



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 - QUARTERLY REPORT

PORTFOLIO PERFORMANCE

September 2020

	3 Months	6 Months	12 Months	Since Inception (p.a.)
Holon Photon Fund	13.9%	33.9%	36.2%	31.8%
MSCI AC World Index	3.8%	10.0%	4.0%	5.3%
Outperformance	10.1%	23.9%	32.2%	26.4%

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, in our view, 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 13.9% for the September quarter, outperforming by 10.1%. Tesla (+94%) and Roku (+60%) were the strongest contributors. Only two stocks were down for the quarter, and strength of the AUD (+3%) was a slight headwind.

The Fund's resilience during the sharpest sell off in market history over Q1 2020 highlighted the strength of the business models in the portfolio. 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 June and September quarters highlights, in our view, a **world accelerating towards a digital future**.

Q1 & Q2 2020 management updates from our portfolio companies 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**.

Roku climbed significantly through the quarter (+60%). The share price move can be attributed to a recognition of the strength that Roku has developed as a distributor. As more streaming services come to market, they require distribution to be successful. With 43 million active accounts in the US, Roku is the perfect platform partner. 'Peacock,' the newest streaming service by NBC Universal (Comcast), launched in the last 2 months with 15 million sign ups. Locked out of the Roku platform though, the two have been stuck in negotiations and when a deal was finally made the market suggested Roku had the upper hand with a quick reprice. While most of Roku's deals are characteristically kept secret, our overall thesis is becoming clearer, that is, TV viewership is moving to streaming and Roku will be the primary beneficiary.

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.

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.

We believe that 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.



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 12.6% 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	14.1%
Software Services	12.9%
Cloud Computing	11.9%
Entertainment	11.7%
Advertising	10.5%
E-commerce	9.8%
Energy	5.4%
Hardware	3.6%

TOP HOLDINGS	
Alibaba	9.3%
Tesla	8.3%
Roku	7.8%
Xero	7.8%
Amazon	7.3%
Tencent	7.1%
Google	5.2%
Afterpay	4.8%
Visa	4.6%
Billi Billi	3.9%

GICS SECTOR WEIGHTS	
Consumer Discretionary	29.3%
Information Technology	27.6%
Communication	24.0%
Financials	0.9%

COUNTRY WEIGHTINGS	
United States	28.2%
China	25.4%
Europe	8.7%
Australia	7.5%
United Kingdom	4.7%
Other	7.3%

PORTFOLIO CHARACTERISTICS (as at 30 September 2020)

Weighted Average Market Capitalisation	A\$395bn
Current (12mth) Operating Cash Flow Yield	3.4%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	5.9%
Percentage of Fund in the Top 10 Holdings	70.0%
Number of Positions	16
Cash Weighting	12.6%

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. 429395). 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.