



OBJECTIVE

Long-term capital growth and a return objective to outperform the MSCI AC World Net Index 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

HOLON PHOTON FUND – QUARTERLY REPORT

PORTFOLIO PERFORMANCE

March 2022

	3 Months	6 Months	12 Months	Since Inception (p.a. %)
Holon Photon Fund	-12.2	-11.2	-9.2	15.1
MSCI AC World Net Index	-8.4	-2.9	8.8	10.3
Relative Performance	-3.8	-8.3	-18.0	4.8

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

- Following a remarkable period of revenue and profit growth from 2016 to 2021, most US and Chinese tech giants discussed the need to accelerate capital expenditure to prepare for the next 5 years of new growth in FY results. With 2021 Results also generally less than market expectations, we saw heavy selling over Q1.
- Chinese shares fell back towards 5-to-7-year lows on investor fear of further regulatory policy tightening and rising US/China political tension. Smoothing commentary from Chinese Vice Premier Lui triggered a strong rebound in March, with many of the larger China stocks rising by 50-100%
- The Russia/Ukraine conflict in Q1 triggered a big jump across commodity prices. With inflation and asset price volatility expected to remain high throughout 2022, the US Federal Reserve raised rates by 0.25% in March 2022.

MARKET COMMENTARY

The Holon Photon Fund (the Fund) finished off Q1 2022 down 12.2% after a strong rebound in the last 2 weeks of the quarter as investors returned to growth stocks. The Fund has underperformed the MSCI AC World Net Index by 18.0% over the last 12 months partly due to the benchmark's exposure to commodities and inflation sensitive industrials.

The Russia/Ukraine conflict accelerated over the last few months, leading to oil and gas prices hitting 10-year highs. A firm response from the US and its allies led to the confiscation of US\$300 billion of Russia's FX reserves, which was then followed by a countermove by Russia to peg its currency to gold bullion (5000 Roubles/gram) and also demand payment in Roubles for Russia's natural gas deliveries to "non-friendly" countries as of April 1st. With no resolution, Russia shut down supplies via the Yamal-Europe pipeline (33 bcm/yr) on April 2nd, lowering European gas supply by 22%. In layman's terms, Russia has played its strongest card and pegged energy directly to gold bullion via the Rouble. This direct threat to the US dollar's reserve asset status needs to be very closely monitored by investors.

The FY 2021 earnings season was characterised by heavy selling on earnings misses across some of the world's technology stocks. For example, Netflix fell by 20% on slower user growth as pandemic-related demand slowed, while Shopify and Facebook both fell by 40% on slower growth and higher planned capital expenditure. Alphabet on the other hand reported strong results with revenue up 41% from accelerating advertisement demand, while its cloud operations saw an improvement in operating losses (mostly due to front-loaded capex charges), with profitability expected over the next few years. The announcement of planned stock splits from Alphabet, Amazon, and Tesla in 2022 led to strong share price gains over March.

Over the last 12 months, many of the best-known Chinese listed companies have fallen by 50-80%, impacted by a combination of uncertain regulatory policy shifts, VIE structure concerns, US/China audit conflict and finally worsening US/China political threats. With valuations crashing to rock-bottom levels following bouts of panic-selling by international investors, Chinese Vice Premier Lui's announcement on March 16th that regulatory policy shifts were nearing completion, along with a commitment of support for domestic and US-listed companies, led to a 50%+ jump in Chinese investments, which include Alibaba, Tencent, Meituan and Bilibili. Alibaba also increased its share buyback budget from US\$15 billion to US\$25 billion. While Chinese listed equity volatility will take time to settle after a rocky past 12 months, Holon firmly believes that recent strong share price performance will continue as regulatory concerns dissipate.

Following the heavy sell-off in innovation and technology shares, and positive comments on Chinese regulations, Holon doubled our China investment exposure back to 30.2%. We also added 4 new investments to the Photon fund in the past quarter, including Shopify, a leading e-commerce platform in the world, Meta (formerly Facebook), Block (formerly Square, the recent buyer of Afterpay) and Netflix. We will provide more details on these 4 new names over the next few months of the monthly newsletter.



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.

We believe innovation drives wealth creation, and everyone should have access to investing in the best companies globally that are driving innovation 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 added four new positions to the Fund, Block Inc, Meta Platforms Inc, Shopify Inc and Netflix Inc and removed one position from the Fund, Mastercard Inc. At month end, the Fund had 5.9% in cash, remaining 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 %	
E-commerce	14.5
Cloud Computing	13.3
Web 3.0	11.3
Advertising	10.5
Vertical Software	9.9
Gaming	6.6
Payments	6.5
Streaming	6.4
Autonomous Vehicles	5.7
Other	3.7
IoT	2.8
Energy	2.7

GICS SECTOR WEIGHTS %	
Information Technology	32.8
Consumer Discretionary	29.8
Communication Services	26.6
Financials	4.9

TOP HOLDINGS %	
Alibaba	10.5
Tesla	9.1
Tencent	8.5
MicroStrategy	6.5
Meta Platforms	5.8
Amazon	5.7
Alphabet	5.6
Coinbase	4.9
Meituan	4.6
Xero	4.4

GEOGRAPHICAL WEIGHTINGS %	
Asia	30.2
North America	27.7
Europe	14.9
Oceania	6.6
Other (Global)	6.2
South America	5.7
Africa	3.6

PORTFOLIO CHARACTERISTICS (as at 31 March 2022)

Weighted Average Market Capitalisation	A\$638bn
Current (12mth) Operating Cash Flow Yield	3.81%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	2.9%
Percentage of Fund in the Top 10 Holdings	65.4%
Number of Positions	19
Cash Weighting	5.9%

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). 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.