

Technology investing from the heart of the industry

# Allianz Technology Trust PLC

Factsheet

31 March 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



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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** £171.1m    **Shares in Issue** 26,027,426 (Ordinary 25p)

Share Price

**587.0p**

Source: Lipper

NAV per Share

**657.5p**

Premium/-Discount

**-10.7%**

**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 31.03.16 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 4.8%, while the Dow Jones World Technology Index returned 6.1%. During the month, both stock selection and industry allocation detracted from relative returns.

At the holdings level, Workday was among the top contributors to relative returns. The company reported solid 4<sup>th</sup> quarter 2015 (Q4) earnings results, and its 2017 guidance provided some relief for investors fearing potential macro concerns. Despite competitive tactics from Oracle and SAP, management noted that Workday had its best win rates in two years. The company expects its billings growth rate to accelerate this fiscal year, as its total market appears to be expanding with the development of its pipeline in Financials. The company's platform could gain more business from two of the largest pools of data moving into the cloud: Employee data and financial data. We believe Workday has a very large established market and strong product offerings with high customer satisfaction. We trimmed our position in January to protect the portfolio during the extreme sell-off in high-growth stocks. We then added to our position after market fears calmed and recent execution and product developments provided more clarity around the company's competitive position and future growth prospects.

Security software provider Imperva was among the top relative contributors in March. The company announced the release of a new software product to protect organisations from insider threats. In a recent survey of large organisations, more than half view insiders as the number one threat to corporate data, and many of

**“ We believe security will be an ongoing requirement, and security spending should remain a top priority for companies. Security vendors providing multiple solutions with the capability to adapt over time should win more business over time. ”**

these companies do not have controls in place to protect against insider threats. The new products could help drive cross sales across Imperva's customer base. We believe security will be an ongoing requirement, and security spending should remain a top priority for companies. Security vendors providing multiple solutions with the capability to adapt over time should win more business over time. We maintain conviction that security is an attractive secular growth theme, but it is becoming more important to be selective in this segment.

Other top active contributors included overweight positions in Infineon Technologies, Lam Research, and not owning Qualcomm.

Canadian Solar was among the top relative detractors during the month. The company's earnings results exceeded expectations, driven by record module shipments. Management continues to improve its costs through capacity expansions and technology upgrades, which should help increase margins over time. However, shares declined after the company's 2016 sales forecast fell short of expectations, and management is still on the fence about forming a yieldco to buy some of its power projects. Falling share prices for some yieldcos has chilled the market, prompting management to look for alternatives. Management emphasised it has multiple options to monetise developed power projects, but its primary goal is to maximize the long-term return for shareholders. Canadian Solar is a leading PV (photovoltaic) module manufacturer with an established solar project development business. We believe the company has a strategic advantage as a low cost manufacturer, but shares may be under pressure in the near term. We reduced our position size as sentiment has turned negative for solar companies



### 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.

after SunEdison filed for bankruptcy.

Our position in Arista Networks also detracted from relative performance. The company provides cloud networking solutions for datacenters and computer environments. Shares fell after an analyst downgraded the stock due to the potential threat of large customers "in-sourcing" products supplied by Arista. However, the stock rose in the second half of the month after channel checks and other analyst reports revealed the company may be better positioned in the cloud market than some investors appreciate. In late March, Arista introduced new products that may strengthen its position with cloud customer and expand its market. The company appears to be well-positioned for strong long-term growth as it should continue to benefit from the rapid growth in the cloud market.

Other top active detractors included an overweight in First Solar, as well as not owning IBM and Hewlett Packard Enterprises.

### Market Outlook

We are 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.

We view security as another attractive secular growth area in technology. The increasing sophistication and persistence of cyberattacks has triggered more spending towards providers offering new security technologies. We believe this trend will continue for several years, and companies consistently enhancing security technology may stand to benefit over time.

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

Walter Price  
20 April 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	-9.0	4.7	-4.1	57.4	68.0
NAV	-3.4	11.8	1.9	59.7	61.9
Benchmark	4.3	17.3	5.6	54.6	78.2

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

	2012	2013	2014	2015	2016
Share Price	-8.2	16.3	40.5	16.8	-4.1
NAV	-2.2	3.7	30.3	20.2	1.9
Benchmark	12.0	2.9	13.7	28.8	5.6

Source: Lipper, percentage growth, mid to mid, total return to 31.03.16. 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	69.7	
Consumer Services	11.3	
Industrials	6.1	
Financials	5.4	
Utilities	3.0	
Consumer Goods	2.1	
Telecommunications	1.4	
Cash	1.0	

### Top Ten Holdings (%)

Apple	6.3
Microsoft	6.2
Workday	4.7
Amazon	4.4
Facebook	4.2
Alphabet	4.0
Oracle	3.5
Taiwan Semiconductor	3.2
Lam Research	3.2
Visa	2.9

**Total number of holdings 59**

### Geographic Breakdown (%)

North America	79.8	
Far East & Pacific	9.3	
Europe ex UK	4.9	
UK	4.2	
Middle East	0.8	
Cash	1.0	

### Market Cap Breakdown (%)

Over US \$100bn	38.5	
US \$10bn to 100bn	35.5	
US \$1bn to 10bn	25.0	
Cash	1.0	

## Key Information

Launch Date	December 1995
AllianzGI Appointment	April 2007
Continuation Vote	2016 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), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director)\*, Richard Holway MBE, Elisabeth Scott, Humphrey van der Klugt

\* Retired at the AGM held on 13 April 2016

## 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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