



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

August 2020

	1 Month	3 Months	6 Months	CYTD	1-Year	Since Inception (p.a.%)
Holon Photon Fund	12.6	21.7	29.8	34.6	42.2	38.2
MSCI AC World	2.9	3.5	0.4	(0.4)	6.2	5.8
Outperformance	9.7	18.2	29.4	35.0	36.0	32.4

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) performed strongly (+12.6%) during the month of August and is up 42.2% over the last year and well ahead of the broader index (+6.2%). Commentary from the management teams continues to **confirm 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. This was reflected during the month with the average stock price rise across the portfolio of +19%.

A recent addition to the portfolio (last month) was Chinese company Xiaomi Corporation (+57%) that rallied strongly. Xiaomi Corporation (Xiaomi) sells smartphones, IoT and lifestyle products and provides internet services in Mainland China and Internationally. While internet services make up 11% of overall sales, the contribution to gross profit is closer to 50%. Over time, Xiaomi has a substantial opportunity to capitalise on the large and growing installed user base (343 million active monthly users globally Q2 2020) through providing higher margin value added services. Near term, Xiaomi is also set to benefit in the premium smart phone market due to the US ban on Huawei accessing the high-end chip sets it needs to power its flagship devices.

Tesla (+46%) continued to rally, supported by a view that the stock will be included in the S&P 500 index near term and the stock-split (like Apple). Post month end Tesla announced an "at the market" capital raising of up to US\$5bn (in addition to the US\$2bn raised in February) which will tip Tesla's overall balance sheet in a net cash position, a positive development. With a market capitalisation of US\$440bn, we believe Tesla should raise closer to US\$30bn to accelerate the development of their highly transformational business model. Given the substantial share price move, our forecasts and valuation are currently being reassessed.

Afterpay (+33%) also experienced strong rises on further positive announcements. Afterpay announced the acquisition of Pagantis to expedite expansion into the European Union. Prior to the acquisition, we were expecting Afterpay to have more customers (15.9m) than CBA, Australia's largest private financial services organisation, by the end of December 2020. Within the next five years we were expecting Afterpay to have closer to 100 million customers globally ex-Asia. We continue to believe the rise of the global and exponential business model, like Afterpay's, is being significantly mispriced. We are currently reviewing our forecasts once again.

Since inception fourteen months ago, the Fund is up 44.6%, outperforming a 7% rise in benchmark. Our annualised run rate of 38% is currently well ahead of our internal return objective of 10.0% 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**, with many of our portfolio holdings standing to benefit materially from this shift.

Finally, it is important to note that while our returns have been strong in nominal terms, when measured relative to Gold (+32% over the last 14 months in AUD) we have increased your **purchasing power by approximately 12%**. This is important to keep in mind as we suspect that the substantial liquidity being provided near term by Central Banks globally is flowing into asset prices, i.e., a rising tide lifts all boats.



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 there were no new positions added. At month end, the Fund had 16.9% 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 & exponential bucket.

PORTFOLIO BREAKDOWN

INNOVATION EXPOSURE	
Payments	17.7%
Software Services	13.2%
Cloud Computing	13.0%
E-commerce	10.1%
Advertising	9.5%
Entertainment	8.2%
Energy	7.5%
Hardware	3.7%

TOP HOLDINGS	
Tesla	11.5%
Alibaba	9.7%
Amazon	7.3%
Xero	7.2%
Google	6.2%
Afterpay	6.2%
Visa	6.1%
Roku	5.7%
Tencent	5.0%
MasterCard	4.7%

GICS SECTOR WEIGHTS	
Consumer Discretionary	32.4%
Information Technology	14.2%
Communication	27.6%
Financials	5.3%

COUNTRY WEIGHTINGS	
United States	31.7%
China	22.4%
Europe	10.0%
Australia	8.3%
United Kingdom	4.9%
Other	7.5%

PORTFOLIO CHARACTERISTICS (as at 31 August 2020)

Weighted Average Market Capitalisation	A\$418bn
Current (12mth) Operating Cash Flow Yield	2.8%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	1.67%
Percentage of Fund in the Top 10 Holdings	69.6%
Number of Positions	16
Cash Weighting	16.9%

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 629 590 985) (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. **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.