



## 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

June 2021

	1 Month	3 Months	6 Months	1 Year	Since Inception (p.a.)
Holon Photon Fund	13.2	11.8	15.9	47.6	34.5
MSCI AC World	4.5	8.9	15.4	27.6	14.5
Outperformance	<b>8.7</b>	<b>2.9</b>	<b>0.5</b>	<b>20.0</b>	<b>20.0</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 Federal Open Market Committee continued to communicate its accommodative monetary stance, keeping asset purchases and the federal funds rate unchanged.**
- **US 10yr bond yields have fallen back to 1.3%, and have been favourable for growth names that benefit from low interest rates.**
- **Chinese regulators remain committed to lowering anti-competitive market behaviour.**
- **Holon is confident in the portfolios ability to generate long term compounding returns.**

## MARKET COMMENTARY

The Holon Photon Fund (the Fund) returned 13.2% in June, outperforming the broader market return of 4.5%. The outperformance is largely attributable to a broader rebound in the technology sector, with the US Nasdaq 100 index up 6.3% for the month. With the US Federal Reserve signalling in June that federal funds' rate rises are unlikely to occur before 2023, investors returned to buy oversold growth (technology) stocks throughout the last 6 weeks of the first half of 2021.

The US Federal Reserve also signalled their intention to keep purchasing bonds under its quantitative easing policy. Whilst Holon remains on the fence as to whether inflation shifts to become more structural (widespread consistent price rises from accelerating wage and asset price growth), markets remain firm in their belief that official US government inflation will remain below 2%, allowing the US Federal Reserve to persist with accommodative monetary policy. In this environment, growth equities (especially global technology leaders) should continue to perform well. Any additional global lockdowns from the Covid-19 delta strain should also continue to accelerate the shift online, a key pillar underlying Holon's investment framework.

Whilst markets in the U.S. have benefitted from the strong fiscal support of the Government, markets in China suffered a sharp sell-off following additional Central Government policy announcements targeting anti-competitive behaviour across the domestic technology landscape.

Tencent shares pulled back 6% in June, impacted by a policy announcement that may require Tencent to restructure their financial services operation into a separate financial holding company (requiring its own capital base). Holon does not expect this to materially impact our forecasts. However, most of its fall can largely be attributed to the market's reactions to further policy adjustment from Chinese regulators aimed at ensuring a competitive business environment (particularly online) and compliance with data security laws. It is also likely an additional motive for China's leaders to ensure its own technology leaders do not gain a similar level of political power as recently demonstrated by US technology companies during last year's US presidential elections. At current prices (12 July), our models indicate investors could own the entire operations of both Tencent and Alibaba by 2024 for free (after subtracting its cash and investments value).

ASX listed 'buy-now-pay-later' (BNPL) leader Afterpay has also benefitted from the rotation back to 'growth' and a strong recovery in the U.S. economy, with its price up 27% in June. With many BNPL player's dependent on the land grab in the U.S. market, the health of the U.S. economy is a vital factor that underpins the high valuations investors are willing to pay for Afterpay and the BNPL sector more broadly. We believe the accommodative fiscal and monetary stance in the U.S. is good news for the BNPL sector, and we expect Afterpay to continue its strong performance as it drives monetization and margin expansion through developing new service offerings such as Afterpay Money.

Since inception, the Fund has returned 80.8%, outperforming the MSCI AC World Index return of 31.1% over the same period. The annualised performance of 34.5% is substantially above our internal return objective of 10.0% per annum over the long-term.

While we remain confident in the outlook for global equity markets given central banks commitment to supportive monetary policy, we believe the pandemic has created an inflexion point to accelerate online adoption. As many of our holdings are likely to be material beneficiaries of this shift in consumer behaviour, we remain confident in our ability to outperform the benchmark on a long-term horizon.

Finally, we note that the Fund has outperformed Gold (+16.3%), increasing investors purchasing power by approximately 64.5%. 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 June, there were no new positions added to the Fund. The Fund held 2.9% in cash, well below recent months given our level of conviction around the portfolio names and their respective valuations. We remain well positioned to benefit from accelerating digitalisation and continue to actively look to add to the portfolio companies in the global and exponential bucket.

## PORTFOLIO BREAKDOWN

INNOVATION EXPOSURE	
Payments	13.7
Software Services	13.5
Entertainment	12.8
E-commerce	12.6
Web 3.0	11.7
Cloud Computing	11.3
Advertising	7.5
Energy	5.2
Hardware	3.1

GICS SECTOR WEIGHTS	
Information Technology	39.0
Consumer Discretionary	31.6
Communication Services	26.6

TOP HOLDINGS	
Alibaba	9.1
MicroStrategy	9.0
Roku	8.9
Tesla	8.0
Amazon	7.9
Tencent	7.3
Xero	6.0
Alphabet	5.9
Afterpay	5.6
Bilibili	4.5

GEOGRAPHICAL WEIGHTINGS	
China	33.0
United States	30.9
Europe (ex. UK)	6.9
Australia	6.8
United Kingdom	4.1
Global	8.5
Other	6.9

## PORTFOLIO CHARACTERISTICS (as at 30 June 2021)

Weighted Average Market Capitalisation	A\$433bn
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	4.1%
Percentage of Fund in the Top 10 Holdings	70.0%
Number of Positions	17
Cash Weighting	2.9%

## 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 127 400 987) (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 259 237 592). 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. 491399). 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/iphoton](http://www.oneinvestment.com.au/iphoton). **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.