



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

# HOLON PHOTON FUND – QUARTERLY REPORT

## PORTFOLIO PERFORMANCE

June 2021

	3 Months	6 Months	1 Year	Since Inception (p.a.%)
Holon Photon Fund	11.8	15.9	47.6	34.5
MSCI AC World	8.9	15.4	27.6	14.5
Outperformance	2.9	0.5	20.0	20.0

*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 over the Q2 period, maintaining asset purchases (QE) and the federal funds rate.**
- **While inflation is emerging in the global economy, financial markets continue to believe rising prices are due to pent up demand from the Covid-19 recovery rather than wage driven.**
- **Managing the US debt problem (130% debt to GDP) almost certainly requires the US Fed to maintain high monetary inflation levels over the next 5 years to lower it back below 80% (inflate it away).**
- **Chinese regulators remain committed to implementing its anti-competitive market laws.**
- **The shift online continues, and we believe the Fund is well positioned to generate long term returns.**

## MARKET COMMENTARY

The Holon Photon Fund (the Fund) finished off Q2 2021 up 11.8% after a strong rebound in the last 6 weeks of the quarter as investors returned to growth stocks. The Fund outperformed the MSCI AC World Index by 2.9% over the quarter and outperformed by 20% over the last 12 months.

The three biggest positive contributors to fund performance over the quarter were Megaport (+50%), Roku (+30%) and Intuit (+26%). The biggest negative contributors over the quarter were Coinbase (-22%), Tencent (-11%) and Meituan (-4%).

The previous quarter's rotation out of 'growth' and into 'value' stocks continued through this quarter, on the belief that 'value' was best positioned to benefit from rising 'fiscal' spending (i.e., construction projects) to restart global economies. With US government CPI data remaining under control, investors returned to US bonds (10yr bond yields fell from 1.75% back to 1.3%) and growth equities late in the quarter, with the US Nasdaq 100 index up 8.7% over the last 6 weeks of Q2.

The US Federal Reserve also reassured investors during the quarter that they would tolerate 'transitory inflation' to meet longer term CPI and unemployment targets. Its commentary was more supportive than many investors were anticipating, especially considering the massive stimulus programs that have been implemented during the Covid-19 pandemic.

While we believe the accommodative monetary stance taken by many central banks will be supportive of both US and global equity markets, Chinese equities have suffered as the central government implements its anti-monopoly laws, which disproportionately impacted the Chinese technology sector. Our China investment exposure all fell over the quarter, despite posting strong Q1 results. Holon believes the Chinese regulator has clearly communicated its intentions to ensure healthy market competition in its domestic market and we believe they will continue to fine-tune their policy over the next 12-18 months. We believe our China investments in the Fund offer once-in-a-decade valuations for patient investors.

After reaching an all-time high at the beginning of the year, Tencent shares fell -10.6% over Q2. As noted above, the share price movement can largely be attributed to investors misunderstanding the motive of the Chinese anti-competition and banking regulators. An announcement in June is likely to require Tencent to restructure their financial services business into a separate holding company (with own capital base). Holon does not expect this to materially impede Tencent's profitability.

Following a sharp sell-off during March, Roku shares rebounded (+30.4%) through the second quarter. As discussed in the Monthly Report released in March, Holon believed the March sell-off occurred without any significant news or change in Roku's long-term fundamentals. We remained confident in Roku's ability to establish itself as a leading global player in the growing video streaming market. Holon used the March selloff to increase our exposure in the Fund. Roku is now our third largest portfolio holding.

Holon's two investment pillars are becoming clearer – digital infrastructure is becoming essential for business and consumers, and governments and central banks will continue to spend beyond their means through debts and monetary printing. Both are happening at an accelerated rate. We believe most global economies are in the early stages of their long-term recovery from Covid-19 pandemic, which will require continued accommodative monetary and fiscal stimulus.

## 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

Throughout the quarter, there were no new positions added to the Fund. At 30 June, the Fund held 2.9% in cash, well below recent quarters 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 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/photons](http://www.oneinvestment.com.au/photons). **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.