



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

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HOLON PHOTON FUND – MONTHLY REPORT

PORTFOLIO PERFORMANCE

April 2022

	1 Month	3 Months	6 Months	12 Months	Since Inception (p.a. %)
Holon Photon Fund	-11.4	-15.6	-27.2	-22.7	9.8
MSCI AC World Net Index	-2.8	-9.2	-6.9	2.8	8.9
Relative Performance	-8.6	-6.4	-20.2	-25.4	0.9

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

- Chinese leaders hint at stopping the regulatory crackdown that was being undertaken to Internet companies, sending China technology shares up >10% in last trading day of April.
- Expectations of continued strength in US listed company earnings resulted in heavy selloffs in large cap technology names on slight consensus misses.
- Market volatility remains high, with anything not related to commodities facing heavy selling.
- Japan's decision to defend its 10-year JGB bond rate at 0.25% with a "limitless amount" of Yen is quickly seeing it become the #1 global risk for financial markets.

MARKET COMMENTARY

The Holon Photon Fund (the Fund) returned -11.4% in April underperforming the broader market return of -2.8%. The selloff in anything not related to commodities since November, particularly the innovation / technology sector, has seen the fund underperform its MSCI benchmark. With many world-class tech stocks now trading at 5-year lows, this has opened up an opportunity for long-term investors to add to their innovation holdings through the Photon fund.

April market volatility was driven by a combination of the ongoing Ukraine crisis and volatility in bond and currency markets. The US Dollar continued to strengthen, up 15% since January 2021 on investor expectations of interest rate normalisation and US Federal Reserve balance sheet selling.

Japan is rapidly becoming a major global issue. The central bank (BOJ) determination to maintain a 0.25% 10-year bond rate through massive Yen printing suggests that a rapid bankruptcy of Japan could soon follow if global investors are permitted to adequately risk adjust Japanese interest rates to reflect its 250% debt/GDP balance. With the Yen breaking below 130/USD last week, the risk of a further collapse toward 200/USD would severely damage the world's #3 economy and force global central banks to reverse interest rate policies and restart QE. Something to watch closely!

Meituan's share price climbed 15% in April on the news that the Chinese top leaders vowed to boost economic stimulus post the recent Covid shutdowns, as well as end its 18-month regulatory push on Internet companies. Meituan quarterly results showed revenue was up 30% over past 12 months, beating market estimates, but net losses grew on increased investment in e-commerce and higher delivery costs. For 2021, Meituan transactions also grew by 80%, and should be strong during the current quarter following the forced Covid lockdowns currently in place.

The China lockdowns saw continued volatility in technology share prices, which may continue into the 1st week of May as Chinese markets closed for the May Day holidays. Despite ending the month down 9%, Alibaba's US\$80bn of balance sheet cash should allow it to accelerate its recently announced share repurchase plan.

Netflix reported Q1 results in April, with its share price clobbered 35% in 1 day and ending April down 46% on lower subscriber growth numbers. It looks hugely attractive at US\$190/share, having fallen by 73% since November 2021 following the loss of 200,000 subscribers in Q1 and expectations of a further loss of an additional 2m in Q2. But, with 222m total subscribers, its share price is back at 2017 levels when it had just 99 million subscribers. Plans to launch Advertisement-supported Video on Demand (AVOD) services will also open a new revenue stream.

Shopify announced in April to spend US\$2.5 billion and acquire Deliverr, a US based software platform. The purchase will allow Shopify customers to better integrate orders across its network of 80 third-party warehouses. Shopify announced plans in Q1 2022 to accelerate capital expenditure across its own US warehouse infrastructure to meet their stated goal of offering two-day delivery times to more than 90% of their current North American users.

Since inception, the Fund has returned 9.8%, p.a. outperforming the MSCI AC World Net Index by 1%. The heavy selling across global innovation since November has seen our annualised performance of 9.8% slip below our internal long-term return objective of 10.0% per annum, however we remain confident on the long-term opportunity across the portfolio holdings. The same is true for gold bullion, with Photon's performance since inception slipping below that of gold bullion by 4%.



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.

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

During April, no new positions added to the Fund, with our cash position sitting at 8.1% at month end. We remain well positioned to benefit from accelerating global digitalization and continue to actively look to add to the portfolio companies in the emerging global and exponential bucket.

PORTFOLIO BREAKDOWN

INNOVATION EXPOSURE %	
Ecommerce	14.9
Cloud Computing	12.6
Advertising	10.6
Vertical Software	9.9
Web 3.0	9.0
Gaming	7.7
Payments	6.9
Streaming	5.5
Autonomous Vehicles	5.5
Other	4.0
IoT	2.9
Energy	2.6

GICS SECTOR WEIGHTS %	
Consumer Discretionary	30.9
Information Technology	30.4
Communications Services	27.2
Financials	3.4

TOP HOLDINGS %	
Alibaba	11.2
Tencent	10.0
Tesla	8.7
Meta Platforms	6.2
Meituan	6.0
MicroStrategy	5.5
Alphabet	5.4
Amazon	5.1
Xero	4.6
Xiaomi	4.5

GEOGRAPHICAL WEIGHTINGS %	
Asia	32.3
North America	25.2
Europe	13.8
Oceania	6.5
South America	5.5
Other (Global)	5.3
Africa	3.3

PORTFOLIO CHARACTERISTICS (as at 30 April 2022)

Weighted Average Market Capitalisation	A\$573bn
Current (12mth) Operating Cash Flow Yield	4.6%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	3.5%
Percentage of Fund in the Top 10 Holdings	67.1%
Number of Positions	19
Cash Weighting	8.1%

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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