



## 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 - MONTHLY REPORT

## PORTFOLIO PERFORMANCE

March 2021

	1 Month	3 Months	6 Months	CYTD	1-Year	Since Inception (p.a.)
Holon Photon Fund	(3.0)	3.7	15.9	3.7	55.1	31.6
MSCI AC World	4.4	5.9	12.8	5.9	24.2	11.2
Outperformance	<b>(7.4)</b>	<b>(2.2)</b>	<b>3.1</b>	<b>(2.2)</b>	<b>30.9</b>	<b>20.4</b>

*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 bond market continued its sell-off on rising inflation fears. US 10-year bond yields hit 1.79%, resulting in continued profit taking in the technology sector.
- The stimulus-induced boost to consumer spending and economic reopening in the US has accelerated the economic recovery with many economists raising economic growth forecasts.
- China's reporting season affirmed our investment thesis of strong structural tailwinds underpinning solid earnings results.
- We remain less optimistic on the broader market and believe our portfolio holdings will be long-term beneficiaries of the fundamental shifts in consumer behaviour as a result of Covid-19.

## MARKET COMMENTARY

The Holon Photon Fund (the Fund) continued to be impacted by the bond market sell-off, falling (-3.0%) during the month of March and underperforming the broader market return of 4.4%. 10-year US Treasury yields reached 1.79%, impacting the share prices of most technology-related stocks as some investors were worried about rising debt-service levels for consumers. The sell-off in technology stocks was strongest at the beginning of the month as heavily oversold 'value' shares rebounded, however this sentiment has since subsided with a 'growth' stock rally to close out the month.

Global equity markets also steadied following strong US March job numbers (+900,000), while US 10-yr bond yields have begun to settle around the 1.60-1.65% range following calming words from the US Federal Reserve Bank to maintain sufficient monetary support as the US recovers from Covid-19. Holon continues to believe that the US Fed will maintain low interest rates regardless of rising inflation expectations. With an ever-growing US government debt burden, a heavy US government and corporate bond refinancing schedule, and a new request for a further US\$2-3 trillion for US President Biden's infrastructure plan, the US Federal Reserve printing presses will need to shift to overdrive to soak up any excess bond sales to maintain low interest rates for the foreseeable future.

Despite strong quarterly and full-year results in February, Roku sold off sharply (-23%) in March on profit taking in the technology sector. Holon remains confident in Roku's ability to establish itself as the leading global player in the video streaming market. In 2020, Roku continued to consolidate its market position and benefit from the secular shift from linear TV to streaming, with total active accounts exceeding 50 million in December 2020, up 39% YoY.

MicroStrategy fell -18% in March following profit taking in bitcoin following its all-time high of US\$61,500 in February. With over 91,000 Bitcoin on its balance sheet, Holon believes MicroStrategy provides traditional equity investors a simple way to gain exposure to Bitcoin. Rising institutional interest and understanding of this new digital asset class has driven its market capitalisations through US\$2 trillion in April. As the Bitcoin lending market matures over the next 5 years, we believe the investment case for MicroStrategy will strengthen as its interest income (from lending its Bitcoin assets) generates substantially more revenue than its underlying software operations.

Despite the sell-off in its business service peers, Xero appreciated 5% in March after announcing two major acquisitions, namely Planday and Tickstar. The acquisitions add workforce management and e-invoicing infrastructure to their platform, supporting Xero's commitment to growing its product offering and ecosystem for the SME financial services marketplace. Furthermore, both acquisitions will support Xero's expansion into the European market, which represents a significant long-term opportunity.

Since our inception twenty-one months ago, the Fund is up 61.8%, outperforming our benchmark MSCI AC World Index return of 20.3% over the same period. Our annualised performance of 31.6% 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 (+22.3%), increasing our investors purchasing power by approximately 39.5%. 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 March, there were no new positions added to the Fund. The Fund had 14.8% in cash at month end, which is a position we are comfortable with given the considerable uncertainty in markets at present. 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	12.8%
E-commerce	12.5%
Software Services	12.5%
Cloud Computing	10.5%
Entertainment	10.4%
Web 3.0 (bitcoin)	6.9%
Advertising	5.7%
Energy	4.8%
Hardware	3.2%

TOP HOLDINGS	
Alibaba	8.8%
Amazon	8.4%
MicroStrategy	7.7%
Tencent	7.6%
Tesla	7.3%
Xero	6.2%
Google	5.8%
Roku	5.4%
Visa	3.9%
Afterpay	3.9%

GICS SECTOR WEIGHTS	
Consumer Discretionary	31.9%
Information Technology	31.2%
Communication Services	22.1%

GEOGRAPHICAL WEIGHTINGS	
China	32.3%
United States	23.1%
Europe (ex. UK)	6.9%
Australia	5.8%
United Kingdom	3.4%
Global	6.9%
Other	6.6%

## PORTFOLIO CHARACTERISTICS (as at 31 March 2021)

Weighted Average Market Capitalisation	A\$309bn
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	4.9%
Percentage of Fund in the Top 10 Holdings	62.5%
Number of Positions	16
Cash Weighting	14.8%

## 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% 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](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.