

Henderson Horizon Global Technology Fund



For professional advisers only

Key facts

Fund objective

The investment objective is to seek long-term capital appreciation by investing in a globally diversified portfolio of technology-related companies. There are no specified limits on the exposure that the Fund can take in any geographical region or single country.

Structure

Sub-fund of Luxembourg domiciled SICAV

Launch date

16 October 1996

Base currency

USD

Benchmark

MSCI All Countries World Information Technology Index

Target tracking error

3-8%

Average number of holdings

50-100

Minimum investment (or foreign currency equivalent)

US\$ 2,500

Management fees p.a.

1.2%

Initial charge

Max. 5.0%

Valuation frequency

Daily at 4.00 pm Luxembourg time

Dealing

Orders placed at D (dealing day) before 4.00 pm Luxembourg time are executed for value on D. After 4.00 pm, the value date will be D+1.

ISIN code

LU0070992663 (acc)

LU0209158467 (inc)

The technological landscape is evolving rapidly as emerging internet technologies, increased computing power, and widespread digital connectivity challenge conventional business models. Advances in technologies such as virtualisation and cloud computing are reducing costs, increasing scalability and flexibility, and creating new ways for individuals and businesses to consume goods and services.

All this creates huge opportunities for investors who can navigate successfully through the sector and pick the winners of tomorrow. The Henderson Horizon Global Technology Fund seeks to take advantage of this rapid change, by investing in underappreciated companies that fit within our favoured technology themes of e-commerce, online advertising, connectivity and data growth. Harnessing the knowledge, experience and proven performance of Henderson's highly regarded specialist Technology Investment Team, the Henderson Horizon Global Technology Fund typically consists of 50 to 100 global stocks.

Powerful investment themes underpinned by technological innovation

At Henderson, we believe that technological development generates powerful investment themes, hence our investment process combines thematic emphasis with stock selection to identify investment opportunities where:

1. Major technological/structural barriers to entry exist.
2. Growth will be higher or persist longer than assumed by the market.
3. Value is underappreciated or innovation misunderstood.

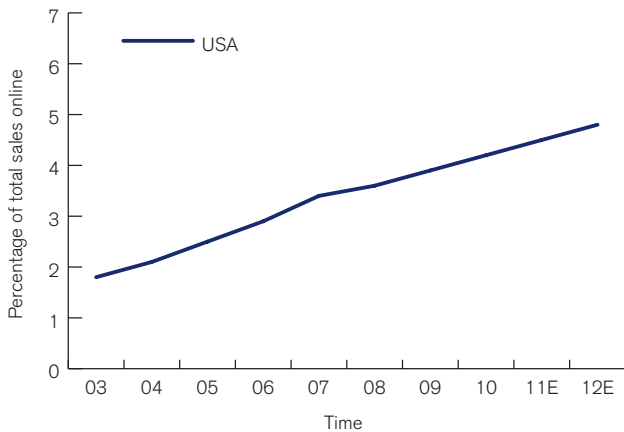
Key themes which we believe have strong secular growth opportunities are:

- E-commerce
- Online advertising
- Data growth
- Connectivity
- Electronic payment

E-commerce – still a long way to go

Despite the enormous success of companies such as Amazon, the e-commerce opportunity has barely scratched the surface. Even in the US, one of the most mature internet markets, the percentage of retail spending online is still at single digit figures. We strongly believe this percentage will increase markedly over time.

E-commerce sales as a percentage of retail sales



Source: Cowen, at 30 April 2011.

Stock example: Priceline.com

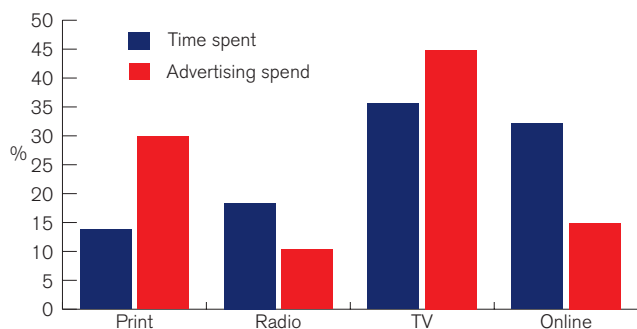
- A leading hotel booking website with dominant position in Europe via booking.com brand.
- European online hotel booking penetration lags USA considerably.
- More fragmented nature of market creates a better environment for third party distributors.
- Trading at P/E of 20.4x 2012 estimated earnings.*

Source: Bloomberg at 10 May 2011.

Online advertising set to gain market share

In a similar vein, despite spending ever more of our time online, internet-based advertising accounts for only a single digit percentage of the total advertising spend across all media channels. We expect this gap to narrow significantly over time, especially when one considers the proven effectiveness of online advertising campaigns.

Internet advertising - are we spending efficiently?



Source: JP Morgan.

Note: Time spent is per NA Technographics (2009); Ad spend is per VSS (2009 Mid-Term Update), Advertising spend excludes advertising on billboards, street furniture, direct mailshots and other leaflets/flyers.

Stock example: Google

- World's pre-eminent search engine and dominant player in online advertising.
- International expansion opportunities.
- Ongoing penetration of online advertising.
- Trading at P/E of 13.5x 2012 estimated earnings.*

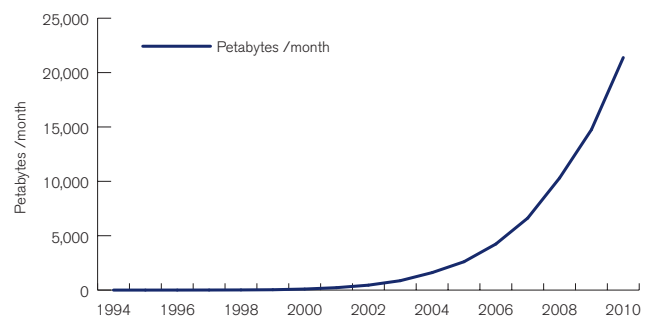
Source: Bloomberg at 10 May 2011.

Increased connectivity fuelling rapid data growth

In a globalised world, uninterrupted data connection has become an absolute must for businesses and, increasingly, for individuals. We have ever more 'touch points' to the internet through the proliferation of devices such as laptops, smartphones and tablets, and we continue to demand ever richer experiences – such as music and video streaming – through bandwidth-heavy applications.

This phenomenal exponential growth is putting enormous strain on existing infrastructure which should lead to a multi-year upgrade cycle providing a significant opportunity for those companies best positioned to serve the market.

Data growth goes exponential



Source: Cisco Visual Networking Index IP Traffic Forecast 2010.
A petabyte is equal to 1000 terabytes, or one quadrillion bytes.

Stock example: Apple

A leading computer and consumer-electronics manufacturer, best known for its iPod, iPhone and iPad products.

- Creating barriers to entry through iTunes and App Store.
- Incremental iPhone opportunity is very large.
- Potential dominance of tablet market.
- Trading at P/E of 12.2x 2012 estimated earnings.*

Source: Worldscope, IBES as at 6/05/2011.

* Note: P/E is a measure of the price-to-earnings ratio using forecasted earnings for the P/E calculation. While the earnings used are just an estimate and are not as reliable as current earnings data, there is still benefit in estimated P/E analysis.

Data growth – fuelled by increasing connectivity and mobile internet

Driven by increasing demand for video, music, social media, and enterprise data services, the past few years have seen a phenomenal expansion in data usage. Behind much of this increase, is the proliferation of smartphones.

Research by US-based analysts comScore found that smartphone sales in Europe's five largest markets grew 32 per cent in 2009, and by a staggering 70 per cent in the UK; 2010 numbers look equally impressive. By 2014, it has been estimated that mobile devices will send and receive more data each month than they did in all of 2008. Three-quarters of the total will come from mobile internet access and nearly all the rest from audio and video streaming.*

Although there is a wide range of forecasts, mobile data traffic is expected to continue to increase exponentially over the next few years. Morgan Stanley sees 29% annual growth in global wireless data users by 2013, and usage per subscriber to expand 115% annually over the same period; ABI Research expect data usage in Western Europe and North America to increase at a CAGR of 42% and 55%, respectively, from 2009 to 2015. In addition, trade data shows that mobile internet adoption is substantially faster than desktop internet was, and, according to Morgan Stanley, if this trajectory continues, mobile internet is likely to exceed desktop within five years.

Portfolio holdings such as enterprise data warehousing provider **Teradata**, integrated data storage and management provider **NetApp**, and database titan **Oracle** are all well-positioned capitalise on this huge expansion of data growth.

* ABI Research, "In 2014 Monthly Mobile Data Traffic Will Exceed 2008 Total," 4 August, 2009

Large-cap value – hot money ignoring value opportunities

As much investor attention is focussed on the high-profile start-ups within the technology sector, we believe that many investors are overlooking opportunities among the 'Silicon Valley stalwarts'. Even today, many of these companies invest heavily in research and development and remain at the forefront of technological innovation. Moreover, by recent standards, their valuations are inexpensive and underpinned by impressively strong balance sheets and robust recurring revenues streams. Portfolio holdings such as **Microsoft**, **IBM** and **Oracle** are examples of companies that meet this profile.

Large cap tech – unappreciated value

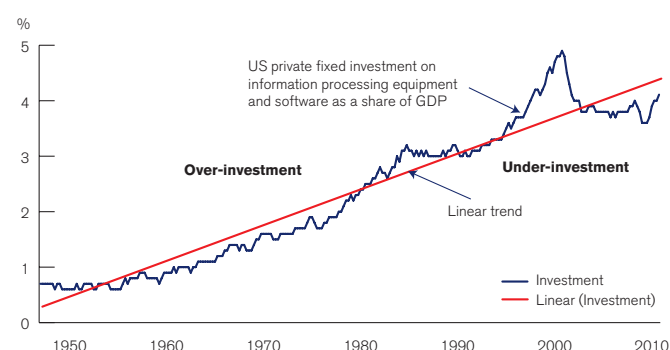
- Robust balance sheets.
- Healthy dividend yields and stock buyback programmes.
- Internationally diversified recurring revenues streams.
- Growth opportunities in areas such as data storage and cloud computing.

We believe that the opportunity in the technology sector is currently at the sweet spot of the investment cycle. For the first time in a long time, potential rewards now outweigh potential risks.

Technology spending is below long term trend but we are starting to see a rebound in demand

Even though technology investment has been rising year-on-year in the US, it is still below trend relative to GDP as a result of a decade long process of cutting capacity. This is starting to reverse with the recovery in economic growth and the ever growing importance of technology in the workplace as a driver of productivity.

Spending on technology* as a percentage of US GDP



Source: Nomura, Bureau of Economic Analysis, at 31 December 2010.
*Technology capital equipment and software

Technology has the best balance sheets and free cashflow, offering defensive qualities

The technology sector is highly cash generative and companies have been focused on profit growth and expansion. The introduction of new technologies such as smartphones and tablets and the nature of the replacement cycle is likely to make technology demand much less vulnerable in a downturn.

Valuations remain at attractive levels despite technology having the strongest earnings revision

Technology looks attractive relative to the rest of the market. Despite having enjoyed the strongest earnings revisions in both absolute and relative terms, current valuations in the technology sector do not yet reflect the sector's high growth prospects, robust balance sheets and strong free cash flow valuation.

The technology sector has become less volatile than the overall market

The technology sector has lower volatility than most investors might expect. The 3 year beta of the MSCI All World Technology sector is 0.87 vs MSCI All Countries World Index. This is lower, in comparison, when in 2000 to 2004 the MSCI All World Technology sector ranged between 1.5 and 1.75.

Source: Bloomberg, as at 8 April 2011

Note: Beta is the measure of a security's relative volatility as compared to the index.

Meet the Fund Managers



Stuart O'Gorman

Director of Technology Investment

Stuart O'Gorman has been Director of Technology Investment at Henderson Global Investors since 2001. He is the lead fund manager of the Henderson Horizon Global Technology Fund and co-manages both the SICAV and OEIC Global Technology funds with Ian Warmerdam. Prior to joining Henderson, he spent five years as a specialist technology manager with Scottish Equitable Asset Management (now known as Aegon UK).



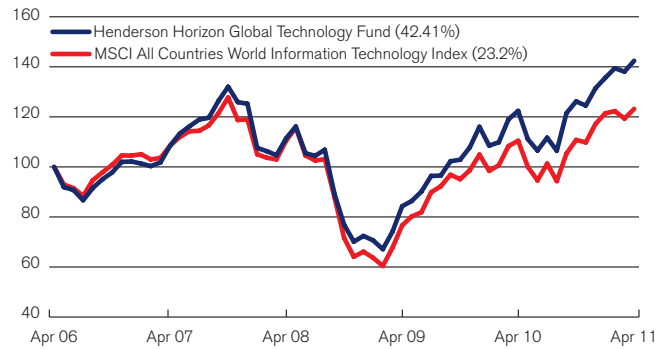
Ian Warmerdam

Director of Technology Investment

Ian Warmerdam has been Director of Technology Investment at Henderson Global Investors since the start of 2007, having joined the company in 2001. He co-manages the SICAV OEIC Global Technology funds with Stuart as well as being the lead fund manager of the Henderson Global Innovation Unit Trust. He is also responsible for a Technology 'sleeve' to a larger, global equity portfolio. Prior to joining Henderson he worked at both Scottish Widows and Scottish Life where his career began as a US Equity Investment Analyst.

Fund performance in USD

Percentage growth, 28 Apr 06 to 29 Apr 11



Source: at 29 Apr 11. © 2011 Morningstar. All rights reserved, on a bid to bid basis, with gross income reinvested, rebased at 100.

Awards and ratings*



* at 29 April 2011.

Past performance is not a guide to future performance.

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