

## **ALLIANZ TECHNOLOGY TRUST PLC**

### **TERMS OF REFERENCE of the AUDIT COMMITTEE**

As adopted 18 February 2015

#### **1. Membership and Chairman**

The Board appoints the chairman and the members of the Audit Committee with reference to recommendations made by the Nomination Committee. The Chairman of the Board shall not be a member of the Committee, but may attend by invitation of the chairman.

The Committee shall consist of not less than two independent, non-executive members and a quorum for meetings and decisions of the Committee shall be two members present. Members shall be appointed for an initial period of 3 years, which may be renewed or extended providing the director remains independent.

Having given particular consideration to those Board members with recent and relevant financial experience, Mr John Cornish was appointed as Chairman of the Committee with effect from 19 July 2005.

The Committee shall, at least once a year, evaluate its own performance, constitution and terms and make any necessary recommendations for change to the Board, to ensure the continued maximum effectiveness of the Committee.

#### **2. Meetings and Attendance**

The Committee shall meet at least twice per year and at such other times as it sees fit.

A representative of the external auditors shall attend not less than one meeting per year, such meeting will include the review of the annual results. Additionally, the chairman or another Committee member shall meet or correspond with the audit partner at least once during the year without management presence to discuss audit planning, the auditors remit and any issues.

The external auditors may request additional meetings if they consider them necessary.

#### **3. Secretary**

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

#### **4. Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting of the Company to respond to any questions that may be raised as matters within the Committee's area of responsibility.

#### **5. Authority**

The members of the Committee are authorised by the Board to carry out any investigation relevant to its terms of reference. Members are authorised to seek any information they require from any Company officer and to obtain expert advice from the Company's external auditors, professional advisers or otherwise, and to take independent professional advice and to request any officer or adviser as they see fit, and at the expense of the Company, to attend meetings of the Committee in order to obtain such information or advice.

#### **6. Duties**

The Committee will at all times comply with the Listing Rules published by the Financial Conduct Authority ("the Listing Rules"), the recommendations of the UK Corporate

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### **TERMS OF REFERENCE of the AUDIT COMMITTEE**

As adopted 18 February 2015 *continued*

Governance Code (“the Code”) and guidance from The Association of Investment Companies Companies.

In particular, the duties of the Committee are:

1. to monitor the integrity of the financial statements and any formal announcements (*see I below*);
  2. to review the internal financial controls and risk management systems, including the effectiveness of any internal audit activities (*see II-III below*);
  3. in relation to the external auditors:
    - to recommend to the board their appointment, re-appointment or removal;
    - to develop and implement a policy on the engagement of the external auditors for non-audit services (*see IV-VIII below*);
    - to approve the auditors remuneration and terms of engagement;
    - to review and monitor their independence and objectivity; and
    - to review the effectiveness of the audit process.
  4. to consider the valuation and ownership of the Company’s investments (*see IX below*);
  5. to consider the recognition of investment income (*see X below*);
  6. to consider and monitor compliance with s1158 of the Corporation Tax Act 2010 in relation to continued investment trust status (*see XI below*);
  7. to review the calculation of any performance fee payable to the Manager (*see XII below*); and
  8. to consider other topics, as defined by the Board.
- I. to review the interim and annual report and financial statements before submission to the Board, focusing particularly on:
    - any changes in accounting policies and practices;
    - major judgmental areas;
    - significant adjustments resulting from the audit;
    - the going concern assumption adopted in the annual report;
    - compliance with accounting standards;
    - statement concerning internal controls and risk management; and
    - compliance with the listing rules, tax and legal requirements.
  - II. to analyse the Board’s key procedures adopted to provide effective internal control, to review the effectiveness of such procedures and make recommendations to the Board and to consider whether the Board should express an opinion on the effectiveness of the procedures;
  - III. to receive and review information from the Company’s investment manager on internal audit and compliance; and to receive and review reports on internal controls from the independent service providers and to meet representatives of such as and when deemed necessary;

## **ALLIANZ TECHNOLOGY TRUST PLC**

### **TERMS OF REFERENCE of the AUDIT COMMITTEE**

As adopted 18 February 2015 *continued*

- IV. to discuss and agree with the external auditors, before the audit commences, the nature and scope of the audit, and to ensure co-ordination where more than one audit firm is involved;
  - V. to review annually the qualifications, expertise, resources and effectiveness of the audit process and procedures;
  - VI. to monitor the auditors compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company to the overall income of the audit firm, office or partner;
  - VII. to discuss problems and reservations arising from the annual audit, the interim technical review where applicable, and any other matters the external auditors may wish to discuss; and
  - VIII. where the auditors supply a substantial volume of non-audit services, to keep the nature and extent of such services under review.
  - IX. to reconcile ownership of investments to custodian records and ensure valuations have been provided to the auditor.
  - X. to ensure investment income is accounted for in line with the accounting policies.
  - XI. to confirm the that appropriate controls are in place to ensure investment trust status is observed.
  - XII. to review the calculation of performance fees when due and payable.
9. To provide advice, where requested by the Board, on whether the annual financial statements, taken as a whole, are fair balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. (Provision C.3.4 of the UK Corporate Governance Code).

#### **7. Reporting Procedures**

The Secretary of the Committee shall minute the proceedings and resolutions of all meetings and will produce and circulate the minutes to all Committee members, once agreed, the minutes will be circulated to all members of the Board at the next scheduled Board meeting following the Committee meeting. The chairman of the Committee shall report formally to the Board where it is deemed necessary.

The Committee shall compile a report to shareholders on its activities to be included in the Annual Report.

These terms of reference were considered and approved by the Board for the Audit Committee at a meeting of the Board held on 18 February 2015.