



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

October 2021

	1 Month	3 Months	6 Months	12 Months	Since Inception (p.a. %)
Holon Photon Fund	8.1	4.4	6.2	25.4	28.4
MSCI ACWI Index	1.4	1.4	10.4	28.8	14.3
Outperformance	6.6	3.0	-4.2	-3.4	14.0

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

- Vaccine rollouts and monetary policy continue to support the economic recovery and outlook.
- Global inflationary pressures continue to persist, largely a function of supply-chain bottlenecks.
- Amazon's Q3 earnings were slightly below expectations, impacted by rising inflation.
- Cryptocurrencies performed well through October, supported by SEC approval of Bitcoin ETFs.
- The Big rebound in our Chinese holdings supports delivered strong monthly outperformance.

MARKET COMMENTARY

The Holon Photon Fund (the Fund) returned 8.1% in October, substantially outperforming the broader market index return of 1.4%. This performance is largely attributable to the Fund's overweight exposure to China which rebounded by 27% in October, largely driven by attractive valuations and strong Q3 earnings. The 4% increase in the AUD against the USD slightly detracted from the Fund performance through October.

Jerome Powell and the Federal Reserve communicated to the market in October plans to maintain a supportive monetary policy stance until the US economy is at maximum employment. However, as the post-Covid lockdown economic recovery accelerates, supply chain bottlenecks, port congestions (especially in the US) is driving real inflation higher.

Federal officials are doing what they need to be seen to be doing at this stage, raising the possibility of QE tapering and interest rate hikes to placate markets. Unless things get really out of whack, it's unlikely the US Fed will react with US mid-term elections fast approaching in 12 months and Powell up for re-election a few months later.

The Fund's portfolio contains many of the world's most attractive investment opportunities that we feel have strong pricing power to combat inflation. However, cognisant of the elevated economic uncertainty, Holon aims to incorporate these risks within its bottom-up analysis and valuation, rather than making macro-defined bets at a portfolio level.

Amazon finished the month up in October following a late selloff on the back of weaker than expected Q3 earnings that missed consensus estimates for both sales and profits. Yearly revenue grew by 15%, slower than 2020 Q3's sales growth of 37% yoy. As retail shops begin to open following 18 months of intermittent lockdowns, shopping activity online is slowing. Amazon's management team also highlighted the ongoing effects of inflation with higher wages and raw material costs raising their forward expense guidance. On a positive note, Amazon do expect strong sales going into the holiday shopping season.

Coinbase rose 38% during October on the back of a strong rally in cryptocurrency markets. Also contributing to this rise was the announcement of their plans to launch an NFT marketplace in late 2021. Weekly NFT market's transaction volumes have accelerated from 3 million in January 2021 to 205 million in late October.

Since inception, the Fund has returned 79.0%, outperforming the MSCI AC World Index by 42.9%. The annualised performance of 28.5% is also well ahead of our internal long-term return objective of 10.0% per annum.

Whilst accommodative fiscal and monetary policies (coupled with further vaccination progress) continue to support an economic reopening, we believe the pull-forward in consumer demand experienced over the past 18 months has strengthened the adoption of best-in-class online services. As such, we believe that many of our holdings are likely to be material long-term beneficiaries of this shift in consumer behaviour and will be able to generate attractive returns for patient investors with a long-term horizon.

Finally, we note that the Fund has outperformed Gold (+18.1%), increasing our investors purchasing power by approximately 60.9%. This is important as we believe that monetary debasement will likely be the dominant central bank tool for the foreseeable future.



Photon
global innovation fund

**Invest
different**

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 October no new positions were added to the Fund, with our cash position sitting at 9.5% at month end. We remain well positioned to benefit from accelerating global digitalisation and continue to actively look to add to the portfolio companies in the emerging global and exponential bucket.

PORTFOLIO BREAKDOWN

INNOVATION EXPOSURE	
Software Services	15.3
Web 3.0	12.5
Entertainment	10.7
Cloud Computing	10.5
E-commerce	10.3
Payments	8.1
Energy	8.0
Advertising	5.8
Hardware	3.3

GICS SECTOR WEIGHTS	
Information Technology	33.8
Consumer Discretionary	33.1
Communication Services	23.6

TOP HOLDINGS	
Tesla	12.4
MicroStrategy	9.1
Tencent	9.0
Alibaba	7.6
Amazon	7.3
Google	6.6
Xero	6.1
Roku	5.5
Coinbase	4.8
Intuit	4.6

GEOGRAPHICAL WEIGHTINGS	
China	32.3
United States	27.3
Global	8.6
Europe (ex. UK)	7.1
Australia	5.8
United Kingdom	2.7
Other	6.7

PORTFOLIO CHARACTERISTICS (as at 31 October 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	71.4%
Number of Positions	16
Cash Weighting	9.5%

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

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