

# 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 30.09.2016 to 30.09.2019. Citywire awards apply to the Manager, rather than the Fund.

**Total Assets** £583.3m

**Shares in Issue** 35,272,168 (Ordinary 25p)

**Market Cap** £580.9m

Share Price

**1647.0p**

NAV per Share

**1653.6p**

Premium/-Discount

**-0.4%**

**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 -0.9% in December, underperforming the Dow Jones World Technology Index return of 2.6%. During the month, both stock selection and industry allocation detracted from relative performance.

Our position in electric vehicle maker, Tesla, was the top relative contributor. Shares gained amid reports that the company's Chinese plant would soon start making vehicle deliveries. This was ultimately confirmed at the end of the month with the first Model 3 sedans going to company employees. Along with the first deliveries, it was reported that Tesla could reduce price on the Chinese produced models by 20% or more next year as production scales and supply chains mature, which could spur further demand. We acknowledge the high variability of cash flows given the capital intensity of the company's strategy. This variability of cash flows makes the shares more sensitive to changes in business trajectory and the perception of capital conditions. We are mindful of this sensitivity and manage the position size in the portfolio to reflect these issues.

Our position in semiconductor manufacturer Advanced Micro Devices was also a top relative contributor during the period. Shares gained along with other semiconductor stocks after the US and China reached a phase one trade agreement. AMD has executed solidly and delivered new products (PC Client CPUs, Gaming GPUs, and Server CPUs) enabling unit share gains. The Compute/Graphics business segment (71% of revenues) grew 36% year over year in the third quarter driven by increased shipment of PC client CPUs for desktop and notebook applications.

**“ Tesla could reduce price on the Chinese produced models by 20% or more next year as production scales**

Other top active contributors included an overweight position in Taiwan Semiconductor, an underweight position in Alphabet (Google's parent) and not owning Oracle.

Our position in cloud security company Zscaler was a top relative detractor during the period. The company reported strong quarterly results driven by 48% revenue growth, ahead of forecasts of 42%, and 37% orders growth, ahead of forecasts of 25%. Despite the very good results, shares were down in December as most analysts continue to hold a hold on the stock and found reasons not to compliment the company. Customers are increasingly adopting Zscaler's products, which provide a single platform to enforce business and security policy for their users to access multiple applications and services. Our conviction in Zscaler remains high as the company has a significant growth opportunity and compelling competitive advantages with its unique capabilities in cloud security. Additionally, customers are seeing a quick return on their investment, which is a very strong selling point for Zscaler relative to competitors. The company is the leader in cloud security, the fastest growing sector in the security universe.

Our position in Okta was also a top relative detractor despite reporting strong quarterly results with revenue growth of 45% year over year. Management articulated a confident and strong environment for their offering and excitement around some of their new offerings (Access Gateway in particular). The valuation is expensive, which is the biggest



### 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.

investor concern about a company that appears to be in position to becoming a de-facto standard in identity security as companies move to the cloud. The world's largest organisations are increasingly realising that identity security is essential to their cloud, digital transformation, and security initiatives. Okta has a compelling opportunity to disrupt the large market for identity and access management. A growing market opportunity, strong execution, and new product launches should further advance Okta's leadership in identity security.

Other top active detractors included an underweight position in Apple and overweight positions in Paycom and Roku.

### Market Outlook

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 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.

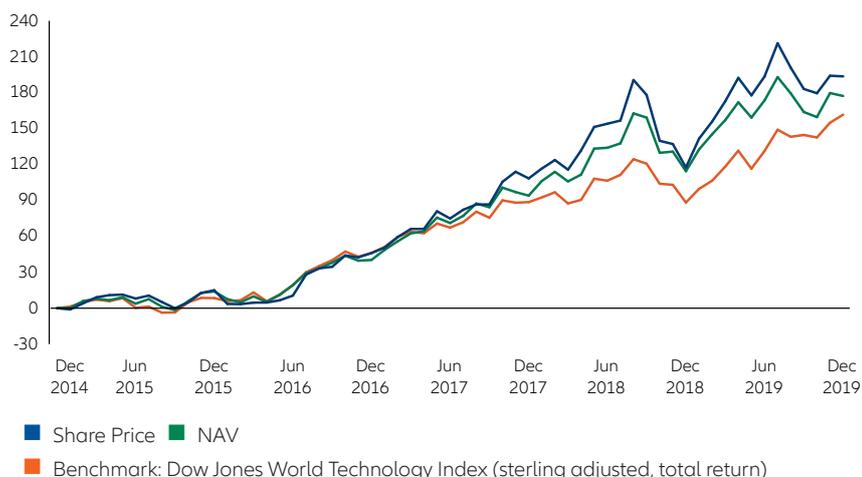
Finally, we will carefully balance risks and opportunities going forward, leveraging our industry expertise, and emphasising individual stock selection.

**Walter Price**  
16 January 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	3.7	0.1	35.0	101.0	193.6
NAV	5.0	1.2	28.9	96.9	176.3
Benchmark	6.9	13.1	39.0	79.0	161.6

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

	2019	2018	2017	2016	2015
Share Price	35.0	4.4	42.7	27.0	15.0
NAV	28.9	10.5	38.3	23.1	13.9
Benchmark	39.0	-0.2	29.1	34.8	8.4

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 31.12.19. 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	77.1	<div style="width: 77.1%;"></div>
Consumer Services	6.4	<div style="width: 6.4%;"></div>
Industrials	4.9	<div style="width: 4.9%;"></div>
Financials	4.7	<div style="width: 4.7%;"></div>
Consumer Goods	3.5	<div style="width: 3.5%;"></div>
Utilities	0.7	<div style="width: 0.7%;"></div>
Cash	2.6	<div style="width: 2.6%;"></div>

### Top Ten Holdings (%)

Microsoft	7.8
Apple	4.5
Facebook	4.3
Taiwan Semiconductor	3.5
Paycom Software	3.3
Mastercard	2.8
Samsung	2.6
Teradyne	2.6
Fortinet	2.3
RingCentral	2.3

Total number of holdings 70

### Geographic Breakdown (%)

North America	87.7	<div style="width: 87.7%;"></div>
Europe ex UK	5.4	<div style="width: 5.4%;"></div>
Far East & Pacific	2.6	<div style="width: 2.6%;"></div>
UK	1.8	<div style="width: 1.8%;"></div>
Cash	2.6	<div style="width: 2.6%;"></div>

### Market Cap Breakdown (%)

Over US \$100bn	36.5	<div style="width: 36.5%;"></div>
US \$10bn to 100bn	42.9	<div style="width: 42.9%;"></div>
US \$1bn to 10bn	17.3	<div style="width: 17.3%;"></div>
Under US \$1bn	0.7	<div style="width: 0.7%;"></div>
Cash	2.6	<div style="width: 2.6%;"></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)  
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 31.12.19 unless otherwise stated.**

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