



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

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HOLON PHOTON FUND - MONTHLY REPORT

PORTFOLIO PERFORMANCE

August 2021

| | 1 Month | 3 Months | 6 Months | 1 Year | Since inception (p.a.%) |
|-----------------------|-------------|-------------|--------------|-------------|-------------------------|
| Holon Photon Fund | 2.5 | 9.9 | 5.3 | 21.3 | 29.7 |
| MSCI AC World | 3.2 | 10.8 | 20.6 | 30.2 | 16.4 |
| Outperformance | -0.6 | -0.9 | -12.7 | -6.8 | 11.4 |

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

- Volatility in Chinese markets continued as foreign investors sold Chinese equities. Holon believes that the misinterpretation of the government's policy goals has created a buying opportunity for long-term investors.
- A weak US jobs report in early September looks likely to result in a delay in US monetary tightening. With US mid-term elections 14 months away, the window for the US Federal Reserve to cut monthly Quantitative Easing (QE) or raise interest rates is quickly closing, with 2023 now a likely date.
- Bitcoin rallied 50% from July lows on strong demand from institutional and retail investors.
- Our exposure to Web 3.0 through Coinbase and MicroStrategy benefitted from the positive sentiment in crypto markets as well as strong Q2 results.

MARKET COMMENTARY

The Holon Photon Fund (the Fund) returned 2.5% in August, slightly underperforming the broader market return of 3.2%. The underperformance was attributed to the sell-off in our China exposure, with Alibaba and Tencent trading at a 60% discount to their US-listed technology competitors. Our monthly performance was positively impacted by our exposure to Web 3.0 investments, with MicroStrategy and Coinbase rallying on the back of a 60% rise in the price of Bitcoin since 20 July, with the total market capitalization of digital assets back above \$US2 trillion.

There is little doubt that the regulatory policy shifts in China presents a challenge for local businesses and foreign investors. However, investors that understand the government's purpose behind these shifts in regulatory policy have historically made strong investment returns following panic selling from foreign investors. This is particularly true for US-listed Chinese equities like Alibaba and Tencent, which both retracted to their lowest ever valuations in mid-August. Legendary investors like Charlie Munger bought more Alibaba shares, Ray Dalio of Renaissance wrote that *"the sell-off was confusing to people who are not close to what's happening"*, while billionaire investor Ken Fisher blamed *"hysterical Western pundits"* for the share price crash. Given our high conviction, the Fund took the opportunity to increase our positions in these names following our exit from Afterpay.

Coinbase (11%) and MicroStrategy (13%) benefitted from positive investor sentiment in crypto markets following the rebound in Bitcoin that saw its price rally 60% since 20 July. This rise in Bitcoin's price was triggered by strong institutional and retail demand for Bitcoin on signs that a slowing US economy increases the likelihood of further liquidity injections in the form of QE asset purchases over the next 12 months. The volatility in digital assets led to strong Q2 results for Coinbase, with the digital asset exchange benefitting from the increase in trading volume.

US software provider MicroStrategy continues to accumulate Bitcoin on any sell-down, with its holding of 105,000 Bitcoin now with US\$5.4 billion or 80% of its current market capitalisation. Led by CEO Michael Saylor, MicroStrategy provides equity investors one of the simplest ways to build exposure to digital assets.

Tesla continues to perform better than most analysts' expectations. Please look out for our research report on Tesla in September which Holon believes provides an investment opportunity matched by very few other companies over the next two decades.

Since inception, the Fund has returned 75.8%, outperforming the MSCI AC World Index return of 39.1% over the same period. The annualised performance of 29.7% remains 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 we believe that 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 (+23.7%), increasing investors purchasing power by approximately 52%. 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 August there were no new positions added to the Fund. The Fund held 10.5% in cash due to recent inflows that we are looking to put to work given our 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 | |
|---------------------|-------|
| Software Services | 14.5% |
| E-Commerce | 10.6% |
| Web 3.0 | 11.9% |
| Entertainment | 11.6% |
| Cloud Computing | 10.8% |
| Payments | 8.8% |
| Advertising | 6.6% |
| Energy | 5.5% |
| Hardware | 3.0% |

| TOP HOLDINGS | |
|---------------|------|
| Tencent | 9.3% |
| MicroStrategy | 9.1% |
| Tesla | 8.5% |
| Alibaba | 8.0% |
| Amazon | 7.8% |
| Alphabet | 6.7% |
| Roku | 6.6% |
| Xero | 6.3% |
| Intuit | 4.3% |
| Coinbase | 4.0% |

| GICS SECTOR WEIGHTS | |
|------------------------|-------|
| Information Technology | 33.5% |
| Consumer Discretionary | 30.5% |
| Communication Services | 25.6% |

| GEOGRAPHICAL WEIGHTINGS | |
|-------------------------|-------|
| China | 32.9% |
| United States | 25.8% |
| Global | 8.6% |
| Europe (ex. UK) | 6.8% |
| Australia | 5.8% |
| United Kingdom | 3.0% |
| Other | 6.8% |

PORTFOLIO CHARACTERISTICS (as at 31 August 2021)

| | |
|---|----------|
| Weighted Average Market Capitalisation | A\$451bn |
| Current (12mth) Operating Cash Flow Yield | 2.80% |
| Forecast growth p.a. (3-5 years) in Operating Cash-Flow | 10-15% |
| Net cash as a % of Market Capitalisation | 4.20% |
| Percentage of Fund in the Top 10 Holdings | 69.10% |
| Number of Positions | 16 |
| Cash Weighting | 10.50% |

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 127 400 987) (AFSL 297042) (OMIFL). The investment manager for the Holon Photon Fund is Holon Global Asset Management Pty Ltd (ACN 629 590 595) (Holon) that is a wholly owned subsidiary of Holon Global Investments Limited (ACN 293 237 592). 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/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.