

Henderson Global Technology Fund



30 June 2001

Objectives

The Fund is a share investment fund which aims to achieve capital growth by investing in shares in companies involved in technology. Henderson Global Technology is a specialist fund with an exceptional medium to long term performance record. Unlike many technology funds, which tend to restrict investment to the US, Henderson Global Technology is managed on a truly international basis with an emphasis on larger, proven companies.

Who is this fund suitable for?

This fund is suitable for investors seeking added global diversification from the technology sector. This fund should be allocated as one of a number of satellites around a core international fund such as the AMP Investments' World Index Fund (WiNZ) and/or the Henderson International Fund.

Top Ten Holdings

| Rank | Holding | Country | Sector | % |
|------|--------------------|---------|----------------|-----|
| 1 | Microsoft | USA | Software | 4.2 |
| 2 | Check Point | Israel | IT Consulting | 3.3 |
| 3 | Cabletron | USA | Comm. Equip. | 2.7 |
| 4 | Scientific Atlanta | USA | Comm. Equip. | 2.6 |
| 5 | Veritas Software | USA | Software | 2.2 |
| 6 | Brocade Comm. | USA | Elec. Equip. | 2.1 |
| 7 | Medtronic | USA | Healthcare Eq. | 2.0 |
| 8 | Cisco Systems | USA | Comm. Equip. | 2.0 |
| 9 | Siebel Systems | USA | Software | 1.9 |
| 10 | Aol Time Warner | USA | Media | 1.9 |

Fund particulars

Status: UK open-ended investment company
Launch Date: 8 October 1984
Fund Size: NZ\$2,332 million
No. of holdings: 102
Fund Manager: Stuart O'Gorman & Paul Kleiser

Benchmark: No relevant index benchmark available
Estimated distribution: Nil
Annual management fee: 1.5% p.a. (rebates may apply)
S&P Fund Research: AA
Unit price (rounded): NZ\$21.26

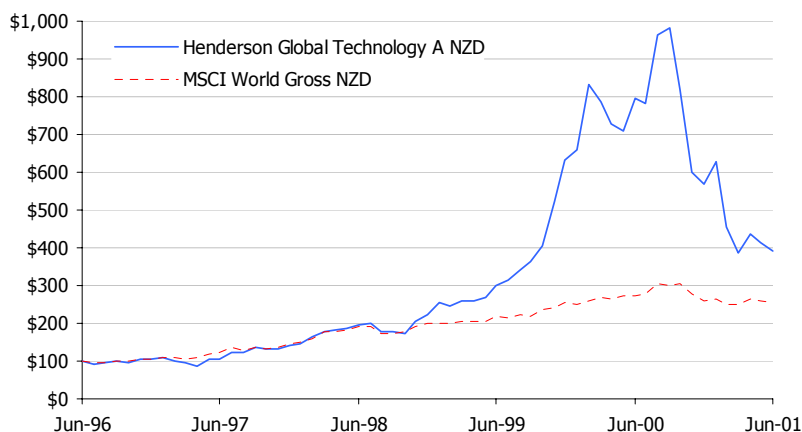
How has the Fund performed? In NZ dollars (rounded)

| | 1mth | 3mth | 1yr | 3yr | 5yr | 10yr | Since Inception |
|-----------------------------|------|------|-------|------|------|------|-----------------|
| Average return % pa* | -5.2 | 1.5 | -51.0 | 26.3 | 31.3 | 24.2 | 24.1 |

| | YTD | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 |
|-----------------------------------|-------|------|-------|------|------|------|------|------|------|
| Calendar year return % pa* | -31.4 | -7.6 | 184.1 | 67.8 | 28.1 | 1.4 | 53.3 | -5.4 | 15.8 |

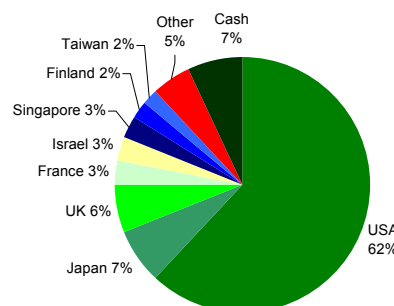
Source: AMP Henderson Global Investors. Income reinvested. Based on exit to exit price. Includes full annual management fee within the fund but no entry fee.
 * Returns for YTD, 1mth and 3mth are for the actual period.

Investment Performance over 5 years in NZD

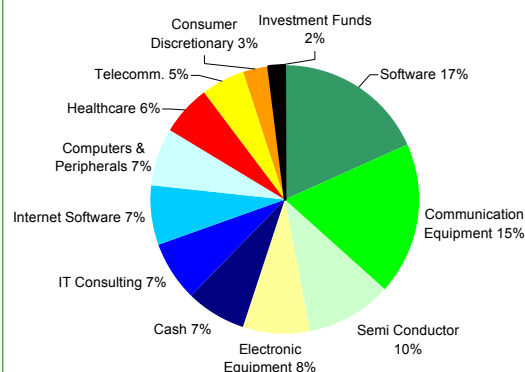


Source: Standard & Poors Micropal and Datastream

Geographic breakdown (rounded)



Sector breakdown (rounded)



Investment policy

We view technology stocks as global, rather than country-specific assets. Though geographical exposure matters to the extent that economic growth rates can vary from region to region, two key characteristics of technology products -the relative ease with which products can be exported, and the speed with which they are improved upon- means that what sector, and what stage of the technology lifecycle a company operates in, matters more.

The team periodically identifies themes (which may be a specific product, like data storage, or a more general area, like business-to-business) around which to build the portfolio, based on their expected growth and profitability profiles. Our objective is to benefit from the difference between the consensus market view on a particular theme and our own.

Companies that best represent these themes are identified, and their products are then categorised into one of six stages in the technological lifecycle, each of which calls for a different method of investing.

- 1) Emerging. We invest in a concept that has the potential to grow rapidly over the next 3-5 years. All companies that promote it gather momentum; it is unclear which will emerge as the market leader. We use a 'top down' approach, investing a small amount in a large number of companies to ensure sufficient risk diversification.
- 2) 'Hot box'. Under pressure to maintain competitiveness, companies acquire cutting-edge technology, often irrespective of their price and compatibility with existing systems. We identify suppliers of superior products that are most likely to gain an advantage.
- 3) Consolidating. Companies shift their focus from purchasing new technology products to investing in services that make them more efficient and cost-effective. We invest in solution providers that integrate different products and systems.
- 4) Dominant. A winner emerges in a particular area with a dominant market share; monopoly profits are possible. We monitor technologies that could potentially disrupt the status quo, and assess how the company reacts to them.
- 5) Consumer penetration. Technology has penetrated the mass market: we invest in companies that are agile marketers, and have good distribution and production models.
- 6) Commoditized. Price becomes the most important factor as product differentiation erodes. Here, again, we use a 'top down' approach, diversifying risk by investing in a broad range of representative stocks.

Aside from the noted exceptions, we use a 'bottom up' approach to select stocks. We give particular consideration to barriers of entry, and to whether the company has a strong technology or distribution platform that it can build on. Considerable emphasis is also placed on the quality of the company's management: we look for leaders with the vision and ability to generate strong growth over the medium term, and whose interests are clearly aligned with those of shareholders.

Manager's comments

Weak corporate news, particularly in the semiconductor, telecommunications, and networking sectors, continued to weigh on the technology market in June, though a month-end rally, after a US appeals court dismissed a ruling calling for Microsoft to be broken up, helped pare losses. We minimised our exposure to the personal computer sector, reducing our holding in Dell Computer on concerns about a mounting price war ahead of the back-to-school season. However, we acquired a new position in Apple Computer, which we believe will benefit from a strong range of new products. We continued to increase our holdings in the software sector, which has traditionally had less volatile spending patterns than hardware. We acquired a new position in Oracle, the world's second-largest software company after Microsoft, and added to our holdings in SAP, Europe's largest software company, which recently increased its stake in Commerce One, a US software company. The Fund was already overweight Microsoft, which ended the month near its highest level this year. Markets are likely to remain uncertain and volatile in the near term, trading within a narrow range until clearer signs emerge about the state of the global economy.

Stuart O'Gorman & Paul Kleiser

Please remember that past performance is not necessarily a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Tax assumptions may change if the law changes.

Henderson Global Investors is the name under which Henderson Global Investors Limited and Henderson Investment Funds Limited (both regulated by IMRO and the Personal Investment Authority) Henderson Fund Management Plc and Henderson Administration Limited (both regulated by IMRO) provide investment products and services. 4 Broadgate London EC2M 2DA. For service in New Zealand please contact AMP Henderson Global Investors (New Zealand) Limited on 04 494 2200.