

RCM Technology Trust PLC

Factsheet

30 April 2014

Fund Manager's Review



Walter Price

Portfolio Highlights

The Trust's NAV fell by 10.1% in April, underperforming its benchmark.

As in March, investors sold the shares of high-growth, high-expectation companies particularly in the internet and cloud computing segments. Conversely, more value-oriented, large- and mega-cap technology companies did well. However, many internet and cloud computing companies reported solid progress only to see their shares trade lower. Much of the blame for the sell-off has fallen on general valuation concerns.

Our position in cloud-based software solutions provider ServiceNow was one of the top detractors during the month. Despite strong results and the announcement of several large-scale deals with major global firms, ServiceNow was one of the companies swept up in the high-growth/high-expectation sell-off. We remain positive on ServiceNow's growth prospects and believe other investors should soon realise the company's opportunities in other areas of the enterprise like HR and Finance.

After good performance in the prior month, eHealth also succumbed to selling pressures. eHealth operates websites that allow consumers to obtain quotes and do side-by-side comparisons of health insurance plans. In conjunction with the roll-out of the Patient Protection and Affordable Care Act of 2010 (ACA), the company has partnered with the federal government to allow individuals in the 34 states that have not established their own exchanges to buy insurance through their platform. With the prospect of higher volumes driven by ACA customers and additional opportunities in the Medicare and employer markets, we think eHealth could grow its top-line considerably over the next several years.

Our underweight position in Apple was also a detractor from returns as the company's shares surged following a better than expected first quarter results and notable capital return actions. We have recently narrowed our underweight to Apple as we like the company's steady business, high free cash flows, and opportunities for additional capital returns. We also think the release of a larger-screen iPhone 6, possibly in the second half of the year could prompt a more meaningful refresh cycle in the US.

Though our strategy is primarily comprised of secular growth technology companies, we maintain a portion of the portfolio in more total-return oriented holdings that have attractive valuations but also have company/industry drivers that could help them re-rate. This segment serves as ballast to the higher-growth nature of our core holdings. As intended, this group did well over the month and mitigated some of the losses we sustained among our high-growth names.

Market Outlook

Looking forward, we continue to believe the technology sector has potential to 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 whose present valuations do not fully reflect positive company- and/or industry-specific tailwinds, in our view.

We agree that the valuations on many cloud and internet companies had become too lofty. In this sense, the recent pull-back seems a healthy way of purging some of the speculative excesses that had built up. That said, we continue to see massive addressable markets for these dynamic areas of technology that are much larger than the combined market caps of these groups. We have consolidated our exposure to companies we believe have the most compelling solutions and whose business models demonstrate a discernable path to deliver strong earnings and cash flow growth over time.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-10.9	-9.3	29.5	35.6	126.0
NAV	-8.3	-3.8	21.5	27.1	111.6
Benchmark	1.7	4.0	13.2	30.0	90.0

Discrete Performance (%)

From To	30.04.09 30.04.10	30.04.10 29.04.11	29.04.11 30.04.12	30.04.12 30.04.13	30.04.13 30.04.14
Share Price	42.5	17.0	-7.6	13.3	29.5
NAV	38.4	20.3	-8.3	14.1	21.5
Benchmark	39.6	4.7	8.3	6.0	13.2

Source: Lipper, percentage growth, mid to mid, total return to 30.04.14.

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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Awards



All data source Allianz Global Investors as at 30.04.14 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:	£128.6m
Shares in Issue:	25,768,006 (Ordinary 25p)
Ordinary Share Price ¹ :	471.1p
Net Asset Value (Ordinary) ² :	499.2p
Premium/-Discount to NAV ² :	-5.6%
NAV Frequency	Daily

1. Source: Lipper as at 30.04.14, 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	1.32%
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.rcmtechnologytrust.co.uk
Board of Directors:	Robert Jeens (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Paul Gaunt, Richard Holway MBE, Dr Chris Martin
Company Secretary	Peter Ingram
Investment Manager	Walter Price
Codes:	RIC: RTT SEDOL: 0339072

1. Source: AIC, as at the Trust's Financial Year End (30.11.2013). 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, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

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.

Investment trusts can enhance returns through gearing. This can boost a Trust's returns when investments perform well, though losses can be magnified when investments lose value. This Trust does not currently employ gearing. Derivatives can be used to manage the Trust efficiently.

All data source Allianz Global Investors as at 30.04.14 unless otherwise stated.

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Sector Breakdown (%)

Technology	61.2	
Cash	11.4	
Consumer Services	10.2	
Utilities	5.4	
Consumer Goods	5.3	
Industrials	4.1	
Financials	2.4	

Geographic Breakdown (%)

North America	74.1	
Cash	11.4	
Europe ex UK	6.9	
Far East & Pacific	6.9	
UK	0.7	

Top Ten Holdings (%)

SunPower	4.7	Apple	3.4
Microsoft	4.2	SanDisk	3.2
Palo Alto Networks	4.1	Western Digital	3.2
Tesla Motors	3.4	Facebook	3.1
ServiceNow	3.4	Salesforce	2.7
Total Number of Holdings	63		

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 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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