



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

June 2022

	1 Month	3 Months	6 Months	12 Months	Since Inception (p.a. %)
Holon Photon Fund	-3.09%	-20.41%	-30.12%	-35.37%	5.40%
MSCI AC World Net Index	-4.47%	-7.90%	-15.61%	-8.02%	6.44%
Relative Performance	1.38%	-12.51%	-14.51%	-27.35%	-1.04%

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

- Investors pivot their concerns from high inflation towards risks of a deep recession in the global economy as rising interest rates meet slowing consumer spending.
- Japan remains the biggest global risk.
- Holon believes central banks will be forced to introduce yield-curve control to stabilise investor fears of a sovereign debt crisis.
- Sector rotation sees Chinese stocks outperform in June.
- Tech companies continue to reduce their headcount amid slowing macroeconomic conditions.
- Crypto markets remain volatile as widespread deleveraging continues.

MARKET COMMENTARY

The Holon Photon Fund returned -3.1% in June, outperforming the broader market index by 1.4%.

Financial markets remain volatile as investors shift concerns from inflation towards a deepening recession in the global economy. Bond markets across Europe and the US sold off through early June on fears that central banks would continue to aggressively raise interest rates, with the US and Europe 10yr bond yields peaking at 3.45% and 1.82% respectively. Weakening Q2 GDP growth expectations saw a strong rebound in bond yields in late June, ending the month at 2.89% and 1.24% in the US and Europe. Markets are now betting that interest rate rises are likely to end soon.

The Japanese bond market remains the biggest global risk. The Bank of Japan (BOJ) spent over US\$200 billion in June, supporting its 10-year bond peg of 0.25%. The BOJ now owns over 50% of its entire bond market. With western sovereign debt concerns growing, global central banks may be forced to implement yield curve control (pegging bonds at a fixed yield for an indefinite period) to stabilise market fears of a growing sovereign debt crisis. We think this may happen by September.

During the month, there was a strong rebound for the Chinese companies in the portfolio, which contributed to the fund's outperformance. Catalysts included the reopening of the Chinese economy post widespread lockdowns, which have persisted for several months. Another positive impetus was the continued relaxing of restrictions by Chinese regulators, which have been imposed on much of the country's technology sector since 2020. Subsequently, Alibaba, Xiaomi, Meituan and Bilibili all recorded substantial gains of over 8% during the month, with Holon's exposure to China growing to almost 40% at month's end. The accommodative stance of the Chinese government, coupled with attractive valuations and improving domestic macroeconomic conditions offer favourable tailwinds for our Chinese holdings as we enter the second half of 2022. In contrast, many other developed countries face rapidly deteriorating economic conditions and a higher interest environment.

Holon's three portfolio holdings exposed to the cryptocurrency industry, Coinbase, Block, and MicroStrategy, faced continued selling pressure through most of June. Investors remained concerned with the health of the cryptocurrency market, particularly following the collapse of Terra's Luna and its USD stable coin. Short-term, this has caused panicked selling; however, long-term, we believe it should positively influence the digital asset industry by reducing the amount of leverage (debt funded positions) across different segments of the cryptocurrency market.

Tesla CEO Elon Musk moved ahead with plans to reduce headcount by 10% in June to counter rising global recession headwinds. He stated that no manufacturing staff would be included in the headcount reduction plans. Additional comments suggest the ramp-up of production in the new Berlin and Austin factories is slow and placing a strain on cash flow this quarter; while this presents some short-term headwinds, Tesla has a strong balance sheet, manageable debt and plenty of cash readily available. As a result, we continue to see Tesla as the dominant EV maker globally. Volumes in 2022 should hit 1.4-1.5m, 10% lower than our highest estimate for 2022, given the Shanghai Covid impact and slower ramp-up of Berlin and Austin. Separately Tesla has authorised a 3:1 stock split expected in Q3 2022.



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 June no new positions were added to the Fund, with our cash position sitting at 10.7% at month's 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	16.3
Cloud Computing	12.8
Cash	10.7
Advertising	10.2
Vertical software	9.0
Gaming	7.9
Payments	6.9
Streaming	6.0
Autonomous vehicles	4.8
Other	4.8
Web 3	4.5
IoT	3.6

GICS SECTOR WEIGHTS %	
Consumer Discretionary	34.5
Communication Services	28.3
Information Technology	26.9
Financials	1.7

TOP HOLDINGS %	
Alibaba	13.7
Tencent	10.4
Tesla	7.5
Meituan	7.5
Alphabet	5.7
Xiaomi	5.5
Meta Platforms	5.5
Amazon	4.9
Visa	4.0
Xero	3.9

GEOGRAPHICAL WEIGHTINGS %	
Asia	36.2
North America	22.3
Europe	12.9
Cash	10.7
Oceania	6.2
South America	5.4
Africa	3.1

PORTFOLIO CHARACTERISTICS (as at 30 June 2022)

Weighted Average Market Capitalisation	A\$586.7 billion
Current (12mth) Operating Cash Flow Yield	5%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	6%
Percentage of Fund in the Top 10 Holdings	69%
Number of Positions	19
Cash Weighting	10.7%

VISIT THE WEBSITE

Holon'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. 1276982) 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/olohol. **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.