

Technology investing from the heart of the industry

# Allianz Technology Trust PLC

Factsheet

31 January 2017

## 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



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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 £230.7m Shares in Issue 25,919,427 (Ordinary 25p)

Share Price

844.3p

Source: Lipper

NAV per Share

842.3p

Premium/-Discount

0.2%

**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.

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## Fund Manager's Review

### Portfolio Overview

The Allianz Technology Trust NAV rose by 6.0% in January, outperforming the Dow Jones World Technology Index return of 3.4% GBP. During the month, stock selection drove the relative outperformance, and industry allocation modestly added to returns.

Our position in ServiceNow was among the top contributors to relative performance in January. ServiceNow delivered very strong Q4 earnings results, topping expectations for several metrics by a wide margin. Relative to the prior year, billings growth accelerated to 46% and free cash flow grew by 40%, while customer renewal rates reached 97%. ServiceNow has rapidly expanded its product offerings and is creating a platform that can automate workflow processes across almost multiple departments of the enterprise, including IT, human resources, legal, finance, and customer service. Customers have been expanding their usage of the core IT Service Management (ITSM) and they are now looking to ServiceNow to automate workflows across their organizations as solutions outside of IT continue to gain rapid adoption.

Similarly, security provider Proofpoint lagged in late 2016 but rallied in January. The company topped expectations for billings growth with 40% year-on-year growth, and management has provided a favourable outlook for 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

“ We believe the policy changes the Trump administration is proposing should be good for the economy and business, which should lead to higher economic growth.

more of the company's products. We believe the company is well-positioned to deliver strong earnings and free cash flow growth over the next few years.

Other top active contributors included overweight positions in Workday and Amazon, as well as not owning Qualcomm.

Conversely, our underweight position in Facebook was among the largest relative detractors in January. Facebook has been a sizeable position in the portfolio and a significant outperformer for the past few years. While we believe the fundamentals and competitive positioning remain strong, we tactically reduced our position size to an underweight relative to the benchmark. This move helped performance in late 2016, but hurt in January 2017. We believe the company's ad revenue growth rate may moderate in 2017 as some large catalysts from 2016 such as the Olympics and the US election will not occur this year. We currently hold a slight underweight in Facebook and we continue to closely monitor the company's growth prospects relative to market expectations.

CSRA is one of the nation's largest independent providers of IT services to the US federal government with customers from nearly every federal agency. The company's next-generation services are built around government priorities including migration to cloud infrastructure, software as a service delivery, cyber security, and mobility. The company's earnings results generally met expectations, but a slower ramp up on some new programs led to a lower outlook for 2017. Despite the near-term headwind, we believe the company is nicely positioned to deliver compelling growth over time. In our view, CSRA is a high quality government IT service company that should benefit from long term government spending initiatives and any lowering of US taxes.



### 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.

Other top active detractors included an overweight position in Arista Networks, an underweight in Alibaba, and not owning Korean company SK Hynix.

### Market Outlook

We believe the policy changes the Trump administration is proposing should be good for the economy and business, which should lead to higher economic growth. We expect the technology sector to benefit from a better US economy and the stocks should generally participate in the rising stock market.

Despite high valuations for some cloud and internet companies, we continue to see massive addressable markets much larger than the revenue today. However, we have consolidated our exposure to these areas in select companies having the most compelling solutions and whose business models demonstrate a discernible path to deliver strong earnings and cash flow growth over the next few years.

We are also finding excellent investment opportunities among more attractively valued areas of technology. In particular, certain technology incumbents are making compelling progress on their "as-a-service" offerings.

Artificial intelligence (AI) is also becoming a significant trend. From consumer goods, such as the Amazon Echo, to autonomous driving, practical applications of AI are emerging. We expect AI will increasingly be used to make our lives more convenient.

We will continue carefully balancing risks and opportunities, leveraging our industry expertise, and emphasising individual stock selection.

Walter Price  
13 February 2017

**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	4.5	17.6	45.3	59.6	180.0
NAV	3.4	15.1	38.3	63.5	144.5
Benchmark	2.6	16.3	42.8	87.9	134.7

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

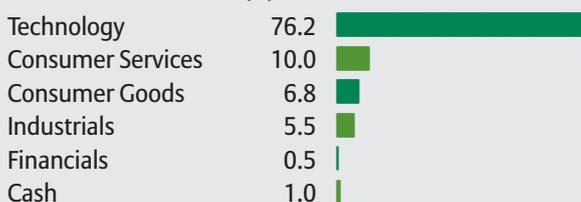
	2013	2014	2015	2016	2017
Share Price	13.1	55.1	4.9	4.7	45.3
NAV	5.4	41.8	10.2	7.3	38.3
Benchmark	6.8	17.0	26.0	4.5	42.8

Source: Lipper, percentage growth, mid to mid, total return to 31.01.17. Copyright 2017 © 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 (%)

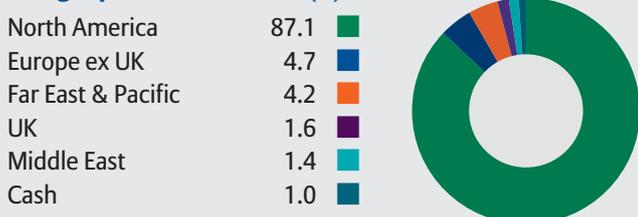


## Top Ten Holdings (%)

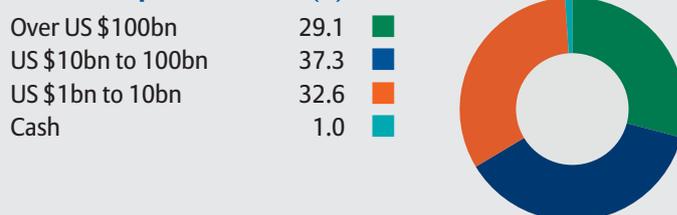
Amazon	5.9
Microsoft	5.1
Apple	5.1
Facebook	4.9
Alphabet	4.0
Micron Technology	4.0
Samsung Electronics	3.9
Tesla Motors	2.9
ServiceNow	2.8
Computer Science	2.8

**Total number of holdings 62**

## Geographic Breakdown (%)



## Market Cap Breakdown (%)



## 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.



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**All data source Allianz Global Investors as at 31.01.17 unless otherwise stated.**

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