



## 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**  
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[www.holon.investments](http://www.holon.investments)

# HOLON PHOTON FUND – QUARTERLY REPORT

## PORTFOLIO PERFORMANCE

December 2020

|                   | 3 Months | 6 Months | 12 Months | Since Inception (p.a.) |
|-------------------|----------|----------|-----------|------------------------|
| Holon Photon Fund | 11.7%    | 27.3%    | 45.2%     | 34.5%                  |
| MSCI AC World     | 6.5%     | 10.6%    | 5.9%      | 8.9%                   |
| Outperformance    | 5.2%     | 16.7%    | 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) wraps up 2020 with strong performance, climbing 11.7% during the December quarter, outperforming by 5.2%. Bilibili (+120%) and Roku (+90%) were the strongest contributors, with Alibaba (-20%) detracting from fund performance. US Dollar weakness across most currency pairs resulted in a strong Australian Dollar (+7%), negatively impacting our performance.

US retail sales through the holiday season were up 3% primarily driven by strong online sales (+49%), while traditional 'old world' businesses suffered because of COVID-19. These results provide strong evidence that the shift online is accelerating, with 'new world' business models like Amazon and Alibaba being amongst the biggest beneficiaries.

Q3 2020 updates from companies within the Fund indicate significant growth in user engagement across platforms, products, and services, with leading e-commerce platforms indicating their intention to continue to invest heavily given strong confidence in their long-term growth fundamentals. Holon believes this trend will continue over the next decade and is especially true for companies within the Fund that are building the digital infrastructure necessary for the world to further shift online.

Chinese social media platform Bilibili had a strong Q3 2020, with its share price rising 120% over the past 3 months in response to its expanding social media content library and improving user monetization. COVID-19 has accelerated the growth of Bilibili's social media platform with monthly active users (MAU) growing 54% and its content library rising 79%. Bilibili has built a strong reputation among the millennial population of China by focusing on being a user-centric platform, allowing it to reach the necessary critical mass required to challenge existing popular social media platforms like TikTok. In our view, investors continue to underestimate Bilibili's enormous growth opportunities in advertising, e-commerce, and online gaming segments, plus additional user growth in both China and South-East Asia.

Looking towards 2021, Holon believes investors should pay increased attention to US regulatory scrutiny on leading technology platforms because of the recent unrest in Washington, as well as heightened regulatory pressure on Chinese fintech's following cancelled ANT Group IPO. The Fund's diversification has provided resilience during this time of heightened regulatory uncertainty, with no industries occupying more than 15% of the Fund. Holon remains confident on the long-term outlook of our largest US holdings – Google, Tesla and Amazon – in addition to Alibaba and Tencent given their strong balance sheets and dominant position within the Chinese market.

Two things become 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 point, our investment team continues to monitor the performance of existing investors while also looking for new opportunities that benefit from behavioural changes in consumers and businesses.

On the second point, Holon holds a positive-long term view on Bitcoin with the asset class providing a hedge against the debasement of money. In December, Holon added a new position in US software company MicroStrategy, which has adopted Bitcoin as its primary treasury reserve asset of its cash holdings. With Bitcoin making up 50% of the MicroStrategy's market capitalisation, this investment provides the best solution to give the Fund's investors exposure to this new asset class whilst we build out our own Bitcoin solution.

We believe that financial services companies will underperform over the next decade, with Australia's share index substantially overweight in this sector. Increasingly, the fishbowl we operate in is looking risky. This is one of the key reasons why investors should consider diversifying towards global innovation leaders that have strong balance sheets with no debt and high cash levels to fund future investment opportunities.



## 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](http://www.holon.investments)

## STRUCTURE AND TERMS

|                                    |   |
|------------------------------------|---|
| Distribution Reinvestment Plan     | Distribution Reinvestment Plan              |
| Legal Domicile                     | Australian                                  |
| Fees                               | Management Fee 1.35%<br>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. 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](http://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.