



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

February 2021

	1 Month	3 Months	6 Months	CYTD	1-Year	Since Inception (p.a.%)
Holon Photon Fund	(0.1)	10.2	15.3	6.9	49.7	36.1
MSCI AC World	1.4	1.4	8.0	1.5	8.4	8.9
Outperformance	(1.5)	8.8	7.3	5.4	41.3	27.2

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

- A bond-market selloff on rising inflation fears triggered a selloff in global equity markets, with technology shares affected across the board.
- Market expectations point to a stronger than initially expected economic recovery as the rollout of vaccines continues to pick up pace and the path to reopening becomes slightly clearer.
- US financial earning results strengthened our investment theses behind several portfolio holdings.
- Overall, we are less optimistic on the broader market and believe our portfolio holdings will be long-term benefices of the fundamental shifts in consumer behaviour as a result of Covid-19.

MARKET COMMENTARY

The Holon Photon Fund (the Fund) fell slightly (-0.1%) during the month of February, underperforming the broader market return of 1.4%. Elevated volatility remained high throughout the month, impacting the share price of most technology-related stocks. Selling was strongest into the end of the month, as rising investor fears over inflation negatively impacted US government bond prices.

The rise in bond yields also reflects investor expectations of a strong economic recovery and the subsequent implications of a rise in interest rates. However, we believe that interest rates will remain depressed for an extended period given the substantial levels of government debt and the consequent interest expense burdens. This view is reinforced by ongoing global quantitative easing programs implemented by central banks to dampen interest rates.

Mastercard and Visa both performed strong through February, rising 10.3% and 8.8% respectively as optimism regarding a global recovery increased. The International Monetary Fund (IMF) recently upgraded their global growth forecast to 5.5% in 2021. Despite a decline in cross border volumes for Visa, total payment volumes increased during the first quarter of FY21, with US debit growth +24% yoy. As owners of large US payment rails, both Mastercard and Visa are well placed to benefit from the global economic recovery and growing US stimulus programs.

Alphabet (Google's parent company) was up 10% in February following solid FY results. Advertisement, which is 80% of total revenue, rebounded strongly in 2H20 as consumers and business shifts further online. Google Cloud also delivered strong revenue growth (47% YoY). We believe cloud offers investors amongst the highest quality earnings growth over the very long-term and have exposure to it through 5 investments: Amazon, Alibaba, Google, Tencent and Megaport.

Afterpay pulled back 10% during the month of February on the back of rising bond yields and a selloff among Buy Now Pay Later (BNPL) stocks following Afterpay's first half results for FY21. In our view, this pull back reflects profit taking by smaller investors following a strong period of growth (FY20 revenue up 106% yoy) rather than any material change in the fundamental value of the company.

Afterpay continues to grow its footprint in North America and is increasing its customer transaction frequency as they integrate additional leading retailers onto their platform. The recent Australian Finance Industry Association BNPL code of conduct report was also seen as a win for Afterpay, with a strong emphasis on innovation and competition.

Since our inception twenty months ago, the Fund is up 66.7%, outperforming our benchmark MSCI AC World Index return of 15.3% over the same period. Our annualised performance of 36.1% 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 in consumer behaviour.

Finally, we note that the Fund has outperformed Gold (+12.3% over the past 20 months), increasing our investors purchasing power by approximately 54.4%. This is important as we believe that monetary debasement will likely be the dominant central bank tool for the foreseeable future.



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 February, there were no new positions added to the Fund. The Fund had 6.2% in cash at month end, significantly less than recent months as we looked to take advantage of the sharp selloff in technology-related equities. 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 and exponential and Web 3.0 buckets.

PORTFOLIO BREAKDOWN

INNOVATION EXPOSURE	
Payments	14.1%
E-commerce	14.0%
Software Services	12.8%
Entertainment	12.2%
Cloud Computing	11.6%
Advertising	6.8%
Web 3.0 (bitcoin)	5.0%
Energy	5.0%
Hardware	3.4%

GICS SECTOR WEIGHTS	
Consumer Discretionary	34.2%
Information Technology	34.2%
Communication Services	25.4%

TOP HOLDINGS	
Alibaba	9.7%
MicroStrategy	8.9%
Amazon	8.8%
Tencent	8.6%
Tesla	7.7%
Roku	6.7%
Xero	6.1%
Alphabet	5.9%
Afterpay	4.9%
Meituan	4.4%

GEOGRAPHICAL WEIGHTINGS	
China	35.7%
United States	25.6%
Europe (ex. UK)	7.3%
Australia	6.4%
United Kingdom	3.8%
Global	5.0%
Other	10.1%

PORTFOLIO CHARACTERISTICS (as at 28 February 2021)

Weighted Average Market Capitalisation	A\$407bn
Current (12mth) Operating Cash Flow Yield	3.3%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	5.0%
Percentage of Fund in the Top 10 Holdings	68.8%
Number of Positions	16
Cash Weighting	6.2%

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 129 237 556). 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.