

Allianz Technology Trust PLC*

*formerly RCM Technology Trust PLC



Factsheet

30 April 2015

Fund Manager's Review



Walter Price

Portfolio Overview

The Allianz Technology Trust portfolio returned -1.16%, while the Dow Jones World Technology Index returned -1.21%. At the holdings level, our overweight position in **Netflix** was among the top relative contributors for the month. The company reported solid earnings results, driven by robust subscriber additions. In addition, management provided guidance for subscriber growth that was above expectations. In the first quarter, Netflix added 2.3 million domestic subscribers versus expectations of 1.8 million (28% upside) and added 2.6 million international subscribers versus expectations of 2.25 million (16% upside). The domestic contribution margin was 37%, which also topped expectations, and it is near the company's multi-year goal of 40%. Investors are heavily focused on subscriber growth and domestic contribution margin because many believe these metrics will determine long-term growth and profitability. Subscriber numbers will ultimately define the company's long-term growth and market share, and the domestic contribution margin provides a guidepost as to how profitable Netflix can be long-term.

Other top active contributors included overweights in **Tesla Motors**, Chinese Online retailer **JD.com**, as well as an underweight in **Google**.

On the negative side, our underweight position in **Microsoft** was among the top relative detractors for the month. In early 2015, shares fell after the company's earnings and forward guidance were weaker than expected, predominantly due to the negative impact of foreign currency and the weak PC market. We tactically reduced our weighting in Microsoft in anticipation of negative foreign exposure; however, the company surprised everyone by showing more resilience in its earnings than expected and tightly controlling costs. We have become more positive on Microsoft's position in the cloud market with Azure and Office 365, which are now over \$6 billion in revenues, and therefore we are increasing our position in the stock. Longer term, Microsoft continues to build its cloud business and enhance innovation. While the transition to a more innovative company may take time and could be choppy along the way, we believe this move will drive long-term growth.

ServiceNow was also among the top relative detractors. Shares declined after its first quarter results fell short of very high expectations and management's second quarter outlook was somewhat below expectations. Weak foreign currency caused a greater headwind than investors were expecting, and some deals slipped from late first quarter to early second quarter. Management made it clear that there were no macro issues at play causing the first quarter deal slippage. The factors causing the weakness in the first quarter are likely temporary, as the demand backdrop, the company's addressable market, and its competitive positioning all remain intact. Service Now offers cloud-based services that automate enterprise IT operations, which can significantly lower operational costs and enhance efficiency for its customers' businesses. We believe the company is well-positioned to gain significant market share over time.

Other top active detractors included overweights in semiconductor holding **Freescale Semiconductor**, telecom equipment manufacturer **Alcatel-Lucent**, and security software provider **Proofpoint**.

Performance (%)



Cumulative Performance (%)

| | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years |
|-------------|----------|----------|--------|---------|---------|
| Share Price | 12.1 | 15.4 | 32.0 | 93.6 | 109.4 |
| NAV | 6.5 | 9.3 | 27.9 | 77.3 | 95.6 |
| Benchmark | 4.4 | 11.2 | 29.4 | 55.3 | 76.1 |

Discrete Performance (%)

| From To | 30.04.10 29.04.11 | 29.04.11 30.04.12 | 30.04.12 30.04.13 | 30.04.13 30.04.14 | 30.04.14 30.04.15 |
|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Share Price | 17.0 | -7.6 | 13.3 | 29.5 | 32.0 |
| NAV | 20.3 | -8.3 | 14.1 | 21.5 | 27.9 |
| Benchmark | 4.7 | 8.3 | 6.0 | 13.2 | 29.4 |

Source: Lipper, percentage growth, mid to mid, total return to 30.04.15.

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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Market Outlook

Looking forward, 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. At present, we are seeing a wave of innovation in the sector that we believe has the potential to produce attractive returns for companies with best-in-class solutions. We also see a number of companies with present valuations that, in our view, do not fully reflect positive company- and/or industry-specific tailwinds.

A key growth area in technology is network security, which is rapidly gaining more attention as the increasing sophistication of cyberattacks has triggered more spending towards providers that offer new security technologies. We believe this trend will persist for several years, and companies that continue to enhance security technology may stand to benefit over time.

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

All data source Allianz Global Investors as at 30.04.15 unless otherwise stated.

Allianz Global Investors GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY

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: | £164.3m |
| Shares in Issue (ex treasury): | 25,727,426 (Ordinary 25p) |
| Ordinary Share Price ¹ : | 622.0p |
| Net Asset Value (Ordinary) ² : | 638.5p |
| Premium/-Discount to NAV ² : | -2.6% |
| NAV Frequency | Daily |

1. Source: Lipper as at 30.04.15, 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: ² | Yes |
| Ongoing Charges: ¹ | 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, Dr Chris Martin, Elisabeth Scott |
| 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 | 64.8 |
| Consumer Services | 16.2 |
| Industrials | 6.6 |
| Consumer Goods | 4.2 |
| Utilities | 4.0 |
| Financials | 1.9 |
| Cash | 1.3 |
| Telecommunications | 1.0 |

Geographic Breakdown (%)

| | |
|--------------------|------|
| North America | 79.2 |
| Far East & Pacific | 9.5 |
| UK | 4.8 |
| Europe ex UK | 4.2 |
| Cash | 1.3 |
| Middle East | 1.0 |

Top Ten Holdings (%)

| | | | |
|---------------------------------|-----------|-----------------|-----|
| Microsoft | 8.4 | ServiceNow | 4.0 |
| Palo Alto Networks | 6.2 | Netflix | 2.6 |
| Apple | 4.9 | Western Digital | 2.6 |
| Amazon | 4.4 | SunPower | 2.5 |
| Splunk | 4.1 | Qualys | 2.2 |
| Total Number of Holdings | 60 | | |

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 30.04.15 unless otherwise stated.

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