

Technology investing from the heart of the industry

# Allianz Technology Trust PLC

Factsheet

30 September 2017

## 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.

## 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 £286.6m

Shares in Issue 25,959,427 (Ordinary 25p)

Market Cap £271.8m

Share Price

1047.0p

Source: Lipper

NAV per Share

1107.3p

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.

**Allianz**   
Global Investors

All data source Allianz Global Investors as at 30.09.17 unless otherwise stated.

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

## Fund Manager's Review

### Portfolio Overview

The Trust's NAV returned -1.6% in September, outperforming the Dow Jones World Technology Index return of -2.8% GBP. In US dollar terms, the portfolio returned 2.6%. During the month, stock selection contributed to relative performance, and industry allocation modestly detracted from relative performance.

Our overweight position in memory chip manufacturer Micron Technology was the top relative contributor. Shares surged after the company reported strong fiscal fourth quarter results and provided a better-than-expected near-term outlook for revenues and earnings. While semiconductor stocks have been quite strong this year, we believe industry and company fundamentals remain very attractive. Over the course of several years, consolidation in the memory chip industry has helped Micron and others rationalize supply and more effectively preserve profitability through the ups-and-downs of the demand environment. We believe Micron is particularly well-positioned to benefit from this environment. In addition to favorable industry trends, we believe that the company's increasing product diversification should stabilize revenue and earnings volatility, and cost-cutting efforts should help improve profitability. Micron continues to benefit from the demand for memory products arising from cloud services and artificial intelligence applications. We see multiple ways for the company to generate compelling earnings growth going forward.

Abingdon-based cyber security company Sophos Group was also a top relative contributor. The company held its Capital Markets Day in September where it upgraded guidance for the current year and

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

reiterated a very positive medium-term outlook. Sophos is a leading supplier of corporate endpoint and network security to a global midmarket customer base. The company has strong recurring billings, global reach, and a solid cash EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) margin that allows for reinvestment. We see opportunities for Sophos to continue to grow faster than the market over the medium to long-term, with incremental additions from the recent acquisition of malware protection firm Invincea.

Other top active contributors included an underweight position in Apple and overweight positions in Square and Lam Research.

Our position in Workday was among the largest detractors from relative performance. Shares rallied at the end of August when the company released positive quarterly earnings results driven by strong subscription revenue growth. However, management provided conservative guidance that some investors believe could lead to disappointing results in the coming quarters given the market's high expectations for growth. Workday is one of the largest and fastest growing providers of human capital management (HCM) software solutions, delivered via a SaaS (Software-as-a-Service) model. HCM suites not only automate core Human Resource (HR) functions such as personnel records, benefits administration, and compensation but can also offer workforce management, recruiting, compliance, learning management, workforce performance and compensation management. 30% of Fortune 500 companies are now using Workday's core HCM offering. We believe long-term growth remains compelling as the company's total market appears to be expanding with the development of its pipeline in Financials. We believe Workday has a very large established market and strong



### 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.

product offerings with high customer satisfaction.

Our overweight position in Proofpoint was also among the top relative detractors in September. At the company's Analyst Day, management re-affirmed current year guidance and predicted significant growth in sales of its emerging products over the next three years. Despite the positive outlook, investors remain concerned about competition, and shares were down 5% over the month. Proofpoint is benefiting from several growth drivers, and the power of its SaaS model is beginning to generate leverage and produce solid free cash flow growth. We believe the company is well-positioned to deliver strong earnings and free cash flow growth over the next few years.

Other top active detractors included no position in Intel and overweight positions in Amazon.com, and JD.com.

### 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 (Gross Domestic Product) growth. 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 manufacturing are all being shaped and transformed by advances in technology.

Lastly, we believe the Augmented/Virtual Reality (AR and VR) theme is poised to accelerate throughout the remainder of 2017. This theme has been slow to take off due to insufficient and expensive hardware and relatively new software applications. However, declining hardware costs, more gaming software availability, new mobile phones from Apple and Google, and ongoing AR work by Microsoft and Tesla with productivity applications should pave the way for this theme to deliver attractive growth.

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

Walter Price  
11 October 2017

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	6.7	12.3	38.7	95.7	230.3
NAV	7.7	13.5	33.5	94.3	202.8
Benchmark	4.9	7.1	25.4	88.3	156.9

## Discrete 12 Month Returns (%) to 30 September

	2013	2014	2015	2016	2017
Share Price	54.9	9.0	4.8	34.7	38.7
NAV	38.0	12.9	3.7	40.3	33.5
Benchmark	9.6	24.5	3.5	45.1	25.4

Source: Lipper, percentage growth, mid to mid, total return to 30.09.17. Copyright 2017 © 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	74.4	<div style="width: 74.4%;"></div>
Consumer Services	11.1	<div style="width: 11.1%;"></div>
Consumer Goods	6.7	<div style="width: 6.7%;"></div>
Industrials	5.4	<div style="width: 5.4%;"></div>
Financials	1.2	<div style="width: 1.2%;"></div>
Cash	1.2	<div style="width: 1.2%;"></div>

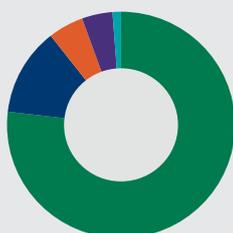
### Top Ten Holdings (%)

Apple	7.0
Micron Technology	5.4
Facebook	4.1
Workday	3.6
Square	3.3
Amazon	3.1
Baidu	3.0
DXC Technology	2.9
Samsung	2.9
ServiceNow	2.8

**Total number of holdings 59**

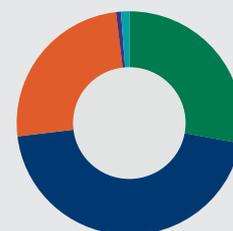
### Geographic Breakdown (%)

North America	76.9	<div style="width: 76.9%;"></div>
Far East & Pacific	12.6	<div style="width: 12.6%;"></div>
Europe ex UK	5.0	<div style="width: 5.0%;"></div>
UK	4.3	<div style="width: 4.3%;"></div>
Cash	1.2	<div style="width: 1.2%;"></div>



### Market Cap Breakdown (%)

Over US \$100bn	27.9	<div style="width: 27.9%;"></div>
US \$10bn to 100bn	45.2	<div style="width: 45.2%;"></div>
US \$1bn to 10bn	25.0	<div style="width: 25.0%;"></div>
Under US \$1bn	0.7	<div style="width: 0.7%;"></div>
Cash	1.2	<div style="width: 1.2%;"></div>



## 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>	1.0%
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	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 (30.11.2016). 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

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.



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**All data source Allianz Global Investors as at 30.09.17 unless otherwise stated.**

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