

Technology investing from the heart of the industry

# Allianz Technology Trust PLC

Factsheet

31 August 2016

## 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-manager of the AllianzGI Global Technology Team which currently has \$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** £206.7m    **Shares in Issue** 25,919,427 (Ordinary 25p)

Share Price

747.5p

Source: Lipper

NAV per Share

797.5p

Premium/-Discount

-6.3%

**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 31.08.16 unless otherwise stated.

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## Fund Manager's Review

### Portfolio Overview

The Allianz Technology Trust returned 2.4% in August, compared to the Dow Jones World Technology Index return of 4.0%. During the month, stock selection contributed to relative returns while industry allocation detracted.

Local business review website operator, Yelp, was one of the top contributors during the month. Shares moved higher after the company reported solid quarterly results and the management team offered forecasts which were better than expected. The most encouraging take-away in the report was Yelp's reacceleration of local brand revenue which is an indication of improving monetization of traffic and sales efficiencies. We believe Yelp represents a valuable strategic asset based on the depth of its user generated content in local commerce. In addition, we see excellent long-term upside as the company is still early in refining its monetization model with engagement tools like coupons and order/booking functionality directly on a business' Yelp page.

Applied Materials, the largest producer of machinery used to manufacture semiconductors, was also among the top relative performers in August. The company provided revenue and profit guidance that exceeded consensus expectations, driven by increased business from semiconductor companies upgrading their equipment and stronger demand from producers of flat-panel screens. Management noted that the company's earnings and orders are not being lifted by an increase in demand for products that need semiconductors and displays. Instead, semiconductor and display manufacturers are upgrading to new production

“ Sectors such as automobiles, advertising, security, retail, and web services are all being shaped and transformed by advances in technology.

techniques, requiring new equipment. For example, in display, companies are shifting to organic light-emitting diode displays that are more energy efficient and deliver a more vivid picture (OLED). These displays are more difficult to make and require more of the company's machinery. We believe the stock has multiple ways to move higher over time, including increased demand from China customers, higher OLED equipment sales, and higher exposure to foundry customers who may increase capex.

Other top active contributors included overweight positions in Arista Networks, Broadcom Limited, and Paycom Software.

Conversely, our position in online programmatic marketer Criteo was one of the top detractors during the period. The company reported quarterly results which topped expectations on revenue, operating profits, and new customer additions during the period. However, shares declined after the company's forward guidance fell short of expectations, potentially driven by conservatism on management's part. We continue to believe Criteo represents an attractive investment due to the level of differentiation it offers customers relative to other ad tech firms. The company's algorithmic advantages optimize the targeting of ads across devices which enables Criteo to amass the highest quality inventory available by ad platforms. The compounding impact of better algorithms and inventory has led to large improvements in customer ROI, which we expect should translate to total addressable market expansion and market share gains.

Cyber security holding CyberArk was also among the top detractors from relative performance. CyberArk's solutions secure organizations' critical databases that house sensitive data, which are highly targeted by cyberattacks.



### Walter Price CFA, Portfolio Manager

Allianz Technology Trust PLC is managed by Walter Price who is a Managing Director and Portfolio Manager on 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 company's revenue growth topped expectations, driven by new customer additions and multi-product sales. Management noted continued share gains and new growth drivers related to adoption in cloud deployments. However, shares declined due to seasonably weak billings and free cash flow which are typically stronger in Q4 and Q1. The underlying business and growth opportunities remain intact, despite the seasonal weakness. We believe revenue growth potential may be underappreciated given its growing addressable market and expansion opportunities within the existing install base. The company's business exhibits a combination of high growth, high margins, and high renewal rates, which should lead to strong long-term earnings growth.

Other top active detractors included overweight positions in Tesla, 58.com, and ServiceNow.

### 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 GDP growth. In this low-growth world, investors need to find companies generating organic growth by creating new markets or effecting significant change on old markets. Sectors such as automobiles, advertising, security, retail, and web services are all being shaped and transformed by advances in technology.

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 with present valuations that, in our view, do not fully reflect positive company- and/or industry-specific tailwinds.

We will continue carefully balancing risks and opportunities, leveraging our industry expertise, and emphasizing individual stock selection.

Walter Price  
16 September 2016

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	25.0	28.9	26.7	59.6	132.5
NAV	19.9	27.1	31.6	67.5	126.0
Benchmark	21.2	26.8	40.4	79.5	138.4

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

	2012	2013	2014	2015	2016
Share Price	-0.2	45.9	11.3	13.2	26.7
NAV	2.4	31.8	19.2	6.7	31.6
Benchmark	20.1	10.6	23.2	3.8	40.4

Source: Lipper, percentage growth, mid to mid, total return to 31.08.16. Copyright 2016 © 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 (%)

Technology	63.1	
Consumer Services	16.5	
Financials	3.6	
Industrials	3.6	
Consumer Goods	3.2	
Health Care	2.0	
Utilities	0.1	
Cash	7.9	

### Top Ten Holdings (%)

Amazon	7.3
Microsoft	5.2
Broadcom	4.0
Facebook	3.7
Alphabet - Class A	3.2
Lam Research	3.0
Applied Materials	2.8
Alibaba	2.8
Paycom Software	2.8
Proofpoint	2.6

**Total number of holdings 64**

### Geographic Breakdown (%)

North America	67.7	
Far East & Pacific	14.6	
Europe ex UK	5.2	
UK	3.4	
Middle East	1.2	
Cash	7.9	

### Market Cap Breakdown (%)

Over US \$100bn	33.0	
US \$10bn to 100bn	30.9	
US \$1bn to 10bn	28.1	
Under US \$1bn	0.1	
Cash	7.9	

## 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>	1.1%
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	Tracey Lago, ACIS
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 (30.11.2015). 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

The Trust is a UK public limited company traded openly on the stock market and you can purchase shares through a stock broker. Shares in the Trust can be held within an ISA, JISA, SIPP and/or savings scheme. A number of providers offer this facility, a list of which is available on our website.

## 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 31.08.16 unless otherwise stated.**

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