

# Janus Henderson Horizon Global Technology Fund

April 2019

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

## Performance and activity

The fund returned 6.4%\*, versus a benchmark return of 5.8%.

April saw a continuation of the broad technology sector recovery as well as volatility driven by the beginning of the results reporting season.

Facebook was a positive contributor to performance after the company reported a strong set of quarterly results and demonstrated accelerating revenue gains. We see continued revenue and margin expansion opportunity for Facebook at an attractive valuation and remain constructive.

Another positive contributor to performance was MRVL. Its share price rise was driven by investor optimism around the company's potential from 5G and server markets. ASM International (ASMI) and ASML also contributed to performance, positively driven by secular growth in atomic layer deposition (ALD) demand for ASMI, and continued demand for lithography equipment for ASML.

Nokia detracted from performance after an underwhelming set of results and near-term outlook. However, we remain constructive on the investment case longer term and see Nokia as a key beneficiary of 5G. Google was another negative contributor to performance after reporting results that missed expectations. We continue to like Google's strong growth opportunity and balance sheet optionality. Samsung was another detractor from performance in April due to continued concerns around the weakness in the memory market. We retain our positive view given the company's favourable structural positioning, strong balance sheet and capital return appeal.

In terms of activity, we initiated a position in Intuit, the market leader in small and medium-sized business accounting software as well as consumer tax software. We see continued opportunity for both revenue and earnings growth from what we think will be a high quality compounding story. We exited our position in NXP Semiconductor after a period of strong performance, and also exited our position in Booking Holdings due to concerns around margin dynamics.

## Outlook

While the macroeconomic drivers of the volatility continue in the short term, we remain constructively biased on the long-term outlook for technology equities. The long-term secular drivers for the technology 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 (where the number of transistors on a microchip is expected to double every two years). As was the case in 2015/2016 following 2013/2014 strength, we believe the sector is going through a natural digestion of gains with a temporary slowdown in relative earnings growth and momentum. We continue to see a rich vein of technology stocks that we can buy in the middle ground which we feel 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 30 April 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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