

Technology investing from the heart of the industry

# Allianz Technology Trust PLC

Factsheet

31 December 2015

## 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



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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** £177.5m    **Shares in Issue** 26,027,426 (Ordinary 25p)

Share Price

**645.0p**

Source: Lipper

NAV per Share

**681.8p**

Premium/-Discount

**-5.4%**

**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.

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All data source Allianz Global Investors as at 31.12.15 unless otherwise stated.

Allianz Global Investors GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY

## Fund Manager's Review

### Portfolio Overview

The Allianz Technology Trust NAV returned 1.00%, while the Dow Jones World Technology Index returned -0.12%. During the month, both stock selection and industry allocation positively contributed to relative returns.

At the holdings level, our underweight position in Apple was among the largest contributors to relative returns.

Apple has cut its order forecast to iPhone suppliers in the past few months as demand for the iPhone 6S and 6S Plus has been less robust than the company anticipated. This period of weakness is likely due to a maturing smartphone market and difficult sales comparisons versus last year's robust product cycle. We reduced our position expecting these challenges in the first half of the year. However, with the stock trading at 11x forward earnings – well below the market multiple – and a free cash flow yield of more than 10%, Apple's multiple could re-rate higher in the second half of the year. As investors' focus shifts from smartphone unit growth toward monetization of the user base, Apple's valuation should rise given its large and growing base of loyal customers and its annuity-like business model.

Amazon.com was also among the top relative contributors in December. While traditional retail shares were hit hard during the holiday shopping season, Amazon continues to perform well. After the 2015 holiday season, Amazon announced record-breaking

**“ We believe security will be an ongoing requirement and security spending will remain a top priority for companies because of persistent security threats that are continuously evolving.**

metrics for Amazon Prime. More than 3 million people signed up for a new Prime membership in the third week of December, more than 200 million items shipped with Prime during the holidays (vs. 100+ million in 2014), and Prime Video viewership doubled compared to 2014. Additionally, 70% of customers shopped using a mobile device compared to 60% in 2014. These metrics highlight an accelerating shift toward e-commerce, and Amazon in particular. The company remains a solid leader in two attractive secular growth trends – e-commerce and cloud computing – and we believe these segments should lead to sustainable long-term earnings growth.

Other top active contributors included not owning Oracle, as well as overweights in Canadian Solar and SunPower.

On the negative side, our security holdings including Imperva, Proofpoint, and Sophos Group declined and were among the top relative detractors for the month. Investors are adjusting expectations as the growth rate for the group as a whole is moderating. We are seeing more separation between the winners and losers in the security market – the rising tide is no longer lifting all boats. In this volatile market, investors are no longer rewarding companies that are spending heavily and focusing more on revenue growth rather than increasing profits and free cash flow. A few companies in the security industry reported disappointing results late in the year, which pulled the entire group down as investors questioned the strength of security demand. We believe security will be an ongoing requirement and security spending will remain a top priority for companies because of persistent security threats that are continuously evolving. Companies that provide



### 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.

multiple solutions with the capability to adapt over time should win more business, but management also must focus on producing profits and cash flow in order for the stocks to appreciate. In our view, our security holdings have compelling solutions along with strong business models and management teams. We maintain conviction that security is an attractive secular growth theme, but it is becoming more important to be selective in this segment.

Paycom Software was also among the top relative detractors in December. The software as a service (SaaS) company provides functionality and data analytics that help businesses manage the complete employment life cycle from recruitment to retirement. Shares declined after a secondary offering of 4.5 million shares of common stock, and some investors grew concerned about potential increased competition. These issues are likely short-term headwinds and should not inhibit long-term growth. Paycom is a rapidly growing company in the very early stages of its growth cycle, and it is already profitable. Its business model is highly scalable with potential for significant margin expansion, and it can benefit from multiple drivers of growth.

Another top active detractor included an overweight in Chinese online travel services provider Ctrip.com International.

### Market Outlook

Looking forward, 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. 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  
22 January 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	15.1	6.4	15.0	100.9	96.9
NAV	15.8	9.8	13.9	90.0	81.6
Benchmark	12.4	8.0	8.4	64.5	71.1

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

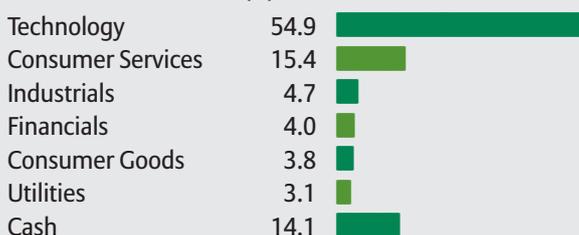
	2011	2012	2013	2014	2015
Share Price	-9.3	8.1	63.2	7.1	15.0
NAV	-8.0	3.9	49.5	11.5	13.9
Benchmark	-4.5	9.0	23.7	22.6	8.4

Source: Lipper, percentage growth, mid to mid, total return to 31.12.15. Copyright 2015 © 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 (%)

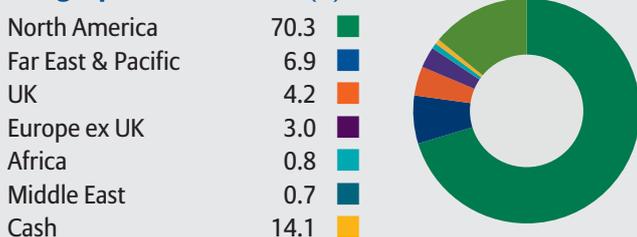


### Top Ten Holdings (%)

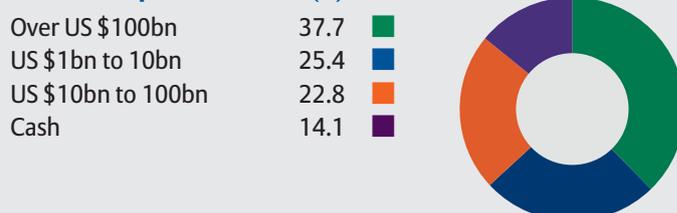
Microsoft	9.1
Amazon	8.7
Alphabet	7.2
Facebook	3.7
Intel	2.6
Zendesk	2.5
Activision	2.1
ServiceNow	2.0
Sophos	2.0
Visa	2.0

**Total number of holdings 54**

### Geographic Breakdown (%)



### Market Cap Breakdown (%)



## Key Information

Launch Date	December 1995
AllianzGI Appointment	April 2007
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. (Admin Fee)
Performance Fee <sup>1</sup>	Yes
Ongoing Charges <sup>2</sup>	1.21%
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 (30.11.2014). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee.

## Board of Directors

Robert Jeens (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Richard Holway MBE, Elisabeth Scott, Humphrey van der Klugt

## 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 31.12.15 unless otherwise stated.**

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