



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

September 2020

	1 Month	3 Months	6 Months	CYTD	1-Year	Since Inception (p.a.%)
Holon Photon Fund	(3.5)	13.9	33.9	30.0	36.2	39.6
MSCI AC World	(0.1)	3.8	10.0	(0.6)	4.0	6.7
Outperformance	(3.4)	10.1	23.9	30.6	32.2	32.9

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) was down (-3.5%) during the month of September reflecting the broader sell off in technology stocks. We view the sell-off as healthy in light of the average stock price rise across the portfolio of +19% in the previous month versus -9% this month. The weaker AUD (-3%) and higher average cash balances (closer to the upper end of the range, i.e. 25%) cushioned the downside.

Most investment managers speaking of uncertainty at the moment do so because of their, in our view, exposure to 'old world' business models and mindsets that are also financially leveraged. The strength of the Nasdaq (and the higher multiples it trades on) is a function of 'new world' business models and innovation mindsets supported by the strongest balance sheets in the world. In fact, the world has never seen corporates with this much net cash, combined with network economics supporting winner take all dynamics that benefit the consumer. We believe that these dynamics are being reinforced at an accelerated pace and that, combined with the debasement of money because of unprecedented government spending and printing, these two outcomes are more certain in a world full of uncertainty.

Roku (+6%) continued to climb this month to finish off an impressive 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. '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, the two have been in negotiations, and when a deal was finally made, the market suggested Roku had the upper hand with a quick reprice. While most of the 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.

Tesla (-16%) retreated during the month after a significant run for the quarter (+93%). Some were disappointed the stock was not included in the S&P 500 index near term (p.s. we don't care). Tesla raised US\$5bn to put their balance sheet into a net cash position, a positive development. On Battery Day, Elon and this team outlined a plan to halve the price of batteries and significantly increase output. The implications are significant. Tesla is likely to be the largest company on the planet (maybe SpaceX could be larger!). We will have more to say about "how large" in the coming months.

Since inception fifteen months ago, the Fund is up 40%, outperforming a 7% rise in benchmark. Our annualised run rate of 32% 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 inflexion 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 15 months in AUD) we have increased your purchasing power by approximately 8%. 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 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 continue to actively look to add to the portfolio companies in the emerging global & exponential bucket.

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 126 237 592). 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.