

Henderson

Horizon Fund

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Henderson Horizon Fund - Global Technology Fund

Fund Commentary – July 2015

Performance and activity

The components and internet sectors contributed positively to performance, while software and computers & peripherals detracted.

At the stock level, Amazon was the largest contributor to performance as the company reported strong growth in its North America business and levels of profitability within its Amazon Web Services division, which continued to surprise the market. Netflix was a material outperformer. The company reported a very encouraging quarter of growth in key metrics, with new subscriber additions above expectations both domestically and internationally. We believe the company is very well placed to become the global leader in media streaming and we are increasingly encouraged by the success of their home grown content in driving new subscribers. Google also benefited from internet video trends through Youtube, as well as pleasing the market with improved margin performance and the appointment of a new chief financial officer.

Baidu underperformed during the month. The Chinese internet company announced that it was doubling investment in online to offline, which is likely to impact margins. Mediatek also underperformed. The wireless chip manufacturer cut shipment volume guidance following increased competition and weaker emerging market demand. YY underperformed during the month, in line with the wider Chinese market.

The most notable activity during the month was the purchase of Micron Technology, following recent price weakness.

Outlook

While further rounds of global quantitative easing are occurring, the uncertain economic environment continues to curtail capital spending, including tech expenditure. In addition, the strengthening dollar is proving an increasing headwind for US technology companies. While we think tech stocks remain attractive relative to the overall market, these headwinds may mean that in the short term technology stocks will struggle to outperform. Longer term, however, we believe the technology sector is attractive given its structurally higher earnings growth rate and strong balance sheets.

Note: Reference to any specific company or stock is for information purposes only and should not be construed as a recommendation to buy or sell the same.

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