



## OBJECTIVE

Long-term capital growth and a return objective to outperform the MSCI AC World Net Index TR 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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# HOLON PHOTON FUND – MONTHLY REPORT

## PORTFOLIO PERFORMANCE

August 2022

	1 Month (%)	3 Months (%)	6 Months (%)	12 Months (%)	Since Inception (p.a. %)
Holon Photon Fund	-1.00%	-0.18%	-16.43%	-31.39%	6.09%
MSCI AC World Net Index TR	-1.96%	-1.26%	-6.02%	-10.33%	7.20%
Relative Performance	<b>0.96%</b>	<b>1.08%</b>	<b>-10.41%</b>	<b>-21.07%</b>	<b>-1.11%</b>

*Note: All returns are in AUD. Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax. Past performance is not indicative of future performance.*

## KEY POINTS

- US earnings season continues with mixed results for technology stocks
- Digital asset trading volumes drop sharply
- Intuit's small business platform continues to deliver value for customers

## MARKET COMMENTARY

The Holon Photon Fund returned -1.0% in August, outperforming the broader market index by 0.96%.

Meituan reported strong Q2 earnings despite facing a myriad of headwinds from the impact of the prolonged COVID-19 lockdowns within China. The company's revenue grew by 16% year-on-year (YoY), boosted by the strong growth of its online grocery and consumer goods (FMCG) delivery. Notably, the company is showing a clear path to profitability over the medium term, with its core local commerce segment's (comprised of its delivery services business) operating profit up 40% YoY. Moreover, Meituan's popularity amongst Chinese consumers continues to grow, with total user base up 9% YoY to 685 million people, who on average are using the Meituan platform 38 times per year (up 16% on 2021). The lockdown negatively impacted its in store, hotel and travel booking segments, which saw a decline in revenue due to the Chinese lockdowns over April and May.

US fintech Block recorded a 29% YoY rise in gross profit to US\$1.47bn, with an even contribution from its two main divisions, Square (US\$755m) and Cash App (US\$705m). Block continues to expand outside of its core North American market, with international (ex-US) gross profit up 100% over the past three months to US\$98m and contributing 13% of Square's quarterly gross profit. Block reported a net loss of US\$208m however, which was in line with the previous quarter. Its results were negatively impacted by Bitcoin's volatility, as well as US\$110m of acquisition and integration costs associated with its purchase of Afterpay. Block also announced that it had closed its Afterpay Money app (partnered with Westpac) which opens up the launch of Block's Cash App product in the Australian market. This will be the product's first market outside of the US and UK.

Coinbase reported a larger than expected quarterly loss, primarily due to a 68% and 46% decline in retail and institutional trading volumes respectively over the past 12 months. While retail investors contributed 77% of trading revenue during the quarter, Holon expects to see increased demand from the institutional investors, particularly following the recently announced partnership with BlackRock, the world's largest asset manager. Institutional customers of BlackRock and Coinbase will be able to access digital assets through BlackRock's Aladdin portfolio management software, starting with Bitcoin.

This month Intuit released its full-year results for FY2022. The update highlighted the strength of the business with sticky and predictable revenue streams. In addition, Intuit has become mission-critical for many small businesses. The large volume of invoices processed via their platform (US\$2 trillion) highlights this, giving Holon confidence that continued growth opportunities lie ahead as Intuit leverages its increasingly diverse platform to better serve small businesses with cashflow challenges. As a result, we believe Intuit is cementing its position as a global leader in the small business platform space. Moreover, Intuit raised its revenue guidance to 20% for its small business arm (which makes up 51% of the business). In doing so, management stated they see a significant opportunity to grow the number of customers and average revenue per customer on the platform as they integrate the latest acquisition, automated online email marketing service, Mailchimp.



**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 August no new positions were added to the Fund, with our cash position sitting at 11% 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	15.1
Cloud Computing	12.7
Cash	11.0
Advertising	9.8
Vertical software	9.8
Gaming	7.2
Payments	6.5
Web 3	6.1
Streaming	5.9
Autonomous vehicles	5.6
Others	4.3
IoT	3.0
Energy	2.7

GICS SECTOR WEIGHTS %	
Consumer Discretionary	32.9
Information Technology	27.5
Communication Services	26.2
Financials	2.2

TOP HOLDINGS %	
Alibaba	11.2
Tencent	9.4
Tesla	8.9
Meituan	7.1
Amazon	5.6
Alphabet	5.5
Meta Platforms	5.4
Xiaomi	4.6
Xero	4.4
Intuit	4.2

GEOGRAPHICAL WEIGHTINGS %	
Asia	33.4
North America	23.2
Europe	13.5
Oceania	6.2
South America	5.4
Other (Global)	3.7
Africa	3.2

**PORTFOLIO CHARACTERISTICS (as at 31 August 2022)**

Weighted Average Market Capitalisation	A\$602 billion
Current (12mth) Operating Cash Flow Yield	4.7%
Forecast growth p.a. (3-5 years) in Operating Cash-Flow	10-15%
Net cash as a % of Market Capitalisation	3.6%
Percentage of Fund in the Top 10 Holdings	66.4%
Number of Positions	20
Cash Weighting	11.0%

**VISIT THE WEBSITE**

Holon'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	Holon Investments Australia
Unit Registry	One Registry Services Pty Limited

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