



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 – QUARTERLY REPORT

PORTFOLIO PERFORMANCE

September 2021

	3 Months	6 Months	12 Months	Since Inception (p.a. %)
Holon Photon Fund	-8.5	2.3	18.5	25.2
MSCI ACWI Index	2.8	12.0	26.4	14.2
Outperformance	-11.4	-9.8	-7.9	11.0

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

- Renewed concerns over China throughout the quarter, particularly in relation to regulatory changes targeting anti-competition and price gouging in the education sector, led to heavy foreign investor selling of leading Chinese equity names.
- Concerns over a possible debt default by a Chinese property developer (Evergrande) in September caused a further wave of selling, with Tencent and Alibaba trading at record low valuations at the end of Q3 2021.
- Holon believes that a misunderstanding of the Chinese government's reform motives, and its property development sector, has presented a rare opportunity to buy China's leading technology names at a 70% discount to their US peers.
- The Fund sold out of its Afterpay position following the biggest M&A deal in Australia's history.

MARKET COMMENTARY

The Holon Photon Fund (the Fund) finished off Q3 2021 down 8.5% because of heavy selling across our Chinese investments, as well as Roku. Consistent negative media headlines comparing debt problems at China's Evergrande to the "2008 Lehman Moment" triggered a fresh wave of selling in September, negating the bounce in Chinese equity prices that occurred in late August. [Holon's view](#) is that these headlines are misguided, with Chinese bank exposure to domestic property lending (28% of total bank loans) unlikely to result in any sort of financial contagion.

The Fund's 30% exposure to Chinese equities led to it underperforming the MSCI AC World Index by 11.4% over the quarter, bringing our 12-month underperformance to 7.9%. Nonetheless, we are not guided by these short-term movements, with our strategy focusing on the long-term potential of our high conviction investments. Therefore, we have taken this sell-off as an opportunity to build the Fund's exposure to our existing [Chinese names](#).

Afterpay was acquired by Square for \$39 billion in August at a 30% premium to its market value at the time. We took this as an opportunity to sell-out of Afterpay to put this cash to work in other investment opportunities. Holon believes there will likely be significant synergies that arise from the Square-Afterpay partnership and we are current re-examining Square's investment outlook.

The three biggest positive contributors to fund performance over the quarter were Tesla (+18%), Intuit (+11%) and Alphabet (+10%). The biggest negative contributors over the quarter were Bilibili (-45%), Alibaba (-37%) and Roku (-28%).

Bilibili fell 45% in Q3 following a bigger than expected loss in its August results outlook as well as negative China equities sentiment from the regulatory adjustments and property sector concerns outlined above. We continue to believe that Bilibili's long-term growth prospects remain positive, with continued growth of its monthly user base (250 million people) and a wider variety of content offered to users across its video platform.

Continuing its upward trend, Intuit experienced another strong quarter of growth. Underpinning this, the company reported positive Q4 earnings, with total revenue up 41% YoY to \$2.6 billion. Another notable tailwind was the recent announcement of its US\$12 billion acquisition of automated email marketing company MailChimp. Intuit CEO, Sasan Goodarzi remarked that the "acquisition would help the firm scale its small business technology and help mid-market companies retain customers".

Tesla enjoyed its best-ever production quarter, bucking the trend of supply constraints that is plaguing its competitors across the auto industry. Tesla's Q3 vehicle deliveries reached 241,300, up 78% yoy. This is in stark contrast to GM who recorded a fall in sales of -33%, and VW, who held 'crisis meetings' over its substantial gap with EV-leader Tesla.

VW's CEO Herbert Diess public comment of Model 3 being built in a third of the time as their ID.3 EV model, highlights the massive advantage of Tesla in both productivity and profitability. Tesla's new Nevada and Berlin factories, that will commence production in early 2022, will widen this advantage further. (Look out for Holon's Tesla Report which will be released in October 2021.)



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, we sold out of our Afterpay position, with no other positions being added to the Fund. At 30 September, the Fund held 13.3% in cash, well above recent quarters due to strong fund inflows. 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	14.1
Entertainment	11.1
Cloud Computing	10.6
Web 3.0	10.5
E-commerce	10.3
Payments	8.9
Advertising	6.2
Energy	6.1
Hardware	2.9

TOP HOLDINGS	
Tesla	9.4
Tencent	9.3
MicroStrategy	8.0
Amazon	7.7
Alibaba	7.2
Google	6.4
Roku	6.2
Xero	6.0
Intuit	4.3
Coinbase	3.7

GICS SECTOR WEIGHTS	
Information Technology	31.9
Consumer Discretionary	30.3
Communication Services	24.5

GEOGRAPHICAL WEIGHTINGS	
China	31.7
United States	25.5
Global	7.5
Europe (ex. UK)	6.9
Australia	5.6
United Kingdom	2.9
Other	6.6

PORTFOLIO CHARACTERISTICS (as at 30 September 2021)

Weighted Average Market Capitalisation	A\$407bn
Current (12mth) Operating Cash Flow Yield	3.30%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	4.90%
Percentage of Fund in the Top 10 Holdings	66.70%
Number of Positions	16
Cash Weighting	13.30%

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 0.85% 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). The investment manager (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 or webpage was not prepared by OMIFL but prepared by other parties. This document or webpage contains general financial product advice only, and all of the commentary, statements of opinion and recommendations have not taken into account your personal circumstances. Any investment in OMIFL products need to be made in accordance with and after reading the Product Disclosure Statement (PDS), Additional Information Booklet (AIB) and Target Market Determination (TMD), and investors should consider the PDS, AIB and TMD 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 offer of units in the Fund is made in accordance with a PDS dated 11 October 2021 and TMD each issued by OMIFL, and the PDS, AIB and TMD can be obtained by visiting www.oneinvestment.com.au/photon. **Limitation of liability:** Whilst all care has been taken in preparation of this document or webpage, 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.