

# 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 & Ratings



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 'A' rated by Citywire for his three year risk-adjusted performance for the period 31.07.2017 to 31.07.2020. Citywire awards apply to the Manager, rather than the Fund.

**Total Assets** £938.5m

**Shares in Issue** 39,987,168 (Ordinary 25p)

**Market Cap** £931.7m

Share Price

**2330.0p**

NAV per Share

**2346.9p**

Premium/-Discount

**-0.7%**

**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 Allianz Technology Trust's NAV returned 4.1% in July, outperforming the Dow Jones World Technology Index return of 1.7% GBP. During the month, stock selection contributed and industry allocation had negligible impact on relative performance. For the year to date period, the Trust returned 41.9%, significantly outperforming the benchmark return of 24.0%.

Our underweight position in Microsoft was one of the top relative contributors. The company reported solid quarterly financial results, but the mix of how the company achieved them could be perceived as disappointing to some investors. The biggest issues were that the Productivity and Business Processes segment missed estimates and Azure cloud computing growth came in below expectations at 50% year-on-year. The decelerations should not come as a surprise given the current environment, but some investors were expecting better results for Office 365 and Dynamics given the surge in work from home and some increased licensing. Overall, we believe Microsoft has done a good job of meeting the complex requirements of its enterprise customers as they begin the migration to cloud based architectures. Our holdings are underweight relative to the benchmark's large position in the stock. Our exposure to the cloud and artificial intelligence themes is spread across multiple companies in the portfolio.

Our position in Twilio was also one of the top relative contributors during the period. The company provides a cloud-based platform that enables developers to build, scale, and operate real-time communications within

**“ the technology sector continues to benefit from strong tailwinds which should continue to drive attractive long term appreciation**

software applications as a pay-as-you-go service. Shares appreciated through the month amid positive industry checks and other companies in the cloud communications space reporting solid results. In our view, this feedback suggests the company's solutions remain in high demand with new verticals like education and healthcare continuing to grow while major verticals like travel and hospitality slowly recover.

Other top active contributors included overweight positions in Tesla and Zscaler and not owning Intel.

Our underweight position in Apple, one of the largest holdings in the benchmark, was the top detractor from relative performance. Shares surged after the company reported quarterly financial results well ahead of expectations. The strength in the quarter was driven by iPhone, iMac, and iPad sales that more than offset slightly weaker sales in wearables/accessories. In part, Apple is benefitting from the work-from-home trend as reflected in strength in their PC and tablet product categories. Wearables/accessories sales were a bit muted due to store closures caused by the COVID-19 outbreak. Management indicated that while sales trends were weak in April, demand picked up strongly in May and June. In this challenging environment, the company has continued to execute and deliver solid profitability and strong free cash flow. Apple maintained its capital return program to shareholders with combined cash dividends and stock repurchases of \$19.6B in the quarter. iPhone demand has picked-up meaningfully coupled with the launch of the second-generation of its lower-end iPhone, the iPhone SE, with a starting price of \$399. The lower price point creates potential growth opportunities in emerging markets like India and China, which could increase the installed base of users and drive demand for wearables/accessories and services.



### 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.

The reopening of the economy as well as the beginning of the new 5G iPhone product cycle should provide a supportive environment for the remainder of the year. Apple remains the largest position in the portfolio, but continues to be significantly underweight relative to the benchmark's large position.

Our position in memory chip supplier, Micron, was also a top relative detractor as shares pulled back slightly following strong performance the prior month. At the end of June, the company reported solid quarterly financial results that beat expectations, and management provided stronger than expected guidance. In particular, management's outlook commentary was ahead of consensus and stronger than the recent mixed industry data points. While the company is marginally lowering production to better manage inventories, Micron sees a steady demand trajectory in the cloud data center market and an improving outlook in the mobile/smartphone space.

Other top active detractors included overweight positions in Zoom Video Communications and Paycom Software and an underweight position in Alibaba.

### Market Outlook

In our view, the technology sector continues to benefit from strong tailwinds which should continue to drive attractive long term appreciation. There is no question in our minds that the present events around the COVID-19 crisis will spur the use of technology and change how we live and work in the future. As companies adjust budgets due to supply and/or demand disruptions, the need for companies to reduce costs should accelerate the move to cheaper and more productive solutions such as cloud, software-as-a-service, artificial intelligence, cyber security, etc. We are in a period of rapid change, where the importance of technology is key to the prosperity of most industries. This environment is likely to provide attractive growth opportunities in many technology stocks over the next several years.

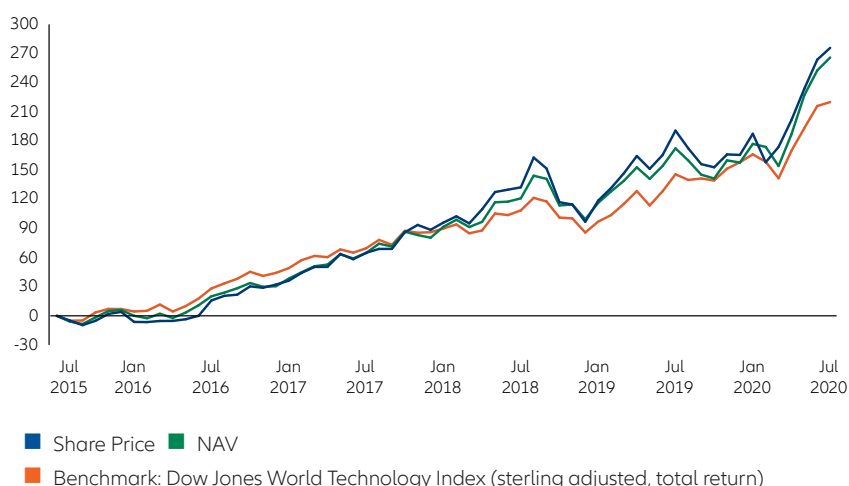
We continue to believe the technology sector can provide some of the best absolute and relative return opportunities in the equity markets – especially for bottom-up stock pickers.

Walter Price  
14 August 2020

**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	24.6	30.8	29.3	128.0	275.8
NAV	27.5	32.1	34.1	121.3	264.5
Benchmark	18.5	20.2	30.3	88.8	220.0

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

	2020	2019	2018	2017	2016
Share Price	29.3	25.1	40.9	42.3	15.8
NAV	34.1	23.1	34.2	37.1	20.1
Benchmark	30.3	17.8	23.0	32.2	28.2

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.07.20. Copyright 2020 © 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	69.6	<div style="width: 69.6%;"></div>
Industrials	13.4	<div style="width: 13.4%;"></div>
Consumer Services	9.1	<div style="width: 9.1%;"></div>
Consumer Goods	4.2	<div style="width: 4.2%;"></div>
Financials	1.5	<div style="width: 1.5%;"></div>
Cash	2.2	<div style="width: 2.2%;"></div>

### Top Ten Holdings (%)

Apple	6.1
Microsoft	3.6
CrowdStrike	3.4
Tesla	3.4
Zscaler	3.0
Zoom Video Communications	3.0
Twilio	2.9
Samsung	2.7
Square	2.4
PayPal	2.4

Total number of holdings 70

### Geographic Breakdown (%)

North America	89.9	<div style="width: 89.9%;"></div>
Far East & Pacific	5.2	<div style="width: 5.2%;"></div>
Europe ex UK	1.8	<div style="width: 1.8%;"></div>
UK	0.9	<div style="width: 0.9%;"></div>
Cash	2.2	<div style="width: 2.2%;"></div>

### Market Cap Breakdown (%)

Over US \$100bn	35.1	<div style="width: 35.1%;"></div>
US \$10bn to 100bn	54.9	<div style="width: 54.9%;"></div>
US \$1bn to 10bn	7.8	<div style="width: 7.8%;"></div>
Cash	2.2	<div style="width: 2.2%;"></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% for any market capitalisation up to £400m, 0.6% for any market capitalisation between £400m and £1 billion, and 0.5% for any market capitalisation over £1 billion
Performance Fee <sup>1</sup>	Yes
Ongoing Charges <sup>2</sup>	0.92%
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: 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 (31.12.2019). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses incurred in the running of the company but excluding financing costs.

## Board of Directors

Robert Jeens (Chairman)  
Humphrey van der Klugt (Chairman of the Audit Committee and Senior Independent Director)  
Neeta Patel  
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 31.07.20 unless otherwise stated.**

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