

Janus Henderson Horizon Global Technology Fund

August 2019

Fund manager names: Graeme Clark, Alison Porter & Richard Clode

Performance and activity

The fund* returned -3.7% versus a benchmark return of -2.2%.

The results season continued in the beginning of August, followed by lower overall market activity during the rest of the month due to summer holiday season for many investors.

FleetCor was a positive contributor to performance after delivering strong quarterly results and raising guidance. We continue to see upside potential from new initiatives, merger and acquisition (M&A) and share buybacks. IAC, a core internet holding, was another positive contributor to performance. Ambarella also contributed positively after delivering a strong quarterly results beat and raise and we maintain our constructive view of the company's growth potential from favourable structural tailwinds and robust CV product traction.

Uber was a detractor from performance after delivering quarterly results that disappointed market expectations. We maintain our positive view considering strong revenue growth opportunity from ride hailing, UberEats and the nascent Freight opportunity, as well as upside from numerous cross-selling opportunities and cost optimization potential. Cisco and Tencent contributed to performance negatively after delivering a disappointing set of results. We maintain our constructive view on both investments given they are set to benefit from 5G spending, a refresh of campus switches, new product line-ups, as well as a growing benefit from increasing contribution from security and network management tools for Cisco and a turnaround in mobile games business helping drive continued revenue and earnings growth for Tencent.

We initiated a position in NXP Semiconductor, a stock we have owned in the past, given the company's content growth opportunity from both automotive and industrial end markets at an inexpensive valuation. We have also initiated a position in Sony given the company's unique music, film and game content as well as camera image sensor franchise with high barriers to entry. We exited our position in ASM International after strong share price performance and increased our positions in NVidia and Western Digital, while reducing Nokia and Broadcom.

Outlook

While the macroeconomic drivers of the volatility continue short term, we remain constructively biased on the long-term outlook for technology equities as we believe secular drivers for the sector remain intact and should not be impacted materially by the global macroeconomic outlook. We continue to believe that technology will take share from the wider market, driven by demographics and Moore's Law (in which the number of transistors in a circuit is assumed to double around every two years). We continue to see a rich vein of technology stocks we can buy in the middle ground that provide attractive risk/reward and growth/valuation combinations. We remain focused on quality companies which benefit from powerful secular themes at a reasonable price.

Source: Janus Henderson Investors, as at 31 August 2019

*Gross of fees - gross of 5% initial sales charge. Calculated on a bid to bid basis, with gross income reinvested in USD.

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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