

# RCM Technology Trust PLC

Factsheet

31 July 2013

## Fund Manager's Review



Walter Price

### Portfolio Highlights

The Trust's NAV rose by 7.18% in July outperforming the benchmark which rose by 4.44%. Both stock selection and industry allocation were positive.

At the stock level, our overweight position in solar energy systems manufacturer SunPower was the top contributor to active performance. For the second quarter, SunPower swung to a profit from losses in the year-ago period and beat average Earnings per Share estimates. We think SunPower's emphasis on solar energy systems efficiency is a winning model over the long-term and are optimistic that domestic and international growth opportunities should help drive the shares higher.

Electric vehicle and powertrain manufacturer Tesla Motors was also among the top contributors. Tesla's shares continued to rise on momentum generated by a series of positive developments over recent months including numerous accolades for its Model S saloon, first quarterly profit as a public company, expansion of the network of supercharging stations, and the newly announced battery-switching programme. The company's strong year-to-date gains have generated a lot of attention and some skeptics on the company's valuation. We have been highly impressed by the execution of the company. We think Tesla has the capacity to continue to surprise to the upside on production targets and are optimistic that the introduction of new models over the next couple of years should be well received by consumers.

On the negative side, flash memory software maker SanDisk was one of the top detractors. SanDisk's shares have risen strongly over the year-to-date, reflecting more favourable industry supply/demand dynamics as well as more sales shifting toward the more profitable SSD data storage device and embedded (smartphone/tablet) solutions segments. However, SanDisk shares pulled back amid reports that additional capacity might come on-line over the near term. We think that new smartphone and tablet builds later this year and the longer-term shift toward more advanced memory products will help maintain the favourable industry dynamics.

Other detractors included our overweight positions in European datacentre operator Teledy Group and animated film maker DreamWorks Animation. Not holding Apple also detracted from active returns. Apple's shares rose after narrowly beating investors' lowered expectations in its fiscal earnings report for the third quarter.

### Market Outlook

Broadly, we think technology companies should benefit from improvement in business technology spending trends over the coming years. US corporations currently have record amounts of cash on their balance sheets and have experienced profit growth of over 100% since 2008. After severe underinvestment in technology for the past few years, we expect companies could start to increase their technology spending particularly on consumer-facing software solutions.

In addition, we think there are certain growth areas within technology that should gain further momentum especially in a more pro-investment environment. These are companies we believe should demonstrate above-sector growth through the introduction of a differentiated technology or experiencing robust business momentum. Currently, we have positioned our portfolio to benefit from areas of growth such as cloud computing, communications infrastructure upgrades, and applications on smartphones and other mobile devices.

We also think consolidation of suppliers in several key components areas such as memory and disk drives will allow the survivors to increase their returns on a secular basis, and that earnings could be much higher than expected by investors who view those products as "commodities with low margins." Stocks in those sectors have the potential to be rerated from their presently very low multiples of earnings.

We acknowledge that risks are still present in the form of uncertainty regarding the full implications of federal spending cuts in the US as well as the potential for stalled policy or economic progress in Europe and Asia. Still, with low valuations and growing yields, many tech stocks have good support. We believe that the ongoing alleviation of these risks, improved corporate demand, and certain unique growth drivers could set the stage for the next secular bull market in technology.

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	20.2	28.3	45.2	53.5	104.0
NAV	17.1	25.4	40.2	55.7	112.2
Benchmark	6.2	11.6	16.0	41.0	80.9

## Discrete Performance (%)

From To	31.07.08 31.07.09	31.07.09 30.07.10	30.07.10 29.07.11	29.07.11 31.07.12	31.07.12 31.07.13
Share Price	1.2	31.3	21.9	-13.3	45.2
NAV	4.9	30.0	20.8	-8.2	40.2
Benchmark	7.0	20.0	11.4	9.2	16.0

Source: Lipper, percentage growth, mid to mid, total return to 31.07.13.

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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## Capital Structure

Total Assets:	£123.3m
Shares in Issue:	25,349,941 (Ordinary 25p)
Ordinary Share Price <sup>1</sup> :	437.5p
Net Asset Value (Ordinary) <sup>2</sup> :	486.3p
Premium/-Discount to NAV <sup>2</sup> :	-10.0%
NAV Frequency	Daily

1. Source: Lipper as at 31.07.13, 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.

All data source Allianz Global Investors as at 31.07.13 unless otherwise stated.

Allianz Global Investors, 155 Bishopsgate, London EC2M 3AD

**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

## 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:	1% plus £50,000 p.a.
Performance Fee: <sup>2</sup>	Yes
On-going Charges: <sup>1</sup>	1.13%
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:	David Quysner CBE (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Paul Gaunt, Richard Holway MBE, Robert Jeens, 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 (30.11.2012). On-going Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee.

2. Calculated as 20% of the outperformance of the NAV compared to the indexed NAV over the performance period.

## 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.

## 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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## Sector Breakdown (%)

Technology	63.2	
Consumer Services	18.1	
Industrials	7.9	
Utilities	4.6	
Consumer Goods	4.0	
Financials	2.7	
Basic Materials	0.4	
Telecommunications	0.3	
Health Care	0.2	
Cash	-1.4	

## Geographic Breakdown (%)

North America	79.3	
Far East & Pacific	15.7	
Europe ex UK	3.9	
UK	2.4	
South America	0.1	
Cash	-1.4	

## Top Ten Holdings (%)

Google	5.8	Amazon	3.1
SunPower	4.4	Aruba Networks	3.1
Cisco Systems	3.8	SanDisk	2.8
Tesla Motors	3.6	Micron Technology	2.8
Facebook	3.4	Western Digital	2.7
<b>Total Number of Holdings</b>	<b>83</b>		

All data source Allianz Global Investors as at 31.07.13 unless otherwise stated.

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