



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

Gain exposure to global innovation and disruption on listed markets that are underestimating its 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

Holon Global Investments Limited
Office 18, Level 2, Lawson Place,
165-167 Phillip St, NSW, 2000.

www.holon.investments

HOLON PHOTON FUND - MONTHLY REPORT

PORTFOLIO PERFORMANCE

December 2020

	1 Month	3 Months	6 Months	CYTD	1-Year	Since Inception (p.a.%)
Holon Photon Fund	3.1	11.7	27.3	45.2	45.2	34.5
MSCI AC World	(0.1)	6.5	10.6	5.9	5.9	8.9
Outperformance	3.2	5.2	16.7	39.3	39.3	25.6

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

- The world continues to go digital and our portfolio companies will likely be material beneficiaries.
- Our Mega Cap company management teams have substantial investments aligned with shareholders.
- Our investment team continues to look for innovation opportunities, particularly across Asia.
- Overall, we are less optimistic on broader market sectors that remain heavily indebted and exposed to long-term negative impacts of a slow COVID-19 recovery in 2021.

MARKET COMMENTARY

The Holon Photon Fund (the Fund) was up +3.1% in December, outperforming our benchmark (-0.1%) whose performance was impacted by a +4.5% increase in the Australian Dollar over the month. The US Dollar continues to come under significant selling pressure on accelerating US debt concerns, worsening COVID-19 infection rates and rising uncertainty with respect to the final outcome of the hotly contested US election.

An additional area likely to drive investor uncertainty in 2021 is asset allocation to 'old world' business models carrying overleveraged balance sheets into the COVID-19 global pandemic. Over the past 12 months, two things have become clear to us - the world is shifting online, and governments have committed to economic recovery plans that will result in significant monetary debasement and inflation.

One of the main beneficiaries of this shift online is the retailer Amazon which is forecasting sales growth exceeding 30% in the fourth quarter despite US Covid-19 cases surpassing 200,000 per day through much of the period. The US congress passed a \$US900 billion stimulus package in December, with Amazon a likely beneficiary of the US\$600 per person government payment included in this package. President-elect Joe Biden is expected to introduce additional monetary and fiscal stimulus measures during his first 100-days in office once he becomes US President on 20 January 2021.

Chinese social media platform Bilibili had a strong month, rising 48% due to its expanding social media content library and improving user monetization. The company announced a 110% annual increase in premium subscribers and 117% annual gross profit increase in its Q3 2020 results. Holon believes Bilibili is well positioned to benefit from rising brand recognition amongst younger generations within China.

Alibaba fell over 9% in December due to continued uncertainty following the cancelled IPO of its ANT Group subsidiary by Chinese regulators in November. Holon remains confident in the long-term growth prospects of Alibaba due to its strong balance sheet and dominant position in the Chinese ecommerce market. Ongoing pressure regarding Chinese equity listings in the US, as well as fanciful rumours of former Chairman Jack Ma's disappearance in China, have also impacted the share price, offering an attractive entry point to raise our portfolio weight in late December.

The only addition to the portfolio this month was US-listed software company MicroStrategy (MSTR). Led by CEO Michael Sailor, MicroStrategy has received strong institutional support following its announcement during Q3 2020 to adopt Bitcoin as the primary treasury reserve asset of its cash holdings. In December, MicroStrategy raised a further US\$650 million via a convertible note to buy more Bitcoin. They now hold 70,470 Bitcoin, which is currently valued at US\$2.3 billion or 50% of the Company's market capitalisation. Holon has a positive long-term view on Bitcoin, and we believe that MicroStrategy offers the best solution to give Fund investors exposure to this new asset class whilst we build out our own Bitcoin solution. This exposure has boosted MicroStrategy's share price by 30% since initiating our position.

Since our inception 18 months ago, the Fund is up 56.0%, outperforming a 13.6% rise in our benchmark. Our annualised performance of 34.5% is also well ahead of our internal return objective of 10.0% per annum over the long term. While continuing to remain cautious regarding broader equity markets, we believe the pandemic has created an inflexion point of an accelerating shift online for consumers, with the Fund's portfolio holdings likely to be material beneficiaries.

Finally, we also note that the Fund's returns have also outperformed Gold (+30% over the last 18 months in AUD), increasing our investors purchasing power by 26%. With monetary debasement likely to be the dominant central bank tool for the foreseeable future, this substantial increase in liquidity should continue to flow into scarce hard assets and leading global equities.



Photon
global innovation fund

**Invest
different**

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

On the 30 December we added one position, MicroStrategy, and sold one position, ZhongAn Insurance. At month end, the Fund had 11.1% in cash, which provides investment flexibility to deploy into future opportunities. We remain well positioned to benefit from accelerating global digitalisation trends through the Mega Cap global leaders. Further, we continue to actively look to add emerging global & exponential opportunities and Web 3.0 companies to the portfolio.

PORTFOLIO BREAKDOWN

INNOVATION EXPOSURE	
Entertainment	13.2%
Software Services	12.3%
Payments	12.2%
Cloud Computing	12.1%
E-commerce	10.3%
Advertising	10.1%
Energy	6.9%
Hardware	4.2%

TOP HOLDINGS	
Tesla	10.7%
Alibaba	9.7%
Tencent	8.5%
Amazon	8.4%
Roku	7.1%
Xero	6.6%
MicroStrategy	6.0%
Bili Bili	5.1%
Google	4.4%
Afterpay	4.2%

GICS SECTOR WEIGHTS	
Consumer Discretionary	33.5%
Information Technology	29.2%
Communication	25.1%
Financials	1.2%

COUNTRY WEIGHTINGS	
China	29.2%
United States	27.5%
Europe	8.9%
Australia	6.3%
United Kingdom	4.1%
Other	12.9%

PORTFOLIO CHARACTERISTICS (as at 31 December 2020)

Weighted Average Market Capitalisation	A\$415bn
Current (12mth) Operating Cash Flow Yield	3.1%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	5.4%
Percentage of Fund in the Top 10 Holdings	66.4%
Number of Positions	16
Cash Weighting	11.1%

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 629 690 585) (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/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.