advertising is moving to streaming as well. The Roku platform includes a very advanced, sophisticated TV ad platform to capture this shift. Roku is the market leader globally (over 40 million accounts) with the opportunity to capitalise on 1.6 billion households who could potentially take up the service over time as Roku expands beyond its home base of the United States.

Since inception, thirteen months ago, the Fund is up 28.5%, outperforming a 3.8% rise in benchmark. Our annualised run rate of 26% is currently well ahead of our internal return objective of 10% per annum long term. While remaining cautious about equity markets in general, we believe the **pandemic** has created an **inflection point to accelerate the online adoption**. We believe that many of our portfolio holdings stand to benefit materially from this shift.



HOLON GLOBAL INVESTMENTS 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

During the month we added five new positions: Roku, Xiaomi Corp, Bilibili Inc, Meituan Dianping and ZhongAn Online. At month end, the Fund had 17% 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 continue to actively look to add to the portfolio companies in the emerging global and exponential bucket.

PORTFOLIO BREAKDOWN

INNOVATION EXPOSURE	
Cloud Computing	13.0%
E-commerce	9.9%
Payments	17.3%
Energy	5.4%
Software Services	13.4%
Entertainment	8.6%
Advertising	10.1%
Hardware	2.7%

TOP HOLDINGS	
Alibaba	9.8%
Tesla	8.3%
Amazon	7.9%
Xero	7.5%
Google	6.7%
Visa	6.5%
Roku	5.9%
Tencent	5.9%

GICS SECTOR WEIGHTS	
Information Technology	31.8%
Communication Services	20.5%
Consumer Discretionary	28.9%
Financials	1%

COUNTRY WEIGHTINGS	
Australia	7.9%
United States	30.4%
Europe	9.7%
United Kingdom	4.0%
China	22.3%
Other	7.2%

PORTFOLIO CHARACTERISTICS (as at 31 July 2020)

Weighted Average Market Capitalisation	A\$378bn
Current (12mth) Operating Cash Flow Yield	4.3%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	2.9%
Percentage of Fund in the Top 10 Holdings	68.5%
Number of Positions	16
Cash Weighting	17%

VISIT THE WEBSITE

Holon Global Investments Limited's website is 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/photons. **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 resupplying 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.