



## Galileo New Economy Fund LP

December 3, 2020

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### Top fund holdings:

**Abaxx Technologies (private company)**: A financial technology company developing a new futures exchange and clearinghouse for commodities utilizing the Blockchain and based in Singapore. Initial target market is LNG. A liquidity event via an RTO into NLM (TSX) is expected to take place in mid-December and has been publicly announced. In our judgment, the opportunity afforded by Abaxx is only just getting started and has backing by several marquee investors such as Robert Friedland and Lucas Lundin. Abaxx has a very strong and impressive management team. This holding has a long way to go in our view.

**U.S. Global Investors Inc. (GROW US)**: A U.S. based investment firm that has leverage to crypto currencies through a large corporate investment in Hive Blockchain Technologies (HIVE CN) and to the re-opening of air travel post vaccine as the manager of Jets ETF, (currently US\$2.8 billion in assets, listed JETS US). US Global is firing on all cylinders and this is one cheap stock in our view.

**Conifex Timber (CFF TSX)**: The company produces several grades of SPF lumber at its sawmill located in Mackenzie, B.C. for North American and Asian markets. The company stands to benefit from the surprising strength in housing markets as people seek to leave major urban centres due to outcomes of the virus. We expect this trend to continue for some time and the lumber price will remain elevated as a result.

**China Yuhua Education Corp (6169HK)**: The company integrates higher education, basic education, and preschool education. There are currently 29 well known schools ranging from kindergartens to universities, with 10 campuses in Henan and Hunan provinces in China. ROE is currently 30%, net profit margin is 45% and analysts expect a significant increase free cash flow in 2021.

**Polaris Infrastructure (PIF CN)**: The company owns and operates a 70-megawatt geothermal power plant in Nicaragua and three run of river (ROR) hydro facilities (30 megawatts in total) in Peru. Polaris is currently pursuing of new ROR opportunity in Panama with Brookfield Renewables providing US\$27 million in debt financing for the project. This is just the start of Brookfield's involvement with Polaris in our opinion. Valuation of the company is very cheap compared to the peer group. You can't get a higher ESG score than this. Polaris is running or developing projects in less developed countries that the larger renewable companies can't be bothered with because the megawatt size does not move their needle. With the flood of investment money into ESG funds, investors will find Polaris. Current yield is 4.5% with only a 35% payout ratio. Valuation is very cheap compared to industry peers.



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### **Fund Commentary**

The fund construct is to identify companies that stand to benefit from changes brought forward in the economy as a result of the many side effects of the pandemic, hence the new name, The New Economy Fund. We will continue to seek out additional holdings to add to the fund over the months ahead. Disruption is a huge investment opportunity. We are excited to say the least and will do our utmost to deliver to our fund holders.

Michael Waring

Galileo Global Equity Advisors

### **Fund Codes**

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**GAL101: Class A – GAL201: Class F**

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