

Technology investing from the heart of the industry

# Allianz Technology Trust PLC

Factsheet

31 August 2017

## 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.

## Awards & Ratings



Morningstar Rating™



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

## 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.

### Location of the 10 Largest Technology Companies in the US



**Total Assets** £291.1m    **Shares in Issue** 25,959,427 (Ordinary 25p)

Share Price

**1047.0p**

Source: Lipper

NAV per Share

**1121.4p**

Premium/-Discount

**-6.6%**

**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.

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All data source Allianz Global Investors as at 31.08.17 unless otherwise stated.

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

## Fund Manager's Review

### Portfolio Overview

The Trust's NAV returned 5.8% in August, outperforming the Dow Jones World Technology Index return of 5.1%. During the month, stock selection contributed to relative performance, and industry allocation detracted from relative performance.

Our overweight position in memory chip manufacturer Micron Technology was the top contributor. Over the course of several years, consolidation in the memory chip industry has helped Micron rationalise supply and more effectively preserve profitability through the ups-and-downs of the demand environment. In addition to favorable industry trends, the company's increasing product diversification could stabilise revenue and earnings volatility, and cost-cutting efforts should help improve profitability. Micron continues to benefit from the demand for memory products arising from cloud services and artificial intelligence applications.

Our overweight position in Proofpoint was also a top contributor. At the end of July, the company delivered strong earnings results that exceeded expectations, and management raised guidance for the current quarter and fiscal year. The emerging products category, which includes Email Fraud Defense, Threat Response, Targeted Attack Protection, and Social Media Protection, grew over 100% year over year and is expected to be a driver of future growth. Management outlined ongoing expansion efforts in Europe as they anticipate increased spending in 2018 as companies seek to comply with the EU's new General Data Protection Regulation. Proofpoint is benefiting from several growth drivers, and the power of its software-as-a-service model is beginning to generate leverage

“ **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.** ”

and produce solid free cash flow growth. Email security is a mature market, but we think Proofpoint could continue to capture market share as enterprises shift to cloud-based infrastructure and adopt more of the company's products, which include broader data security, advanced malware protection, and security analytics. We believe the company is well-positioned to deliver strong earnings and free cash flow growth over the next few years.

Other top active contributors included overweight positions in IPC Photonics, Workday, and Yelp.

Our position in non-benchmark holding Amazon.com was a top detractor from relative returns. At the end of July, the company announced earnings that missed expectations due to higher operating expenses associated with a variety of investments that should drive future growth and profits. However, Prime subscriptions accelerated and the company's cloud offering, Amazon Web Services (AWS), had one of its strongest growth quarters. The company continues to enter into new segments with the scope of its operations ever expanding, while demonstrating its ability to deliver success against many different opportunities. At the end of the month, Amazon's acquisition of Whole Food closed, and the grocer immediately began lowering in-store prices. The company also announced that it was working to integrate Amazon Prime so that members would receive special savings when shopping at Whole Foods. Amazon remains the clear leader in the ecommerce and cloud infrastructure markets, while continuing to develop new products and services that appear to enhance customer loyalty. We maintain our positive view of Amazon's long-term growth prospects.

Our underweight position in Apple, the largest holding in the



### 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.

benchmark at 12.5%, also detracted from relative performance. The company reported solid quarterly earnings driven by strong sales of Mac, iPad, Watch, and Services (including App Store, Apple Pay, and iCloud). iPhone sales were down as Apple strategically drained channel inventory to position the company to profit from the imminent release of the new iPhone expected to begin delivery in October. Our Grassroots™\* team performed a survey during the month that provided a very positive view of demand for upgrades heading into the iPhone product cycle. The upcoming iPhone product cycle also has the potential to drive more Android switchers to the iPhone, thereby further expanding Apple's installed base. The ongoing expansion of the iPhone installed base is core to driving Apple's services business, which provides more favorable financial characteristics in the form of higher growth, higher profit margins, and recurring revenue. In our view, the upcoming iPhone product cycle is a key reason why Apple is currently the largest holding in the portfolio (though still underweight relative to the benchmark).

Other top active detractors included overweight positions in Veeva Systems, Coherent, and JD.com.

### Market Outlook

Despite high valuations for some cloud and internet companies, we continue to see massive addressable markets much larger than the revenue today.

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.

*Walter Price*  
12 September 2017

**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.**

\*Grassroots™ Research is a division within the Allianz Global Investors group of companies that commissions investigative research for asset-management professionals. Research data used to generate GrassrootsSM Research reports are received from reporters and field force investigators who work as independent, third party research providers, supplying research that is paid for by commissions generated by trades executed on behalf of clients.

# 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	3.2	17.1	40.1	100.9	226.2
NAV	6.7	20.2	40.6	97.5	210.4
Benchmark	5.8	13.3	33.6	94.6	165.2

## Discrete 12 Month Returns (%) to 31 August

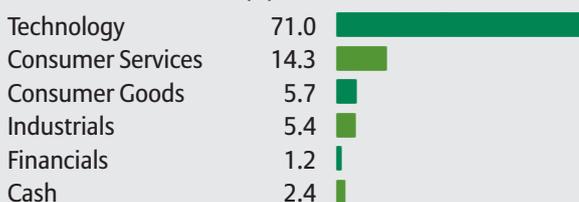
	2013	2014	2015	2016	2017
Share Price	45.9	11.3	13.2	26.7	40.1
NAV	31.8	19.2	6.7	31.6	40.6
Benchmark	10.6	23.2	3.8	40.4	33.6

Source: Lipper, percentage growth, mid to mid, total return to 31.08.17. Copyright 2017 © Lipper, a Thomson Reuters company. All rights reserved. Lipper 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 (%)

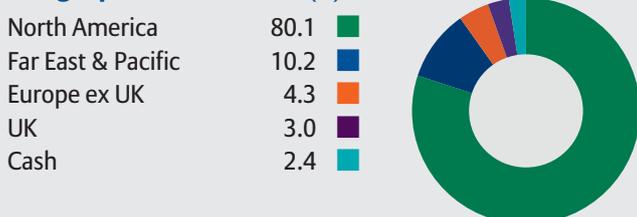


### Top Ten Holdings (%)

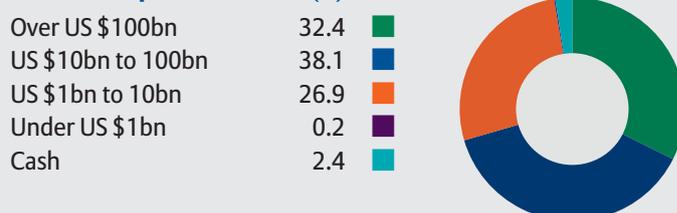
Apple	7.6
Amazon	6.3
Facebook	4.2
Micron Technology	4.1
Workday	3.8
Square	3.1
Proofpoint	3.1
DXC Technology	3.0
Microsoft	2.8
ServiceNow	2.8

**Total number of holdings 56**

### Geographic Breakdown (%)



### Market Cap Breakdown (%)



## 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)
Annual Management Charge	0.8% plus £55,000 p.a. (Admin Fee)
Performance Fee <sup>1</sup>	Yes
Ongoing Charges <sup>2</sup>	1.0%
Year End	30 November
Annual Financial Report	Final posted in March, Half-yearly posted in July
AGM	April
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: ATT.L 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 (30.11.2016). 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.



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**All data source Allianz Global Investors as at 31.08.17 unless otherwise stated.**

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