



## 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

January 2022

	1 Month	3 Months	6 Months	12 Months	Since Inception (p.a. %)
Holon Photon Fund	-7.7	-13.7	-9.9	-7.6	18.3
MSCI ACWI Index	-1.8	2.5	4.0	23.3	14.0
<b>Outperformance</b>	<b>-5.9</b>	<b>-16.2</b>	<b>-13.9</b>	<b>-30.9</b>	<b>4.4</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

- **Market volatility increases as the Federal reserve suggest need for tighter monetary policy.**
- **China's technology stocks continue to bottom out following heavy selling throughout 2021, and we believe that they offer substantial value against global technology competitors.**
- **Earnings season in the US has been characterized by near earnings misses and heavy selling across some of the best performing global technology stocks over the past decade. We believe strong bargains can be found for patient long-term investors.**

## MARKET COMMENTARY

The Holon Photon Fund (the Fund) returned -7.7% in January, underperforming the broader market which also fell -1.8%. We believe the markets will continue to remain volatile, and January saw increased volatility with the Federal Reserve again discussing rate hikes in 2022. It is not just the US though, with pressure rising also on the European central banks to raise interest rates as Eurozone inflation hitting a record 5.1% in January. Our benchmark, which includes value stocks and commodities, has also seen strong inflows relative to heavily oversold technology shares over the past 6 months, explaining the Fund's substantial underperformance over 3, 6 and 12 months.

Bitcoin fell a further 20% over the January period, with MicroStrategy impacting the Fund by -2.2%. Holon remains positive on Bitcoin given massive government debts and annual deficits. We see a difficult path forward for central banks, trapped between the need to be seen to addressing inflation fears while keeping interest payments a low as possible. Therefore, we believe that interest rate rises will be much less than market fears. While this will continue to cause volatility in prices, once investor fears settle, we believe Bitcoin and technology growth stocks should begin to recover through 2022.

The FY 2021 earning season has been characterised by small earnings misses and heavy selloffs. Netflix saw a 20% decline in its share prices after announcing that its rate of growth slowed after the massive pull forward of streamers over the pandemic period. Tesla, our largest position, initially sold off after strong earnings and 2022 forecasts, following comments from Elon Musk that the model 2 (their \$25,000 car) was not currently being developed. Tesla will instead focus on accelerating production of its Model 3 & Y vehicles, which should deliver stronger revenue and profit margins than current analyst expectations. Holon believes Tesla could surpass 1.7 million EVs in 2022, with new plants opening in Berlin and Austin (US). Elon Musk also confirmed its autonomous driving (FSD) software should reach level 4 this year. With 60,000 Tesla owners testing out its FSD software currently, Tesla remains firmly ahead of its competitors.

Chinese equities continued to bottom out through January, and we believe remain amongst the cheapest, high quality technology stocks globally. With 50% of its market capitalisation in cash and investments, we believe that Alibaba looks set for a strong rebound in 2022 as China begins to stimulate its economy through interest rate cuts while the remainder of the world tightens. Alibaba should continue to growth its annual revenue by 30%. Positive news flow on ANT Financial (33% owned by Alibaba) remains amongst the largest price catalysts

Tencent was a best performer this month, positively contributing 0.6% to the Fund's performance. Tencent's acquisition of Blackshark, from Chinese domestic handset maker Xiaomi, could provide an entry into gaming computer hardware and position itself to participate in the exciting Virtual Reality technology world.

Visa and Mastercard were safe havens for investors as the broader market experienced strong corrections. They closed the month up 7% and 9% respectfully. As infrastructure providers for the world's card payments, we believe these two payment mega-caps will continue to perform well while markets remain volatile. Their recent 2021 financial results show a better-than-expected recovery in cross-border payments and indicates that travel and spending is on the rise as Omicron recedes across the world.

Since inception, the Fund has returned 54.64%, outperforming the MSCI AC World Index by 14.6%. The annualised performance of 18.3% is also well ahead of our internal long-term return objective of 10.0% per annum.

Finally, we note that the Fund has outperformed Gold (+28.0%) since its inception, increasing our investors purchasing power by approximately 26.64%. This is important as we believe that monetary debasement will be the dominant central bank tool for the near 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 January, no new positions added to the Fund, with our cash position sitting at 20.4% 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	15.1
Cloud Computing	9.5
Payments	9.5
Entertainment	9.3
E-commerce	9.1
Energy	7.6
Web 3.0	5.8
Advertising	4.7
Hardware	3.0

GICS SECTOR WEIGHTS %	
Information Technology	29.9
Consumer Discretionary	28.1
Communication Services	21.6

TOP HOLDINGS %	
Tesla	11.7
Tencent	10.1
Amazon	7.2
Google	6.7
Alibaba	6.1
MicroStrategy	5.2
Xero	4.9
Intuit	4.5
Mastercard	3.8
Visa	3.7

GEOGRAPHICAL WEIGHTINGS %	
China	31.2
United States	26.2
Europe (ex. UK)	6.7
Australia	4.6
Global	2.6
United Kingdom	2.2
Other	6.2

## PORTFOLIO CHARACTERISTICS (as at 31 January 2022)

Weighted Average Market Capitalisation	A\$738bn
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	64.0%
Number of Positions	16
Cash Weighting	20.4%

## 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 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](http://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 paying for the resupply of this information or any part of it to you.