

# RCM Technology Trust PLC

Factsheet

31 January 2014

## Fund Manager's Review



**Walter Price**

### Portfolio Highlights

The Trust's NAV rose by 1.43% in January, outperforming the benchmark. Both stock selection and industry allocation decisions had a positive impact.

Our position in cloud-based software solutions provider ServiceNow was one of the top contributors. Shares surged after the company released fourth quarter billings figures that were an impressive 70% above last year's results. ServiceNow's core IT service management solutions have helped the company quickly take market share from its competitor's legacy solutions and we think the company should be successful in expanding its offerings to other corporate functions.

Facebook was another top contributor, having handily beaten analysts' revenue and earnings estimates for its fourth quarter. A key milestone was reached during the quarter with revenues from mobile advertising generating more than half of Facebook's overall sales. In addition, monthly active users grew by an impressive 16% to 1.32 billion with 945 million accessing Facebook via their mobile devices.

Sina Corp which runs a variety of Chinese-language news, entertainment, and social websites was among the top detractors. The company's shares fell on a report that indicated traffic on microblogging websites like Sina's Weibo declined over 2013. It does appear that microblogging is ceding share to newer messaging apps such as Tencent's WeChat (also held in the portfolio). We decided to exit our position during the quarter, and will continue to monitor the Chinese social networking space closely. Other top active detractors included our overweight in UK-based Internet video search engine operator Blinkx as well as our underweight in Google.

### Market Outlook

Looking forward, we believe the technology sector could provide some of the best opportunities in equity markets – especially for bottom-up stock pickers. At present, we are seeing a wave of innovation in the sector that is producing great returns for those companies leading the charge. In many cases, these advances are made at the expense of companies beholden to yesterday's technologies. We believe these conditions are ideal for our strategy which emphasises emerging leaders in next generation technologies.

At the same time, we are looking at certain technology incumbents making compelling progress on their "as-a-service" offerings. Additionally, components makers in the hard disk drive and memory spaces, previously thought to be casualties of languishing PC sales, are finding good demand from the expansion in data centres needed to store data and deliver cloud services. Beyond the cloud, expectations on many consumer Internet companies have become quite high over the past year. We anticipate that these valuation levels could come down in the near-term, but we expect strong revenue and earnings growth should continue to drive further appreciation in the shares of these companies. Social and mobile Internet companies are introducing a whole new way for businesses and advertisers to engage with customers in higher return formats. We believe there is a long runway for this process to unfold and expect this group to generate strong returns over the long-term.

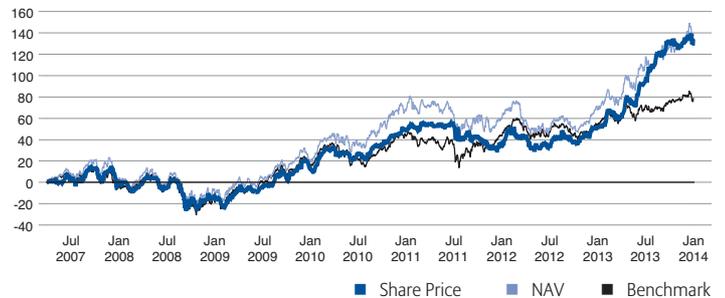
We believe companies in the wireless communications and security solutions spaces could do well as companies and carriers build out their networks. Another focus is the transformation of health care through technology in light of the ongoing implementation of the US's Affordable Care Act. We acknowledge that risks in the equity markets are still present in the form of uncertainty regarding the health of emerging markets as well as the potential for stalled policy or economic progress in major economies. Still, we believe the fundamental improvements in the global economy and growing momentum of major trends could continue the secular bull market in technology.

All data source Allianz Global Investors as at 31.01.14 unless otherwise stated.

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**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 (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	1.8	20.9	55.1	58.2	172.7
NAV	4.9	13.1	41.8	42.0	169.1
Benchmark	2.3	4.9	17.0	25.2	121.5

## Discrete Performance (%)

From To	30.01.09 29.01.10	29.01.10 31.01.11	31.01.11 31.01.12	31.01.12 31.01.13	31.01.13 31.01.14
Share Price	31.4	31.2	-9.9	13.1	55.1
NAV	34.4	40.9	-5.0	5.4	41.8
Benchmark	40.8	25.7	0.2	6.8	17.0

Source: Lipper, percentage growth, mid to mid, total return to 31.01.14.

Benchmark: Dow Jones World Technology Index (Sterling Adjusted).

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.

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## Awards



**Allianz**   
Global Investors

## Capital Structure

Total Assets:	£138.0m
Shares in Issue:	25,349,941 (Ordinary 25p)
Ordinary Share Price <sup>1</sup> :	529.0p
Net Asset Value (Ordinary) <sup>2</sup> :	544.3p
Premium/-Discount to NAV <sup>2</sup> :	-2.8%
NAV Frequency	Daily

1. Source: Lipper as at 31.01.14, market close mid price.

2. A trust's Net Asset Value (NAV) 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, cumulative NAV is shown.

## Key Information

Launch Date:	December 1995
Continuation Vote:	2016
AIC Sector:	Specialist Sector: Technology, Media & Telecoms
Benchmark:	Dow Jones World Technology Index (Sterling Adjusted)
Annual Management Charge:	1% plus £50,000 p.a.
Performance Fee: <sup>2</sup>	Yes
On-going Charges: <sup>1</sup>	1.13%
Year end:	30 November
Annual Financial Report:	Final posted in March, Half-yearly posted in July
AGM:	April
Price Information:	Financial Times, The Daily Telegraph, www.rcmtechnologytrust.co.uk
Board of Directors:	David Quysner CBE (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Paul Gaunt, Richard Holway MBE, Robert Jeens, Dr Chris Martin
Company Secretary	Peter Ingram
Investment Manager	Walter Price
Codes:	RIC: RTT SEDOL: 0339072

1. Source: AIC, as at the Trust's Financial Year End (30.11.2012). On-going Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee.

2. Calculated as 20% of the outperformance of the NAV compared to the indexed NAV over the performance period.

## Risks & 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, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

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.

Investment trusts can enhance returns through gearing. This can boost a Trust's returns when investments perform well, though losses can be magnified when investments lose value. This Trust does not currently employ gearing. Derivatives can be used to manage the Trust efficiently.

## Sector Breakdown (%)

Technology	63.7	
Consumer Services	18.5	
Utilities	5.5	
Industrials	5.3	
Financials	4.5	
Consumer Goods	2.6	
Cash	-0.1	

## Geographic Breakdown (%)

North America	79.5	
Far East & Pacific	12.2	
Europe ex UK	6.5	
UK	1.6	
South America	0.3	
Cash	-0.1	

## Top Ten Holdings (%)

Facebook	5.7	Amazon	3.5
Google	5.1	Ehealth	3.1
SunPower	4.2	Salesforce	2.9
Microsoft	4.2	Soufun	2.9
ServiceNow	4.1	Alcatel-Lucent	2.8
<b>Total Number of Holdings</b>	<b>73</b>		

## How to Invest

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

## Contact Us

If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

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website: [www.rcmtechnologytrust.co.uk](http://www.rcmtechnologytrust.co.uk)

All data source Allianz Global Investors as at 31.01.14 unless otherwise stated.

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