

RCM Technology Trust PLC

Factsheet

31 October 2013

Fund Manager's Review



Walter Price

Portfolio Highlights

The Trust's NAV rose by 3.18% in October, behind the benchmark which was up by 5.02%. During this month, stock selection was negative while industry allocation decision had a positive impact on relative performance.

Tesla Motors was one of the top detractors. Shares of the electric vehicle maker declined following reports of two separate accidents during the month involving the company's flagship Model S saloon car. We do not doubt the overall safety merits of this model – which scored a near-perfect crash test safety rating from national regulators – and have a high degree of confidence in management to do what is necessary to maintain the enormous goodwill it has cultivated with its customers. We have significantly trimmed our position but maintain holding in the stock as we believe the market potential of Tesla's new models are not fully reflected in the current price.

Web content delivery solutions provider, Akamai Technologies was also among the top detractors. Although we believe Akamai will be a long-term beneficiary of the explosion in Internet traffic, near-term uncertainty surrounding the contract negotiations with its largest media client prompted us to trim our position during the month.

On the positive side, solar products and services company SunPower was among our top contributors, having released its fiscal Q3 report in which the company handily beat analysts' earnings and revenue estimates. Though management plans to invest in its manufacturing capacity in the coming year which could suppress earnings, we take this as a positive sign that the company's best-in-class solar technologies and diverse end markets are generating healthy long-term demand.

Flash memory maker SanDisk also performed well. Shares surged after the company released its third quarter results which showed strength across product segments. SanDisk's commercial businesses are seeing robust demand as mobile device, PC, and datacentre equipment makers continue to increase the memory capacity of their products. SanDisk is a key component of our total return theme given strong industry and company fundamentals, disciplined investments back into the business, and shareholder-friendly initiatives.

Market Outlook

Broadly, we think technology companies should benefit from improvement in business technology spending trends over the coming years. US corporations currently have record amounts of cash on their balance sheets and have experienced profit growth of over 100% since 2008. After severe underinvestment in technology for the past few years, we expect companies could start to increase their technology spending particularly on consumer-facing software solutions.

Currently, we have positioned the portfolio to benefit from areas of secular growth such as cloud computing, communications infrastructure upgrades and applications on smartphones and other mobile devices. We also think consolidation of suppliers in several key components areas such as memory and disk drives will allow the survivors to increase their returns on a secular basis, and that earnings could be higher than expected by investors who view those products as "commodities with low margins." We believe stocks in those sectors have the potential to be rerated from their presently very low multiples of earnings.

We acknowledge that risks are still present in the form of uncertainty regarding the full implications of federal spending cuts in the US as well as the potential for stalled policy or economic progress in Europe and Asia. Still, with low valuations and growing yields, many tech stocks appear to have good support. We believe that the ongoing alleviation of these risks, improved corporate demand, and certain unique growth drivers could set the stage for the next secular bull market in technology.

All data source Allianz Global Investors as at 31.10.13 unless otherwise stated.

Allianz Global Investors, 155 Bishopsgate, London EC2M 3AD

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 (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	18.7	42.8	67.9	70.9	181.6
NAV	7.8	26.3	51.0	47.6	153.0
Benchmark	2.5	8.9	22.0	34.3	115.6

Discrete Performance (%)

From To	31.10.08 30.10.09	30.10.09 29.10.10	29.10.10 31.10.11	31.10.11 31.10.12	31.10.12 31.10.13
Share Price	26.3	30.5	5.8	-3.7	67.9
NAV	23.3	39.1	2.7	-4.8	51.0
Benchmark	31.6	22.1	3.8	6.0	22.0

Source: Lipper, percentage growth, mid to mid, total return to 31.10.13.

Benchmark: Dow Jones World Technology Index (Sterling Adjusted).

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.

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Awards



Allianz 
Global Investors

Capital Structure

Total Assets:	£131.5m
Shares in Issue:	25,349,941 (Ordinary 25p)
Ordinary Share Price ¹ :	519.5p
Net Asset Value (Ordinary) ² :	518.7p
Premium/-Discount to NAV ² :	0.2%
NAV Frequency	Daily

1. Source: Lipper as at 31.10.13, market close mid price.

2. A trust's Net Asset Value (NAV) 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, cumulative NAV is shown.

Note 1

Key Information

Launch Date:	December 1995
Continuation Vote:	2016
AIC Sector:	Specialist Sector: Technology, Media & Telecoms
Benchmark:	Dow Jones World Technology Index (Sterling Adjusted)
Annual Management Charge:	1% plus £50,000 p.a.
Performance Fee: ²	Yes
On-going Charges: ¹	1.13%
Year end:	30 November
Annual Financial Report:	Final posted in March, Half-yearly posted in July
AGM:	April
Price Information:	Financial Times, The Daily Telegraph, www.rcmtechnologytrust.co.uk

Board of Directors:
David Quysner CBE (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Paul Gaunt, Richard Holway MBE, Robert Jeens, Dr Chris Martin

Company Secretary Peter Ingram

Investment Manager Walter Price

Codes: RIC: RTT
SEDOL: 0339072

1. Source: AIC, as at the Trust's Financial Year End (30.11.2012). On-going Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee.

2. Calculated as 20% of the outperformance of the NAV compared to the indexed NAV over the performance period.

Risks & 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, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

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.

Investment trusts can enhance returns through gearing. This can boost a Trust's returns when investments perform well, though losses can be magnified when investments lose value. This Trust does not currently employ gearing. Derivatives can be used to manage the Trust efficiently.

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Sector Breakdown (%)

Technology	62.8	
Consumer Services	18.4	
Industrials	7.9	
Utilities	5.4	
Consumer Goods	4.3	
Financials	3.7	
Telecommunications	0.5	
Cash	-3.0	

Geographic Breakdown (%)

North America	75.6	
Far East & Pacific	17.7	
Europe ex UK	6.5	
UK	2.5	
South America	0.7	
Cash	-3.0	

Top Ten Holdings (%)

Facebook	5.2	Amazon	3.2
SunPower	4.2	Sina	2.9
Google	3.7	Aruba Networks	2.8
Tesla Motors	3.3	Alcatel-Lucent	2.8
Micron Technology	3.3	SanDisk	2.2
Total Number of Holdings	90		

How to Invest

The Trust is a UK public limited company traded openly on the stock market. You can purchase shares through a stock broker. Shares in the Trust can be held within an ISA and/or savings scheme and a number of providers offer this facility. A list of suppliers is available on our website.

Contact Us

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

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