



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

January 2021

	1 Month	3 Months	6 Months	CYTD	1-Year	Since Inception (p.a.%)
Holon Photon Fund	7.0	17.1	29.9	7.0	44.4	38.2
MSCI AC World	0.1	7.1	9.6	0.1	2.1	8.4
Outperformance	6.9	10.0	20.3	6.9	42.3	29.8

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

- Early commentary from US financial reporting season supports Holon's thesis that the global shift online is accelerating and companies within our portfolio will be amongst the largest winners.
- Our Mega Cap Companies are continuing to invest heavily to create long-term shareholder value.
- Overall, we are less optimistic on broader market sectors that remain heavily indebted and exposed to long-term headwinds associated with the Covid-19 pandemic.

MARKET COMMENTARY

The Holon Photon Fund (the Fund) appreciated 7.0% during the month of January, outperforming the broader market return of 0.1%. Volatility remained high at the beginning of the month following the violent political protests ahead of President Biden's inauguration. We ended the month scratching our heads, struggling to understand how a social-media platform called WallStreetBets could create a stock-buying frenzy that challenged equality in US capital markets and heavily damaged returns for global hedge funds.

In a world of heightened uncertainty, we believe two things have become abundantly clearer over the past year. Firstly, the world is shifting online, as evidenced by significant revenue growth during 2020 in digital payments (+21%), ecommerce (26%) and online streaming (+32%). Secondly, central banks and governments continue to expand monetary and fiscal policy related spending at a rate that will likely lead to higher inflation and monetary debasement. A recent example is the US\$1.9T stimulus proposed by the Biden administration.

Our recent fund inclusion MicroStrategy was up 49% in January, benefiting from their decision in Q4 2020 to replace its large cash reserves with Bitcoin. With the digital asset reaching USD\$42,000 in January, MicroStrategy's Bitcoin holdings reached US\$3B or 50% of its market capitalisation. The global shift online has also enabled MicroStrategy business operations to lower operating costs, which should allow them to free up cash flow and invest in digital assets over the next few years. Holon believes MicroStrategy offers the best solution to give our Fund investors exposure to this new asset class whilst building out our own Bitcoin solution.

Afterpay rose 13% for the month because of the strong IPO performance of their US-based rival Affirm, which recently listed on the NASDAQ and reached a valuation of USD\$24 billion in the first week. While Afterpay has a slightly higher valuation of USD\$30 billion, it has twice as many US customers as Affirm alongside its UK, European and Australian operations. Holon believes Afterpay has demonstrated a strong ability to expand into international markets and will continue to benefit from the structural shifts underpinning the buy-now-pay-later (BNPL) market - namely the rise in ecommerce and digital payments.

Following a 24% rise in December, Xiaomi fell -13% in January, primarily because of the U.S. Department of Defense adding Xiaomi to a U.S. blacklist of companies that they believe have a strong affiliation to the Chinese military. As a result, U.S. investors will be forced to exit any holdings in Xiaomi by November 2021. However, given Xiaomi's dual listing on the Hong Kong Exchange and strong domestic Chinese investor support, we do not expect this decision will have a large impact on Xiaomi. The company confirms they are fully compliant with all relevant laws and regulations and is not owned, controlled, or affiliated with the Chinese military. The US blacklisting also does not prohibit Xiaomi from procuring smartphone components from U.S. firms, which could impact its supply chain and profitability.

Since our inception nineteen months ago, the Fund is up 67.0%, outperforming our benchmark MSCI AC World Index return of 13.7% over the same period. Our annualised performance of 38.2% is also well ahead of our internal return objective of 10.0% per annum over the long-term. While we remain cautious with respect to the structural impacts of Covid-19 and its effect on broader equity markets, we believe the pandemic has created an inflexion point to accelerate online adoption. As a result, many of our portfolio holdings are likely to be material beneficiaries of this shift.

Finally, we note that the Fund has outperformed Gold (+20.6% over the past 19 months), increasing our investors purchasing power by approximately 46.4%. This is important as we believe that monetary debasement will likely be the dominant central bank tool for the foreseeable future.



Photon
global innovation fund

**Invest
different**

INVESTMENT ACTIVITY

During January, there were no new positions added to the Fund. The Fund had 16.9% in cash at month end, which provides a level of 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 to the portfolio companies in both the emerging global & exponential and Web 3.0 buckets.

PORTFOLIO BREAKDOWN

INNOVATION EXPOSURE	
Payments	14.1%
Entertainment	11.8%
Cloud Computing	11.3%
Software Services	10.8%
E-commerce	9.8%
Advertising	6.2%
Energy	5.1%
Hardware	2.8%

TOP HOLDINGS	
Alibaba	8.6%
Amazon	8.5%
Tencent	8.3%
Tesla	7.8%
Microstrategy	6.2%
Roku	6.0%
Google	5.8%
Afterpay	4.5%
Bilibili	4.4%
Visa	4.4%

GICS SECTOR WEIGHTS	
Consumer Discretionary	30.2%
Information Technology	28.5%
Communication	24.5%

COUNTRY WEIGHTINGS	
China	30.6%
United States	24.5%
Europe	6.9%
Australia	5.5%
United Kingdom	3.4%
Other	12.2%

PORTFOLIO CHARACTERISTICS (as at 31 January 2020)

Weighted Average Market Capitalisation	A\$414bn
Current (12mth) Operating Cash Flow Yield	3.0%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	4.5%
Percentage of Fund in the Top 10 Holdings	60.9%
Number of Positions	16
Cash Weighting	16.9%

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. 12766882) of Atlas Funds Management Pty Ltd (ACN 612 499 298) which holds an Australian Financial Services Licence (No. 291359). 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.

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.