

# Allianz Technology Trust PLC



Factsheet

31 July 2015

## Fund Manager's Review



Walter Price

The Allianz Technology Trust NAV returned 3.64%, while the Dow Jones World Technology Index returned 0.97%. During the month, stock selection detracted from relative performance while industry allocation contributed to relative returns.

At the holdings level, our underweight position in **Apple** was the top contributor to relative performance. Shares declined after the company's iPhone sales of 47.5 million units fell short of heightened expectations. Heading into the earnings release, the stock moved higher rather quickly as investors anticipated more robust iPhone sales. The stock now trades at a more attractive valuation after its decline and Apple still has a very large cash position, which provides significant flexibility to potentially support the share price with stock repurchases. On the other hand, Apple's exposure to China as well as the uncertainty around the company's growth rate after the September quarter causes concern. We planned to reduce the position size after the September quarter, which should be the last high growth quarter, but we reduced the position in July as the stock moved much higher sooner than we expected. Given the attractive valuation, we expect the stock to trade within a range until we have more clarity on the next growth driver.

**Amazon.com** was also among the top relative contributors for the month of July. Shares surged higher after the company reported sales and profit that exceeded consensus expectations. So far this year, Amazon is showing investors that it can produce profits when it pulls back on spending, and the stock has performed well as a result. While the company remains a strong online retailer, its cloud-computing business is becoming a significant growth engine. Amazon's cloud computing division, which offers web data storage and computing services, grew 81% from the previous year. Rapid growth cloud computing is expected to continue as more companies are moving to adopt cloud services because it enhances efficiency, and it costs much less than buying traditional hardware and software.

Other top active contributors included overweights in **Netflix** and web advertising service provider **Criteo**, as well as not owning Intel.

On the negative side, our underweight position in **Google** was the largest detractor from relative performance. Google reported earnings results that exceeded expectations for operating income, cash flow, and earnings as expenses came in below expectations. More importantly, the company showed compelling growth in mobile/video advertising revenue. Google is demonstrating an ability to capture some of the growth in mobile/video ads as advertisers shift spending away from traditional and internet media. Additionally, Google's new CFO emphasised that the company will focus more on maximizing shareholder value, which boosted optimism among investors. In early August, the company announced it is reorganising into a holding company that gives its core web operations greater independence while offering investors more visibility into plans to expand new businesses. We added to our position in Google due to its progress in mobile/video ads and the greater visibility into its operations.

Our overweight position in security holding **FireEye** was also among the top relative detractors for the month. The company reported strong second quarter results and raised guidance for 2015, but investors were concerned about the quality of earnings. While total revenue and billings growth exceeded expectations, product appliance revenue growth fell short of estimates, raising concerns that this could be

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-0.3	11.7	23.6	105.8	117.5
NAV	0.8	7.3	22.3	87.6	108.2
Benchmark	-4.2	0.0	14.7	53.2	86.3

## Discrete Performance (%)

From To	30.07.10 29.07.11	29.07.11 31.07.12	31.07.12 31.07.13	31.07.13 31.07.14	31.07.14 31.07.15
Share Price	21.9	-13.3	45.2	14.7	23.6
NAV	20.8	-8.2	40.2	9.4	22.3
Benchmark	11.4	9.2	16.0	15.3	14.7

Source: Lipper, percentage growth, mid to mid, total return to 31/07/2015

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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## Fund Manager's Review (continued)

an indication of weaker demand. Management explained that the product appliance revenue was offset by strong subscription and services revenue, which is more sustainable revenue. The company also announced that its CFO is leaving the firm to join a start-up technology firm in an unrelated field. The stock may face near-term pressure until the company can demonstrate a smooth transition to the new CFO. Longer-term, we see no signs of deceleration in IT security spending, and we believe FireEye should continue to benefit as it is the leader in advanced persistent threat technology.

Other top active detractors included overweights in **SunEdison**, **Vipshop Holdings**, and **Tableau Software**.

All data source Allianz Global Investors as at 31/07/2015 unless otherwise stated.

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**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.**

**Allianz**   
Global Investors

## Capital Structure

Total Assets:	£166.6m
Shares in Issue (ex treasury):	25,892,426 (Ordinary 25p)
Ordinary Share Price <sup>1</sup> :	620.0p
Net Asset Value (Ordinary) <sup>2</sup> :	643.6p
Premium/-Discount to NAV <sup>2</sup> :	-3.7%
NAV Frequency	Daily

1. Source: Lipper as at 31/07/2015, 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.

## 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:	0.8% plus £55,000 p.a. (Administration Fee)
Performance Fee: <sup>2</sup>	Yes
Ongoing Charges: <sup>1</sup>	1.21%
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.allianztechnologytrust.com
Board of Directors:	Robert Jeens (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Richard Holway MBE, Elisabeth Scott, Humphrey van der Klugt
Head of Secretariat – Investment Trusts	Tracey Lago, ACIS
Investment Manager	Walter Price
Codes:	RIC: ATT.L SEDOL: 0339072

1. Source: AIC, as at the Trust's Financial Year End (30.11.2014). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee.

2. 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.

## 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.

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.

## Sector Breakdown (%)

Technology	59.0
Consumer Services	18.5
Industrials	7.5
Consumer Goods	5.8
Financials	3.2
Cash	2.6
Utilities	2.5
Telecommunications	0.9

## Geographic Breakdown (%)

North America	77.9
Far East & Pacific	10.5
Europe ex UK	4.8
Cash	2.6
UK	2.3
Middle East	1.0
Africa	0.9

## Top Ten Holdings (%)

Microsoft	8.2	Google	3.4
Amazon	6.0	Facebook	3.3
Splunk	4.2	Visa	3.2
ServiceNow	4.1	Netflix	2.8
Palo Alto Networks	3.5	Avago Technologies	2.7
<b>Total Number of Holdings</b>	<b>65</b>		

## 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, JISA, SIPP 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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All data source Allianz Global Investors as at 31/07/2015 unless otherwise stated.

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