

5 August 2019

**ALLIANZ TECHNOLOGY TRUST PLC**  
**HALF-YEARLY FINANCIAL REPORT**  
**For the six months ended 30 June 2019**

**HIGHLIGHTS**

	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>% Change</b>
Net Asset Value per Ordinary Share	1,635.4p	1,284.7p	+27.3
Ordinary Share Price	1,646.0p	1,220.0p	+34.9
Premium (Discount) on Ordinary Share Price to Net Asset Value per Share	0.6%	(5.0%)	n/a
Dow Jones World Technology Index (sterling adjusted, total return)	1,211.1	985.8	+22.9
Shareholders' Funds	£559.4m	£430.1m	+30.1

**Interim Management Report**  
**Chairman's Statement**

**Impressive outperformance as global markets defy expectations**

Following a robust period to 31 December 2018 in which the Company outperformed against an uncertain geopolitical and economic backdrop, I am delighted to report that your Manager has delivered a strong performance over the first half of the current financial year up to 30 June 2019. In a period of continuing uncertainty, but where global equities were on a firmer footing overall, the Company's performance has been impressive - in both absolute and comparative terms. The Company's net asset value (NAV) increased by 27.3%, beating its benchmark, the Dow Jones World Technology Index (sterling adjusted, total return), which rose by 22.9%. Over the same period the FTSE All-Share Index rose by 13.0%.

The direction of travel for global equity markets has been broadly positive over the period, in defiance of simmering geopolitical friction, mixed economic news flow and a marked slowdown in global economic growth. In particular, the trade tensions between the US and China have continued to cast their shadow, with evidence that the dispute is starting to have a real impact on the economy. Both the US and China imposed higher 'tit for tat' tariffs on each other's exports during the review period and the issue remains unresolved at the time of writing. The dispute has the potential to deliver a negative impact on global economic growth as well as significant implications for US companies doing business in China.

Technology stocks moved higher over the period, generally outperforming the broader global equity market. Your Company's performance was particularly good, boosted by careful stock selection. The Company's performance is explored in more detail in the Investment Manager's Review on pages 7 to 10.

Over the period, the Company's share price increased by 34.9% from 1220p as at 31 December 2018 to 1646p as at 30 June 2019, moving from a discount to NAV of 5% to a modest premium. Strong investment performance, combined with the share issuance programme described below, resulted in Shareholders' funds at the end of the period reaching £559.4 million, an increase of £129.3 million since the year-end.

Given the nature of the Company's investments and its stated investment objective to achieve capital growth, no dividend is proposed in respect of the current period and the Board considers it unlikely that any dividend will be declared in the near future.

**Growing the Company**

The Board is committed to issuing new shares whenever market conditions are conducive in order to grow the Company for the benefit of shareholders. This strategy has been implemented successfully over recent years. However, share issuance paused in the latter part of 2018 which was a turbulent period for the technology sector and global equity markets in general. As a result no shares were issued from early November 2018 to mid-March 2019. However, since then market conditions have improved, increasing demand for the Company's shares. This demand is primarily coming from private investors choosing to buy shares through execution-only investment platforms. An example of this is the Interactive Investor platform where the Company was the third most bought investment trust in the 2018/2019 tax year.

The Company's shares started the period trading at a discount of 5% to the underlying NAV, but have subsequently tended to trade at a small premium, ending the period at a premium of 0.6% to NAV. The Board pays close attention to changes in the discount/premium at which the Company's shares trade compared to its NAV. It considers carefully the parameters and processes that should apply to ensure that any buy-back or issuance of shares is both in the interests of existing shareholders and properly controlled. The Board considers the absolute level of discount or premium and how this compares to other comparable investment companies and general market conditions.

Within the reporting period the Company responded to increased demand by issuing a total of 725,000 new shares, at an average premium to NAV of 1.05%, for a total of £11.6 million. At the date of writing, a further 430,000 ordinary shares have been issued since 30 June 2019, bringing the share capital of the Company to 34,632,168 Ordinary shares.

The Board will continue to consider the issuance of new shares subject to its criteria being met, as outlined above. Shares will only be issued at a premium to NAV and if the Board is satisfied that the issuance is in the best interests of existing shareholders.

### **Performance Fee**

As reported above the Company has significantly outperformed its benchmark. Subject to the detailed conditions of the investment management agreement the Manager is eligible to receive 12.5% of such outperformance and hence a performance fee accrual of £3.7 million has been made as at 30 June 2019. The performance fee actually payable will be based on any outperformance for the full year to 31 December 2019 and could therefore differ significantly from the amount currently accrued.

### **A worthy winner: further awards recognition**

In previous reports I have been pleased to highlight the numerous awards received by the Company over recent years. Such recognition is highly valued as it acknowledges the Company's achievement in long term investment performance, raises awareness of the Company's specialist investment remit and can ultimately help create sustained demand for its shares. I am therefore very pleased to advise you that as well as being an Investors Chronicle 'Top 100 Fund' for six consecutive years, the Company is also the current holder of the Investment Week Investment Company of the Year Award, Specialist category; the Company has won this award in three of the last four years, reflecting its impressive track record.

In April, the Company was also awarded 'Best Large Trust' in the Money Observer Investment Trust Awards 2019. Money Observer noted that the Company had achieved the highest returns of all this year's award-winners (performance measured over three years to 31 January 2019), calling it "a worthy winner of our most prestigious sector award". This accolade is an independent, statistical and qualitative assessment of the Company's performance and highlights the outperformance both in its class and against its peers.

### **Material events and transactions**

On 17 May 2019, the Company moved depositary from Bank of New York Mellon (International) Limited to HSBC Bank Plc. Apart from the Annual General Meeting of the Company held on 22 May 2019 at which all resolutions put to Shareholders were passed, there were no material events or transactions relating to the Company to report in the six-month period to 30 June 2019.

### **Retirement of Richard Holway and new Board appointment**

Following our initial announcement in April, I now confirm that Richard Holway will be stepping down from the Board on 31 December 2019, in accordance with the Board's agreed succession plan. I and my fellow board members would like to thank Richard for the excellent contribution and particularly the wealth of relevant experience that he has brought to the Company and the Board over the past 12 years. We wish Richard all the best for the future.

Following Richard's decision, the Company commenced the process of identifying and appointing a new Director and I am very pleased to advise you that we have today separately announced that Neeta Patel will be joining the Board on 1 September 2019. Full details of Neeta's relevant qualifications and experience are contained in that announcement.

### **Outlook**

When I last wrote to shareholders in March, I commented on the Company's robust performance, referencing both the positive return delivered by the Manager and the outperformance – by some margin – of its benchmark. However, I noted that broader markets were continuing their unpredictable trajectory and that weakening global growth could make the remainder of 2019 challenging for investors. With these factors in mind, the Board is delighted with these latest figures that demonstrate the Company's continued strong performance at the halfway stage of its financial year.

The Company is investing in a buoyant sector with strong long term secular growth characteristics but is well aware that all sectoral performance also tends to be cyclical. We acknowledge, once again, that there remains the possibility of a correction for the technology sector at some stage in the future, even though it has continued to defy predictions. However, we are reassured by the Manager's proven expertise in carefully choosing a portfolio of technology stocks across a range of technology subsectors and finding excellent investment opportunities among more attractively valued areas of the sector.

## **Principal risks and uncertainties for the remainder of the financial year**

Other than as noted above, the principal risks and uncertainties facing the Company are broadly unchanged from those described in the Annual Financial Report for the period ended 31 December 2018. These are set out in the Strategic Report on pages 58-62 of that Report, together with commentary on the Board's approach to mitigating the risks and uncertainties, under the following Risk headings: Investment Strategy; Technology Sector; Cyber; Market; Currency; Financial and Liquidity; and Operational. In addition to the principal risks, the Company faces the risks associated with the provision of services by third parties and general business risks including accounting, legal and regulatory matters.

The Board performs a high-level review of the principal risks at every meeting to ensure that the risk assessment is current and relevant, adjusting mitigating factors and procedures as appropriate.

## **Access to the latest investment insights**

As part of our communications programme to existing and potential investors the Company distributes monthly factsheets, regular insight pieces and other occasional Company updates to all those who opt in to receive them. Subscribers also receive notifications of the latest Manager podcasts and video content. If you would enjoy receiving these targeted communications you can sign up easily via the Company's home page at [www.allianztechnologytrust.com](http://www.allianztechnologytrust.com).

## **Going concern**

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities that are readily realisable and the Company's assets are significantly greater than its liabilities. Accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. The Company is subject to a continuation vote of the shareholders every five years; the last continuation vote was put to shareholders and passed at the AGM held in 2016.

## **Related party transactions**

In accordance with the definition as provided by the Listing Rules 11.1.4, the only related party arrangement in place is the relationship between the Directors and the Company. The services provided by the Investment Manager under the Investment Management Agreement form a significant contract but are not deemed to be a related party transaction. There have been no material transactions which have affected the financial position of the Company other than fees paid to directors in the normal course of business.

## **Responsibility statement**

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with FRS 102 and FRS 104, as set out in Note 1 and the Accounting Standards Board's Statement: 'Half-Yearly Financial Reports';
- the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7 R, of important events that have occurred during the first six months of the financial year, their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- the interim management report includes a fair review of the information concerning related party transactions as required by Disclosure and Transparency Rule 4.2.8 R.

The half-yearly financial report was approved by the Board on 5 August 2019 and the above responsibility statement was signed on its behalf by the Chairman.

**Robert Jeens**

*Chairman*

## INVESTMENT MANAGER'S REVIEW

### Investment Review

Global equities rallied strongly over the first half of 2019, with many markets delivering double-digit gains. The year started off on a strong footing, with stocks rebounding from the steep sell-off seen at the end of 2018 as sentiment was boosted by hopes of improved trade relations between the US and China and monetary policy U-turns from key central banks. Equity markets ratcheted higher until May when global stocks suffered a sharp set-back as the breakdown of US/China trade talks led to a series of 'tit-for-tat' tariffs and other protectionist measures. Central banks came to the rescue in June, issuing a series of dovish comments which caused stocks to rally once more and countered concerns over heightened geopolitical risks in the Middle East. At a sector level, technology stocks were the strongest performers, while the health care sector was the weakest, albeit still delivering robust gains.

Technology stocks outperformed the broader index over the period. While global semiconductor and hardware stocks delivered solid gains in the period, both segments lagged behind the technology sector due to the ongoing trade tensions between the US and China. Supply chains and end markets are highly connected between the two countries, making the impact more acute for these groups. Software and services stocks held up better given lower exposures to China trade uncertainties and earnings reports that largely supported the view of stable and healthy growth.

During the period, we added exposure to internet software & services, software, and semiconductor companies. However, we reduced exposure to some hardware and diversified financials companies. We believe that spending in cloud computing and software as a service is rapidly growing, and this trend is likely to persist as the movement to cloud computing accelerates. As valuations in semiconductors became more attractive after the 2018 sell-off, we added to the semiconductor companies with exposure to attractive growth themes (i.e. electric vehicles, artificial intelligence, and cloud computing). We reduced exposure to hardware companies given the group's exposure to the ongoing trade dispute between the US and China. Lastly, we reduced positions in diversified financials companies such as MasterCard and Visa after strong rallies in both stocks. We see more attractive risk-reward profiles in other areas of the portfolio.

### Top Contributors and Detractors

The Allianz Technology Trust outperformed the Dow Jones World Technology Index (sterling adjusted, total return) by 4.4 percentage points and the FTSE All-Share Index by 14.3 percentage points during the period. The portfolio's outperformance has been boosted by companies benefiting from significant secular growth themes as well as strong operational performance. Stock selection has been the most significant driver of relative performance:

- The portfolio's outperformance in 2019 has been driven mostly by smaller high-growth companies.
- Okta, Zscaler, Paycom Software, MongoDB, and Twilio were among the top contributors to relative returns. All of these companies continue to deliver strong execution, benefiting from increasing demand for innovative software solutions.
- Within semiconductors and equipment, overweight positions in Cree and Teradyne and not owning Intel have also helped the portfolio's performance.

At the holdings level, our position in Okta was a top contributor as it delivered strong quarterly results with robust revenue growth. Okta is a data security provider offering services such as automated user management, integration, mobile identification, multifactor authentication, and reporting software. Okta has a compelling opportunity to disrupt the large market for identity and access management. With a large number of applications and over 5,000 customers, Okta is beginning to see a network effect developing. The company also benefits from the shift to the cloud as customers looking for an identity management solution for cloud applications are attracted to the wide range of applications. Management noted that subscription revenue was driven by the company's acceleration with enterprise customers. The world's largest organizations are increasingly realising that identity security is essential to their cloud, digital transformation, and security initiatives. We maintain our positive view of the company given its growing market opportunity, strong execution, and new product launches that should further advance Okta's leadership in identity security.

Our position in cloud security company Zscaler was another top contributor due to strong sales growth and free cash flow generation. The company operates as a security-as-a-service company, offering a cloud-based security platform. The platform provides web and mobile security, threat protection, cloud application visibility, and cloud enabled networking solutions. Customers are increasingly adopting Zscaler's products, which provide a single platform to enforce business and security policy for their users to access multiple applications and services. Our conviction in Zscaler remains high as the company has a significant growth opportunity and compelling competitive advantages with its unique capabilities in cloud security. Additionally, customers are seeing a quick return on their investment, which is a very strong selling point for Zscaler relative to competitors.

Other top active contributors included our overweight positions in Paycom Software and AVEVA Group, as well as an underweight position in Alphabet (Google). Our underweight position in Microsoft was the top detractor from relative performance. Shares outperformed the technology sector following very strong quarterly results driven by broad-

based strength in its cloud business. We are seeing an inflection of demand from enterprise customers as more companies move their workloads to the cloud. Microsoft should continue to benefit from this shift over time given their strong long-term relationships with enterprise customers. At the current pace of growth, it is likely that Microsoft's cloud business alone could become one of the largest technology platforms in the world. Microsoft has been investing in data centers and developing partnerships to boost sales of its main cloud products, which appear to be paying off for the company. We believe Microsoft's push toward more innovative products and services should drive strong long-term sales and profit growth. While Microsoft is now the largest holding in the portfolio, we are underweight relative to the benchmark's large position in the stock. Our exposure to the cloud and artificial intelligence themes is spread across multiple companies in the portfolio, as we believe this approach offers a more attractive risk/reward profile.

Not owning Apple, one of the largest holdings in the benchmark, was also a top detractor from relative performance. After falling sharply in late 2018, shares outperformed in the first half of 2019. Some investors are optimistic that Apple's large installed base of iPhone users will boost future iPhone upgrades as well as monetisation of services. However, we expect to see a lull in the 2019 iPhone product cycle ahead of the 5G iPhones in 2020. Furthermore, we are seeing lower demand from Chinese consumers, partly due to the US-China trade dispute. Both issues could limit iPhone upgrades and services revenue growth more than current expectations. While the benefits of Apple's balance sheet flexibility are priced into the stock, we see limited upside potential. As a result, we are not currently invested in this stock. Other active detractors included an overweight position in Tesla, as well as underweight positions in Facebook and Qualcomm.

## **Outlook**

In our view, the technology sector continues to benefit from strong tailwinds which should continue to drive attractive long term appreciation. The digital transformation is the top priority for many companies across the economy, as these technologies are increasingly becoming critical drivers of growth, productivity, and competitive positioning. If IT budgets must be cut in an economic slowdown, management teams are reporting that the budget for the digital transformation will be the last to be reduced. This transition is a multi-year process, and we believe we are still in the fairly early stages. For the semiconductors and hardware segments, we expect the environment to remain mixed as companies work through production and inventory adjustments amid the trade conflict between the US and China. From a fundamental perspective, these companies are much stronger after years of consolidation, and we expect growth to reaccelerate in 2020. We maintain exposure to companies that we believe will benefit from secular growth themes. Despite periods of volatility driven by geopolitical uncertainty, we expect the broad technology sector to see attractive growth in the future.

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.

Investors need to find companies generating organic growth by creating new markets or effecting significant change on old markets. Industries such as automobiles, advertising, security, retail, and manufacturing are all being shaped and transformed by advances in technology. We are seeing an ongoing wave of innovation in the sector that we believe has the potential to produce attractive returns for companies with best-in-class solutions.

Despite high valuations for some high growth 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.

Finally, we will carefully balance risks and opportunities going forward, leveraging our industry expertise, and emphasising individual stock selection.

**Walter Price**

**Allianz Global Investors US LLC**

## SUMMARY OF UNAUDITED RESULTS

### INCOME STATEMENT

for the six months ended 30 June 2019

(Note 1)	Revenue £'000s	Capital £'000s	Total Return £'000s
Gains on investments held at fair value through profit or loss	-	121,945	121,945
Exchange gains on currency balances	1	541	542
Income	1,350	-	1,350
Investment management and performance fee (Note 2)	(1,976)	(3,662)	(5,638)
Administration expenses	(416)	-	(416)
<b>(Loss) Profit before finance costs and taxation</b>	<b>(1,041)</b>	<b>118,824</b>	<b>117,783</b>
Finance costs: Interest payable and similar charges	(1)	-	(1)
<b>(Loss) Profit on ordinary activities before taxation</b>	<b>(1,042)</b>	<b>118,824</b>	<b>117,782</b>
Taxation	(134)	-	(134)
<b>(Loss) Profit attributable to Ordinary Shareholders</b>	<b>(1,176)</b>	<b>118,824</b>	<b>117,648</b>
<b>(Loss) Earnings per Ordinary Share (Note 3)</b>	<b>(3.49p)</b>	<b>352.49p</b>	<b>349.00p</b>

### BALANCE SHEET

as at 30 June 2019

	£'000s
Investments held at fair value through profit or loss (Note 4)	543,567
Net current assets	15,785
<b>Total Net Assets</b>	<b>559,352</b>
Called up Share Capital	8,550
Share Premium Account	142,144
Capital Redemption Reserve	1,021
Capital Reserve	429,589
Revenue Reserve	(21,952)
<b>Shareholders' Funds</b>	<b>559,352</b>
<b>Net Asset Value per Ordinary Share</b>	<b>1,635.4p</b>

The net asset value is based on Ordinary Shares in issue of 34,202,168

## SUMMARY OF UNAUDITED RESULTS

### INCOME STATEMENT

for the six months ended 31 May 2018\*

(Note 1)	Revenue £'000s	Capital £'000s	Total Return £'000s
Gains on investments held at fair value through profit or loss	-	65,677	65,677
Exchange (losses) gains on currency balances	(1)	750	749
Income	763	-	763
Investment management and performance fee (Note 2)	(1,372)	(3,443)	(4,815)
Administration expenses	(347)	-	(347)
<b>(Loss) Profit before finance costs and taxation</b>	<b>(957)</b>	<b>62,984</b>	<b>62,027</b>
Finance costs: Interest payable and similar charges	-	-	-
<b>(Loss) Profit on ordinary activities before taxation</b>	<b>(957)</b>	<b>62,984</b>	<b>62,027</b>
Taxation	(83)	-	(83)
<b>(Loss) Profit attributable to Ordinary shareholders</b>	<b>(1,040)</b>	<b>62,984</b>	<b>61,944</b>
<b>(Loss) Earnings per Ordinary Share (Note 3)</b>	<b>(3.76p)</b>	<b>227.70p</b>	<b>223.94p</b>

\*In 2018, the Company changed the year-end from 30 November to 31 December, resulting in the half year-end changing from 31 May to 30 June

### BALANCE SHEET

as at 31 May 2018

£'000s

Investments held at fair value through profit or loss (Note 4)	404,496
Net current assets	9,406
<b>Total Net Assets</b>	<b>413,902</b>
Called up Share Capital	7,407
Share Premium Account	74,595
Capital Redemption Reserve	1,021
Capital Reserve	349,917
Revenue Reserve	(19,038)
<b>Shareholders' Funds</b>	<b>413,902</b>
<b>Net Asset Value per Ordinary Share</b>	<b>1,397.0p</b>

The net asset value is based on Ordinary Shares in issue of 29,627,880

## SUMMARY OF UNAUDITED RESULTS

### BALANCE SHEET

as at 31 December 2018

£'000s

Investments held at fair value through profit or loss (Note 4)	407,902
Net Current Assets	22,171
<b>Total Net Assets</b>	<b>430,073</b>
Called up Share Capital	8,369
Share Premium Account	130,694
Capital Redemption Reserve	1,021
Capital Reserve	310,765
Revenue Reserve	(20,776)
<b>Shareholders' Funds</b>	<b>430,073</b>
<b>Net Asset Value per Ordinary Share</b>	1,284.7p
The net asset value is based on Ordinary Shares in issue of	33,477,168

# SUMMARY OF UNAUDITED RESULTS

## STATEMENT OF CHANGES IN EQUITY

	Called up Share Capital £'000s	Share Premium Account £'000s	Capital Redemption Reserve £'000s	Capital Reserve £'000s	Revenue Reserve £'000s	Total £'000s
<b>Six months ended 30 June 2019</b>						
Net Assets at 1 January 2019	8,369	130,694	1,021	310,765	(20,776)	430,073
Revenue Loss	-	-	-	-	(1,176)	(1,176)
Shares issued from block listing facility during the period (Note 5)	181	11,450	-	-	-	11,631
Capital Profit	-	-	-	118,824	-	118,824
Net Assets at 30 June 2019	8,550	142,144	1,021	429,589	(21,952)	559,352
<b>Six months ended 31 May 2018</b>						
Net Assets at 1 December 2017	7,076	41,810	1,021	281,524	(17,998)	313,433
Revenue Loss	-	-	-	-	(1,040)	(1,040)
Shares issued from treasury during the period (Note 5)	-	15,446	-	5,409	-	20,855
Shares issued from block listing facility during the period (Note 5)	331	17,339	-	-	-	17,670
Capital Profit	-	-	-	62,984	-	62,984
Net Assets at 31 May 2018	7,407	74,595	1,021	349,917	(19,038)	413,902

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### Note 1 – Summary statement of accounting policies and basis of preparation

The condensed set of financial statements have been prepared in accordance with FRS 102 'Interim Financial Reporting' (FRS 104) issued by the FRC in March 2015 and the revised Statement of Recommended Practice - 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP) issued by the Association of Investment Companies (AIC) in November 2014, as updated in February 2018.

The accounting policies applied for the condensed set of financial statements with regard to measurement and classification have not changed from those set out on the Company's annual report for the 13 month period ended 31 December 2018.

The total column of the Income Statement is the profit and loss account of the Company. All revenue and capital items derive from continuing operations. No operations were acquired or discontinued in the period. A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the Income Statement.

### Note 2 – Management

Allianz Global Investors GmbH, UK Branch is the appointed Investment Manager and as such is entitled to a base fee of 0.8% per annum payable quarterly in arrears and calculated on the average value of the market capitalisation of the Company at the last business day of each month in the relevant quarter. The base fee reduces to 0.6% for any market capitalisation that exceeds £400m. Additionally there is a fixed fee of £55,000 per annum.

The Investment Manager is also entitled to a performance fee calculated at 12.5% of the outperformance of the Company's adjusted net asset value ('NAV') per share total return as compared to the benchmark, the Dow Jones World Technology Index (sterling adjusted, total Return). Such amount is applied to the year end NAV and adjusted for the weighted average number of Ordinary Shares in issue during the Performance Period. Any performance fee payable is capped at a maximum of 2.25% of the Company's NAV at the year-end, and any underperformance brought forward from previous years is taken into account in the calculation of the performance fee payable. A performance fee will only be paid if the Company's NAV is higher than at which any previous performance fee was paid and if performance in that year was also ahead of the benchmark on a cumulative basis. At 30 June 2019 £3,662,000 was accrued for the performance fee. The quantum of any performance fee payable will be based on the Company's NAV at 31 December 2019 and may differ significantly from any sum accrued before such date. Performance fees when paid are charged 100% to capital.

### Note 3 – Earnings per Ordinary share

The earnings per Ordinary Share is based on the net profit for the half year of £117,648,000 (31 May 2018: net profit of £61,944,000, 31 December 2018: net profit of £21,054,000) and on the weighted average number of Ordinary Shares in issue during the period of 33,710,057 (31 May 2018: 27,660,692, 31 December 2018: 30,241,003).

### Note 4 – Valuation of Investments

Investments are designated as held at fair value through profit or loss in accordance with FRS 102 sections 11 and 12. Investments are initially recognised at Fair Value, which is determined to be their cost. Subsequently, investments are revalued at Fair Value, which is the bid market price for listed investments.

FRS 102 sets out three fair value hierarchy levels for disclosure.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

As at 30 June 2019, the financial assets at fair value through profit or loss of £543,567,000 (31 December 2018: £407,902,000) are categorised as follows:

	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
	<b>£'000s</b>	<b>£'000s</b>
Level 1	543,567	407,902
Level 2	-	-
Level 3	-	-
	<u>543,567</u>	<u>407,902</u>

#### **Note 5 – Called up Share Capital**

At 30 June 2019 there were 34,202,168 Ordinary Shares in issue (31 May 2018: 29,627,880; 31 December 2018: 33,477,168). During the half-year ended 30th June 2019 the Company bought back no Ordinary Shares for holding in treasury (half-year ended 31 May 2018: nil; and 13 month period ended 31 December 2018: nil). During the same period the Company issued nil shares into the market from the Ordinary Shares held in treasury, (half-year ended 31 May 2018: 1,708,453 shares; 13 month period ended 31 December 2018: 1,708,453 shares). The Company issued a further 725,000 Ordinary shares, from the authorised block listing facility, during the period. The proceeds from the total number of shares issued amounted to £11,631,000 (half-year ended 31 May 2018: £38,525,000; and 13 month period ended 31 December 2018: £95,586,000).

Since 30 June 2019, 430,000 shares were issued.

#### **Note 6 – Investments**

Purchases for the half-year ended 30 June 2019 were £297,169,000 (31 May 2018: £175,617,000) and sales were £245,968,000 (31 May 2018: £112,751,000).

#### **Note 7 – Transaction Costs**

Brokers commission costs on equity purchases for the half-year ended 30 June 2019 amounted to £131,000 (31 May 2018: £78,000) and sales were £93,000 (31 May 2018: £104,000).

#### **Note 8 – Comparative Information**

The half yearly financial report to 30 June 2019 and the comparative information to 31 May 2018 have neither been audited nor reviewed by the Company's auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 for the respective periods. The financial information for the 13 month period ended 31 December 2018 has been extracted from the statutory accounts for that period which have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

## INVESTMENT PORTFOLIO

As at 30 June 2019

Investment	Sector <sup>#</sup>	Sub sector <sup>#</sup>	Country	Valuation £'000s	% of Portfolio
Microsoft	Software	Systems Software	United States	45,980	8.5
Facebook	Interactive Media & Services	Interactive Media & Services	United States	30,196	5.6
Zscaler	Software	Systems Software	United States	21,471	4.0
Alphabet Inc	Internet Software & Services	Internet Software & Services	United States	19,922	3.7
Paycom Software	Software	Application Software	United States	18,558	3.4
Okta	Internet Software & Services	Internet Software & Services	United States	18,517	3.4
Amazon.com	Internet & Direct Marketing Retail	Internet & Direct Marketing Retail	United States	16,988	3.1
Square	IT Services	Data Processing & Outsourced Services	United States	16,612	3.1
Cree	Semiconductors & Semiconductor Equipment	Semiconductors	United States	14,065	2.6
Arista Networks	Communications Equipment	Communications Equipment	United States	13,635	2.5
<b>Top ten investments</b>				<b>215,944</b>	<b>39.9</b>
Aveva	Software	Application Software	United Kingdom	13,338	2.5
Advanced Micro Devices	Semiconductors & Semiconductor Equipment	Semiconductors	United States	12,975	2.4
Twilio	IT Services	Internet Services & Infrastructure	United States	12,381	2.3
Mastercard	IT Services	Data Processing & Outsourced Services	United States	12,316	2.3
ServiceNow	Software	Systems Software	United States	11,866	2.2
Workday	Software	Application Software	United States	11,582	2.1
Teradyne	Semiconductors & Semiconductor Equipment	Semiconductor Equipment	United States	11,063	2.0
Temenos	Software	Application Software	Switzerland	11,062	2.0
MongoDB	IT Services	Internet Services & Infrastructure	United States	10,595	1.9
NetApp	Technology, Hardware Storage & Peripherals	Technology, Hardware Storage & Peripherals	United States	9,770	1.8
<b>Top twenty investments</b>				<b>332,892</b>	<b>61.4</b>
Akamai Technologies	IT Services	Internet Services & Infrastructure	United States	8,575	1.6
Proofpoint	Software	Systems Software	United States	8,422	1.5
Zendesk	Software	Application Software	United States	8,275	1.5
Capgemini	IT Services	IT Consulting & Other Services	France	7,484	1.4
Zynga	Entertainment	Interactive Home Entertainment	United States	7,283	1.3
Nemetschek	Software	Application Software	Germany	6,919	1.3
Veeva Systems	Health Care Technology	Health Care Technology	United States	6,838	1.3
Paypal	IT Services	Data Processing & Outsourced Services	United States	6,803	1.3
Bloom Energy	Electrical Equipment	Heavy Electrical Equipment	United States	6,751	1.2
Yandex	Internet Software & Services	Internet Software & Services	Netherlands	6,731	1.2
<b>Top thirty investments</b>				<b>406,973</b>	<b>75.0</b>
DXC Technology	IT Services	IT Consulting & Other Services	United States	6,147	1.1
Hubspot	Software	Application Software	United States	6,125	1.1
Smartsheet	Software	Application Software	United States	6,058	1.1
Ringcentral	Software	Application Software	United States	5,981	1.1
Autodesk	Software	Application Software	United States	5,622	1.0
Analog Devices	Semiconductors & Semiconductor Equipment	Semiconductors	United States	5,492	1.0
Netflix	Entertainment	Movies & Entertainment	United States	5,295	1.0
Elastic NV	Software	Application Software	Netherlands	5,089	0.9

Salesforce.com	Software	Application Software	United States	5,079	0.9
Sophos	Software	Systems Software	United Kingdom	4,866	0.9
<b>Top forty investments</b>				<b>462,727</b>	<b>85.1</b>
Fortinet	Software	Systems Software	United States	4,823	0.9
Lam Research	Semiconductors & Semiconductor Equipment	Semiconductor Equipment	United States	4,416	0.8
Realpage	Software	Application Software	United States	4,243	0.8
Visa	IT Services	Data Processing & Outsourcing Services	United States	4,223	0.8
Pure Storage	Technology, Hardware Storage & Peripherals	Technology, Hardware Storage & Peripherals	United States	4,129	0.8
Micron Technology	Semiconductors & Semiconductor Equipment	Semiconductors	United States	3,557	0.7
Splunk	Software	Application Software	United States	3,432	0.6
Aspen Technology	Software	Application Software	United States	3,240	0.6
Qualcomm	Semiconductors & Semiconductors Equipment	Semiconductors	United States	3,043	0.6
Alibaba	Internet Software & Services	Internet Software & Services	China	3,039	0.6
<b>Top fifty investments</b>				<b>500,872</b>	<b>92.3</b>
Forescout Technologies	Software	Systems Software	United States	2,929	0.5
Infineon Technologies	Semiconductors & Semiconductor Equipment	Semiconductors	Germany	2,880	0.5
Coupa Software	Software	Application Software	United States	2,853	0.5
Intuit	Software	Application Software	United States	2,765	0.5
Atlassian	Software	Application Software	United Kingdom	2,752	0.5
Kla Tencor	Semiconductors & Semiconductor Equipment	Semiconductor Equipment	United States	2,647	0.5
Viavi Solutions	Communications Equipment	Communications Equipment	United States	2,626	0.5
Broadcom Inc	Semiconductor & Semiconductor Equipment	Semiconductors	United States	2,611	0.5
Ericsson	Communications Equipment	Communications Equipment	Sweden	2,572	0.5
New Relic	Software	Application Software	United States	2,475	0.5
<b>Top Sixty Investments</b>				<b>527,982</b>	<b>97.3</b>
Grubhub	Retailing	Internet & Direct Marketing Retail	United States	2,432	0.4
Ipg Photonics	Electronic Equipment Instruments & Components	Electronic Manufacturing Service	United States	2,368	0.4
Guidewire Software	Software	Application Software	United States	2,335	0.4
Tesla	Automobiles	Automobile Manufacturers	United States	2,331	0.4
Palo Alto Networks	Communications Equipment	Communications Equipment	United States	2,274	0.4
Computacenter	IT Services	IT Consulting & Other Services	United Kingdom	2,073	0.4
Tencent	Internet Software & Services	Internet Software & Services	China	1,389	0.2
Cognex	Electronic Equipment Instruments & Components	Electronic Equipment Instruments	United States	383	0.1
<b>Total Investments</b>				<b>543,567</b>	<b>100.0</b>

## PORTFOLIO ANALYSIS

As at 30 June 2019

<b>By Sector<sup>#</sup></b>	<b>Fair Value £'000</b>	<b>% of Portfolio</b>	<b>By Country</b>	<b>Fair Value £'000</b>	<b>% of Portfolio</b>
Software	228,139	41.8	United States	473,372	87.2
IT Services	87,208	16.1	United Kingdom	23,029	4.2
Semiconductors & Semiconductor Equipment	62,750	11.6	Netherlands	11,819	2.1
Internet Software & Services	49,599	9.2	Switzerland	11,062	2.0
Interactive Media & Services	30,196	5.6	Germany	9,800	1.8
Communications Equipment	21,107	3.9	France	7,484	1.4
Internet & Direct Marketing Retail	16,988	3.1	China	4,429	0.8

Technology, Hardware Storage & Peripherals	13,899	2.6	Sweden	2,572	0.5
Entertainment	12,578	2.3			
Health Care Technology	6,838	1.3			
Electrical Equipment	6,751	1.2			
Electronic Equipment Instruments & Components	2,751	0.5			
Retailing	2,432	0.4			
Automobiles	2,331	0.4			
<b>Total Portfolio</b>	<b>543,567</b>	<b>100.0</b>	<b>Total Portfolio</b>	<b>543,567</b>	<b>100.0</b>

# GICS Industry Classifications

For further information, please contact:

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