

Technology investing from the heart of the industry

# Allianz Technology Trust PLC

Factsheet

31 October 2016

## Aim

The Trust's objective is to achieve long-term capital growth by investing principally in the equity securities of quoted technology companies on a worldwide basis.

## Trust Benefits

The award-winning Allianz Technology Trust PLC offers investors access to the fast moving world of technology with the reassurance that investment decisions are made by Walter Price who has 40 years of experience of investing in technology. He is co-manager of the AllianzGI Global Technology Team which currently has \$4bn in assets under management.

## Awards & Ratings



Morningstar Rating™



Morningstar, Inc. All rights reserved. The information given here: (1) is protected by copyright for Morningstar and/or its content providers; (2) may not be reproduced or distributed; and (3) is not guaranteed to be accurate, complete or up-to-date. Neither Morningstar nor its content providers shall be liable for any losses or damage that result from use of this information.

A ranking, a rating or an award provides no indicator of future performance and is not constant over time.

## At the Heart of the Industry

Allianz Technology Trust is managed by the highly experienced AllianzGI Global Technology team based in San Francisco. The team benefits from its close proximity to Silicon Valley where many of the world's key technology companies are headquartered.

### Location of the 10 Largest Technology Companies in the US



**Total Assets** £223.1m    **Shares in Issue** 25,919,427 (Ordinary 25p)

Share Price

**808.0p**

Source: Lipper

NAV per Share

**860.9p**

Premium/-Discount

**-6.1%**

**Share Price** is the price of a single ordinary share, as determined by the stock market. The price shown above is the mid-market price.

**Net Asset Value (NAV) per Share** is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's

assets after deducting liabilities. An undiluted, cum-income NAV is shown.

**Premium/Discount.** Since investment company shares are traded on a stock market, the share price that you get may be higher or lower than the NAV. The difference is known as a discount or premium.

**Allianz**   
Global Investors

All data source Allianz Global Investors as at 31.10.16 unless otherwise stated.  
Allianz Global Investors GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY

## Fund Manager's Review

### Portfolio Overview

The Trust's NAV returned 4.2% in October, compared to the Dow Jones World Technology Index return of 5.2%. During the month, stock selection and industry allocation detracted from relative returns.

At the holdings level, ServiceNow was the top contributor to relative returns during the period. The company develops cloud-based software for workflow automation, data consolidation, and business process administration. Shares rallied after third quarter subscription billings growth topped expectations, driven by strength across all product segments and particularly strong growth from new product offerings. We believe ServiceNow is successfully addressing a large market for business applications, and solid execution in its core business as well as growth from new products should drive attractive long-term returns for shareholders.

Our position in email security provider Proofpoint was also among the top contributors to relative returns. The company delivered strong earnings results and raised guidance for the fourth quarter and fiscal year 2017. Proofpoint is benefiting from several growth drivers, and the power of its software-as-a-service model is beginning to generate leverage and produce solid free cash flow growth. Email security is a mature market, but we think Proofpoint should continue to capture market share as enterprises shift to cloud-based infrastructure and adopt more of the company's products.

Other top active contributors included an overweight position in Expedia, as well as not owning Intel and Nokia.

**“ We continue to believe the technology sector can provide some of the best absolute and relative return opportunities in the equity markets – especially for bottom-up stock pickers. ”**

Conversely, local business review website operator, Yelp, was among the top detractors during the period. Shares reacted negatively to industry reports indicating that online traffic to the company's website ticked down following algorithm changes in Google's search engine. These sentiments were ultimately reversed in early November when the company reported strong third quarter results. We continue to believe Yelp represents a valuable strategic asset based on the depth of its user generated content regarding local commerce. In addition, we see excellent long-term upside as the company is still early in refining its monetisation model with new engagement tools like coupons and order/booking functionality directly on businesses' Yelp pages.

Our position in Zendesk was also among the top relative detractors in October. Despite topping revenue expectations for the third quarter, the stock declined as billings growth decelerated. Billings growth has decelerated compared to the previous year as the company is moving toward larger deals which take longer to close. Zendesk has recently made organisation changes to adjust the sales strategy for larger deals, and this adjustment period may weigh on near-term billings growth. However, we believe management is making the right moves for long-term growth and competitive positioning. In our view, the company remains well-positioned with attractive product offerings, an efficient business model, solid management execution and it serves a large market.

Other top active detractors included overweight positions in Sophos Group and Amazon.com, as well as our underweight position in Apple.



### Walter Price CFA, Portfolio Manager

Allianz Technology Trust PLC is managed by Walter Price who is a Managing Director and Portfolio Manager on the AllianzGI Technology Team in San Francisco, having joined in 1974. Walter is a current Director and past president of the M.I.T. Club of Northern California. He also heads the Educational Council for M.I.T. in the Bay Area and is a past Chairman of the AIMR Committee on Corporate Reporting for the computer and electronics industries.

### Market Outlook

As to our economic view, we think the economy will remain slow until there is some fiscal stimulus, which we believe is unlikely until 2017 at the earliest. Thus we expect a continued period of slow growth and low interest rates. In this low growth environment, investors can benefit from investing in technology companies that are delivering growth and innovation. After the sharp declines earlier this year, we believe valuations for higher growth stocks are more attractive, particularly for companies continuing to grow at double digit rates.

We continue to believe the technology sector can provide some of the best absolute and relative return opportunities in the equity markets – especially for bottom-up stock pickers. The growth in technology is coming from the creation of new markets, rather than simply GDP growth. In this low-growth world, investors need to find companies generating organic growth by creating new markets or effecting significant change on old markets. Sectors such as automobiles, advertising, security, retail, and web services are all being shaped and transformed by advances in technology.

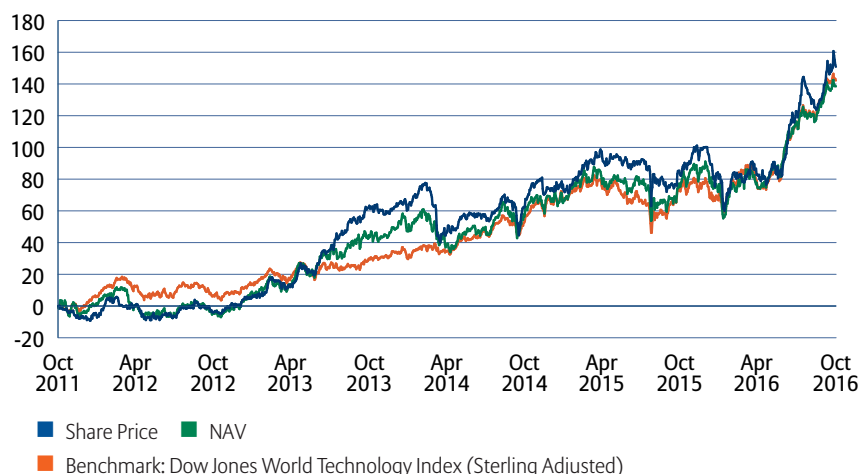
At present, we are seeing a wave of innovation in the sector that we believe has the potential to produce attractive returns for companies with best-in-class solutions. We also see a number of companies with present valuations that, in our view, do not fully reflect positive company- and/or industry-specific tailwinds.

*Walter Price  
11 November 2016*

**This is no recommendation or solicitation to buy or sell any particular security. Any security mentioned above will not necessarily be comprised in the portfolio by the time this document is disclosed or at any other subsequent date.**

# Performance Track Record

## Five Year Performance (%)



## Risk & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market.

Competition among technology companies may result in aggressive pricing of their products and services, which may affect the profitability of the companies in which the Trust invests. In addition, because of the rapid pace of technological development, products or services developed by these companies may become rapidly obsolete or have relatively short product cycles. This may have the effect of making the Trust's returns more volatile than the returns of a fund that does not invest in similarly related companies.

Derivatives can be used to manage the Trust efficiently.

## Cumulative Returns (%)

	3M	6M	1Y	3Y	5Y
Share Price	12.5	37.5	37.4	55.5	151.3
NAV	11.4	36.8	36.1	66.0	138.4
Benchmark	13.3	39.1	40.5	87.2	142.1

## Discrete 12 Month Returns (%) to 31 October

	2012	2013	2014	2015	2016
Share Price	-3.7	67.9	3.8	9.0	37.4
NAV	-4.8	51.0	12.6	8.3	36.1
Benchmark	6.0	22.0	21.0	10.1	40.5

Source: Lipper, percentage growth, mid to mid, total return to 31.10.16. Copyright 2016 © Lipper, a Thomson Reuters company. All rights reserved. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Past performance is not a reliable indicator of future returns. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market fluctuations and you may not get back the amount originally invested.

## Portfolio Breakdown

### Sector Breakdown (%)

Technology	72.4	
Consumer Services	14.5	
Consumer Goods	4.0	
Health Care	2.6	
Financials	1.7	
Industrials	1.5	
Utilities	0.1	
Cash	3.2	

### Top Ten Holdings (%)

Microsoft	7.4
Apple	6.3
Alphabet	6.3
Amazon	5.5
Facebook	4.8
Workday	3.4
Alibaba	3.4
Proofpoint	3.3
ServiceNow	2.9
Paycom	2.6

**Total number of holdings 60**

### Geographic Breakdown (%)

North America	77.5	
Far East & Pacific	12.0	
Europe ex UK	4.0	
UK	2.8	
Middle East	0.5	
Cash	3.2	

### Market Cap Breakdown (%)

Over US \$100bn	40.1	
US \$10bn to 100bn	30.8	
US \$1bn to 10bn	25.8	
Under US \$1bn	0.1	
Cash	3.2	

## Key Information

Launch Date	December 1995
AllianzGI Appointment	April 2007
Continuation Vote	2021 AGM
AIC Sector	Specialist Sector: Technology, Media & Telecoms
Benchmark	Dow Jones World Technology Index (Sterling Adjusted)
Annual Management Charge	0.8% plus £55,000 p.a. (Admin Fee)
Performance Fee <sup>1</sup>	Yes
Ongoing Charges <sup>2</sup>	1.1%
Year End	30 November
Annual Financial Report	Final posted in March, Half-yearly posted in July
AGM	April
NAV Frequency	Daily
Price Information	Financial Times, The Daily Telegraph, <a href="http://www.allianztechnologytrust.com">www.allianztechnologytrust.com</a>
Company Secretary	Tracey Lago, ACIS
Investment Manager	Walter Price
Codes	RIC: ATT.L SEDOL: 0339072

1. Calculated as 12.5% of the outperformance of the NAV compared to the indexed NAV over the performance period. The fee is capped at a maximum of 2.25% of the Trust's NAV at the year-end.

2. Source: AIC, as at the Trust's Financial Year End (30.11.2015). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee.

## Board of Directors

Robert Jeens (Chairman), Humphrey van der Klugt (Chairman of the Audit Committee and Senior Independent Director), Richard Holway MBE, Elisabeth Scott

## How to invest

You can buy shares in the Trust through:

- A third party provider - see 'How to Invest' on our website, where you will find links to a range of these platforms, many of which allow you to hold the shares within an ISA, Junior ISA, SIPP and/or savings scheme.
- A stockbroker.
- A financial adviser.

## Contact us

If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

0800 389 4696

[www.allianztechnologytrust.com](http://www.allianztechnologytrust.com)

E-mail: [investment-trusts@allianzgi.com](mailto:investment-trusts@allianzgi.com)

You will find much more information about Allianz Technology Trust on our website.

Please note that we can only offer information and are unable to provide investment advice. You should contact your financial adviser before making any investment decision.



**Allianz**   
Global Investors

**Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested.** The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been or will be made or concluded shall prevail.

**All data source Allianz Global Investors as at 31.10.16 unless otherwise stated.**

This is a marketing communication issued by Allianz Global Investors GmbH, an investment company with limited liability, incorporated in Germany, with its registered office at Bockenheimer Landstrasse 42-44, D-60323 Frankfurt/M, registered with the local court Frankfurt/M under HRB 9340, authorised by Bundesanstalt für Finanzdienstleistungsaufsicht ([www.bafin.de](http://www.bafin.de)). Allianz Global Investors GmbH has established a branch in the United Kingdom, Allianz Global Investors GmbH, UK branch, which is subject to limited regulation by the Financial Conduct Authority ([www.fca.org.uk](http://www.fca.org.uk)). Details about the extent of our regulation by the Financial Conduct Authority are available from us on request.