

# Allianz Technology Trust PLC

Technology investing from the heart of the industry



## Aim

The Trust's objective is to achieve long-term capital growth by investing principally in the equity securities of quoted technology companies on a worldwide basis.

## Trust Benefits

The award-winning Allianz Technology Trust PLC offers investors access to the fast moving world of technology with the reassurance that investment decisions are made by Walter Price who has 40 years of experience of investing in technology. He is Co-Head of the AllianzGI Global Technology Team which currently manages \$4bn in assets under management.

## At the Heart of the Industry

Allianz Technology Trust is managed by the highly experienced AllianzGI Global Technology team based in San Francisco. The team benefits from its close proximity to Silicon Valley where many of the world's key technology companies are headquartered.

## Awards &



A ranking, a rating or an award provides no indicator of future performance and is not constant over time.

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Source and copyright of Citywire. Walter Price is 'AA' rated by Citywire for his three year risk-adjusted performance for the period 31/12/2015 to 31/12/2018. Citywire awards apply to the Manager, rather than the Fund.

**Total Assets** £491.1m

**Shares in Issue** 33,477,168 (Ordinary 25p)

**Market Cap** £480.4m

Share Price

**1435.0p**

Source: Lipper

NAV per Share

**1467.1p**

Premium/-Discount

**-2.2%**

**Share Price** is the price of a single ordinary share, as determined by the stock market. The price shown above is the mid-market price.

**Net Asset Value (NAV) per Share** 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, cum-income NAV is shown.

**Premium/Discount.** Since investment company shares are traded on a stock market, the share price that you get may be higher or lower than the NAV. The difference is known as a discount or premium.

## Fund Manager's Review

### Portfolio Overview

The Trust's NAV rose by 5.5% in February, outperforming the Dow Jones World Technology Index return of +3.4%. During the month, both stock selection and industry allocation contributed to relative performance.

Cloud networking software and hardware provider, Arista Networks, was a top contributor during the period. The company reported solid fourth quarter financial results with revenue growth of 27% year on year, exceeding expectations. Overall demand was good across segments with cloud networking and other enterprise customers continuing to invest. Further, management's outlook for the current fiscal year was better than anticipated with growth from enterprise customers and adoption of 100G network technologies offsetting some large customer slowdowns. Arista provides cloud networking software and hardware for Internet and Cloud service providers, as well as next generation datacenters. Its products include modular cloud networking platforms that enable in-service upgrades and application extensibility.

Our position in Square was also a top contributor in February. The company develops business management software for small- & medium-sized businesses (SMB) and monetises many of these products through transaction processing. Square reported strong quarterly financial results driven by growth in subscriptions and services. Square continues to execute well against its goals of moving to larger sellers, expanding internationally, and building e-commerce tools. The company has been effectively adding new services to its platform to make the total value proposition more compelling for customers.

**“ We continue to believe the technology sector can provide some of the best absolute and relative return opportunities in the equity markets**

Other top active contributors included overweight positions in Paycom Software and Teradyne and an underweight position in Tencent.

Our position in Amazon.com was the top detractor during the period. The company reported results ahead of expectations for both revenue and operating income. Notably, Amazon Web Services (AWS) and other revenue (largely advertising) grew 46% and 97%, respectively. We reduced our weighting as we expect the higher spending expectations to be a near term headwind for the company's profit growth. Nevertheless, we expect Amazon to strengthen its leadership position in retail and cloud services over time.

Our position in video game publisher Take-Two Interactive Software was also a top detractor during the period. The company's financial results beat expectations, and management raised full year guidance. However, its shares came under pressure after fiscal Q4 guidance fell short of expectations, and investors remain concerned about the growth of one of the company's popular online games. Take-Two is focusing on stabilising growth by increasing recurring revenues from digital game downloads, in-game micro transactions, and mobile sales. However, these initiatives will likely take time to stabilise the company's growth. As a result, we decided to exit the position while the company works through some near-term headwinds.

Other top active detractors included an underweight position in Microsoft and not owning Intel or Cisco Systems.

### Market Outlook

Despite the recent market volatility, our view is that technology is well-



### Walter Price CFA, Portfolio Manager

Allianz Technology Trust PLC is managed by Walter Price who is a Managing Director and Co-Head of the AllianzGI Technology Team in San Francisco, having joined in 1974. Walter is a current Director and past president of the M.I.T. Club of Northern California. He also heads the Educational Council for M.I.T. in the Bay Area and is a past Chairman of the AIMR Committee on Corporate Reporting for the computer and electronics industries.

positioned to remain a major driver of market returns. The ongoing digital transformation among corporations should continue to drive growth in IT spending. Feedback from our discussions with company management teams, as well as management surveys from multiple sources, indicate that companies across the economy are turning to technology solutions to increase revenue, improve productivity, and enhance operating efficiency. We believe this is a multi-year transition which is still in the very early stages. While the largest technology companies today will inevitably struggle to grow as rapidly in the future, the broad technology sector should continue to see attractive growth in the future. During the sharp sell-off in the fourth quarter, many high quality technology companies continued to deliver strong operational execution. With more reasonable valuations and less euphoria in the market, we believe high quality companies should exceed expectations and deliver attractive stock returns in 2019.

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 Gross Domestic Product (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. 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.

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.

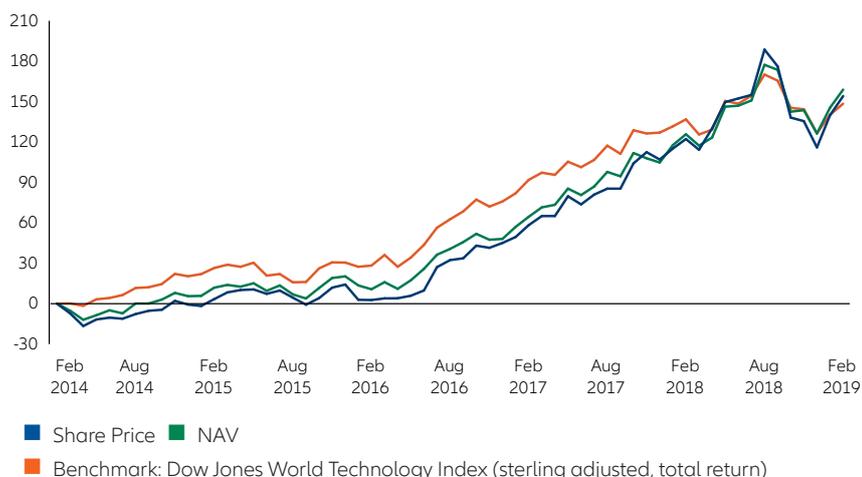
We will continue carefully balancing risks and opportunities, leveraging our industry expertise, and emphasizing individual stock selection.

**Walter Price**  
**11 March 2019**

**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 Track Record

### Five Year Performance (%)



## Risk & 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.

### Cumulative Returns (%)

	3M	6M	1Y	3Y	5Y
Share Price	7.9	-12.0	14.3	147.4	154.1
NAV	6.2	-6.7	14.6	133.7	158.8
Benchmark	1.7	-8.0	4.9	93.6	148.4

### Discrete 12 Month Returns to 28 February (%)

	2019	2018	2017	2016	2015
Share Price	14.3	40.4	54.1	-0.7	3.4
NAV	14.6	37.2	48.6	-1.1	11.9
Benchmark	4.9	23.4	49.6	1.4	26.5

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 28.02.19. Copyright 2019 © DataStream, a Thomson Reuters company. All rights reserved. DataStream shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

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.

## Portfolio Breakdown

### Sector Breakdown (%)

Technology	80.6	<div style="width: 80.6%;"></div>
Consumer Services	6.5	<div style="width: 6.5%;"></div>
Industrials	5.3	<div style="width: 5.3%;"></div>
Financials	3.0	<div style="width: 3.0%;"></div>
Consumer Goods	2.7	<div style="width: 2.7%;"></div>
Utilities	0.7	<div style="width: 0.7%;"></div>
Cash	1.2	<div style="width: 1.2%;"></div>

### Top Ten Holdings (%)

Alphabet - A shares	5.2
Paycom Software	3.8
Okta	3.8
Square	3.6
Facebook	3.5
Cree	3.3
Twilio	3.1
Salesforce.com	3.0
ServiceNow	3.0
Amazon	2.8

Total number of holdings 71

### Geographic Breakdown (%)

North America	87.3	<div style="width: 87.3%;"></div>
Europe ex UK	5.1	<div style="width: 5.1%;"></div>
UK	4.2	<div style="width: 4.2%;"></div>
Far East & Pacific	2.2	<div style="width: 2.2%;"></div>
Cash	1.2	<div style="width: 1.2%;"></div>

### Market Cap Breakdown (%)

Over US \$100bn	28.2	<div style="width: 28.2%;"></div>
US \$10bn to 100bn	36.2	<div style="width: 36.2%;"></div>
US \$1bn to 10bn	33.6	<div style="width: 33.6%;"></div>
Under US \$1bn	0.8	<div style="width: 0.8%;"></div>
Cash	1.2	<div style="width: 1.2%;"></div>

The data shown is not constant over time and the allocation may change in the future. Totals may not sum to 100.0% due to rounding. This is no recommendation or solicitation to buy or sell any particular security.

## Key Information

Launch Date	December 1995
AllianzGI Appointment	April 2007
Continuation Vote	2021 AGM
AIC Sector	Specialist Sector: Technology, Media & Telecoms
Benchmark	Dow Jones World Technology Index (sterling adjusted, total return)
Annual Management Charge	0.8% p.a. on market capitalisation up to £400 million and 0.6% p.a. thereafter. In addition there is an admin fee of £55,000 p.a.
Performance Fee <sup>1</sup>	Yes
Ongoing Charges <sup>2</sup>	0.93%
Year End	31 December
Annual Financial Report	Final published in March, Half-yearly published in August
AGM	May
NAV Frequency	Daily
Price Information	Financial Times, The Daily Telegraph, <a href="http://www.allianztechnologytrust.com">www.allianztechnologytrust.com</a>
Company Secretary	Eleanor Emuss
Investment Manager	Walter Price
Codes	RIC: ATTL SEDOL: 0339072

1. 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.

2. Source: AIC, as at the Trust's Financial Year End (31.12.2018). The figure is annualised to reflect the 13 month period for the year end to 31.12.18. Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee.

## Board of Directors

Robert Jeens (Chairman)

Humphrey van der Klugt (Chairman of the Audit Committee and Senior Independent Director)

Richard Holway MBE

Elisabeth Scott

## How to invest

You can buy shares in the Trust through:

- A third party provider - see 'How to Invest' on our website, where you will find links to a range of these platforms, many of which allow you to hold the shares within an ISA, Junior ISA, SIPP and/or savings scheme.
- A stockbroker.
- A financial adviser.

## Contact us

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

0800 389 4696

[www.allianztechnologytrust.com](http://www.allianztechnologytrust.com)

**E-mail: [investment-trusts@allianzgi.com](mailto:investment-trusts@allianzgi.com)**

You will find much more information about Allianz Technology Trust on our website.

Please note that we can only offer information and are unable to provide investment advice. You should contact your financial adviser before making any investment decision.



**Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested.** The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been or will be made or concluded shall prevail.

**All data source Allianz Global Investors as at 28.02.19 unless otherwise stated.**

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