

# Allianz Technology Trust PLC

Technology investing from the heart of the industry



## 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.

## 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.

## Awards & Ratings



A ranking, a rating or an award provides no indicator of future performance and is not constant over time.

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Source and copyright of Citywire. Walter Price is 'A' rated by Citywire for his three year risk-adjusted performance for the period 28.02.2017 to 29.02.2020. Citywire awards apply to the Manager, rather than the Fund.

**Total Assets** £627.2m

**Shares in Issue** 35,697,168 (Ordinary 25p)

**Market Cap** £571.2m

Share Price

**1600.0p**

NAV per Share

**1756.9p**

Premium/-Discount

**-8.9%**

**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.

## Fund Manager's Review

### Portfolio Overview

The Allianz Technology Trust's NAV returned -1.1% in February, outperforming the Dow Jones World Technology Index return of -2.9%. During the month, both stock selection and industry allocation contributed to relative performance.

Our position in RingCentral was a top relative contributor after reporting strong quarterly results that exceeded expectations driven by subscription revenue growth of 34% year over year. RingCentral provides cloud-based unified communications (UC) services that connect multiple users over multiple devices. The company's solution replaces legacy business communication systems and offers advantages such as minimal upfront investment, rapid deployment, increased functionality, and ease of management. RingCentral has the largest scale among its cloud-based competitors.

Our position in small-business payments and software provider, Square, was also one of the top relative contributors during the period. The company reported strong fourth quarter results at the end of the month with volumes steady and gross profit growth accelerating quarter-on-quarter. We believe these results provide an early proof point that Square's incremental investments in sales and marketing to reinvigorate growth in its core payments processing business will bear fruit.

Other top active contributors included an underweight position in Apple, an overweight position in Netflix, and not owning Intel.

Paycom Software was a top detractor from relative performance during the period. The company reported a solid end to 2019 with full

**“ The recent market decline is certainly not pleasant, but we maintain our conviction in the long term growth opportunity for these companies**

year results exceeding expectations and Q4 revenue growing 29% year over year. Despite the strong results, investors were disappointed with management's conservative guidance for 2020. Paycom provides cloud-based payroll and human capital management software in a software-as-a-service (SaaS) format to small and medium businesses in the US. The company's software provides unique value to customers because it typically replaces multiple systems and helps manage complex compliance requirements. The single database, ease of implementation, and high customer satisfaction should help Paycom continue to take market share in this market.

Our position in Fortinet was also a top relative detractor during the period. Fortinet again delivered an impressive quarter, exceeding expectations across all metrics (billings, revenue, and adjusted earnings per share (EPS)) by a wide margin. 2020 guidance was also above the consensus estimates for revenue, adjusted EPS, and billings. Product growth was again a highlight, with the company delivering 18.9% growth despite a very tough comparison year-over-year. Billings grew by 23.6%, and total revenue grew 21.2%. Fortinet continues to see success in the next generation firewall space, while most of its competitors are reporting negative product growth. The company's focus and ability to innovate has led to significant credibility gains with enterprise customers.

Other top active detractors included not owning Tencent or Alibaba and an overweight position in Snap.



### 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.

### Market Outlook

While it is too early to predict the ultimate economic impact of the coronavirus outbreak, we do believe some industries will be more severely impacted than others. Within technology, supply chain disruptions will have an impact on some hardware and semiconductor companies. However, we expect companies associated with the digital transformation to hold up better than other segments in the economy. As companies adjust budgets due to supply and/or demand disruptions, there may be some delays in deal closings, but the need for companies to reduce costs should accelerate the move to cheaper and more productive solutions such as cloud, software as a service, artificial intelligence, cyber security, etc.

The recent market decline is certainly not pleasant, but we maintain our conviction in the long term growth opportunity for these companies. The global digital transformation will continue to progress due to numerous cost and productivity benefits relative to traditional technologies. These are dynamic and growing companies delivering products and services that solve real-world problems. Although further market downside is possible near term, and earnings estimates will likely come down over the next few months, we believe the long term reward to risk ratio is now more attractive.

In the longer term the digital transformation is the top priority for many companies across the economy, as these technologies are increasingly becoming critical drivers of growth, productivity, and competitive positioning. If IT budgets must be cut in an economic slowdown, management teams are reporting that the budget for the digital transformation will be the last to be reduced. This transition is a multi-year process, and we believe we are still in the fairly early stages.

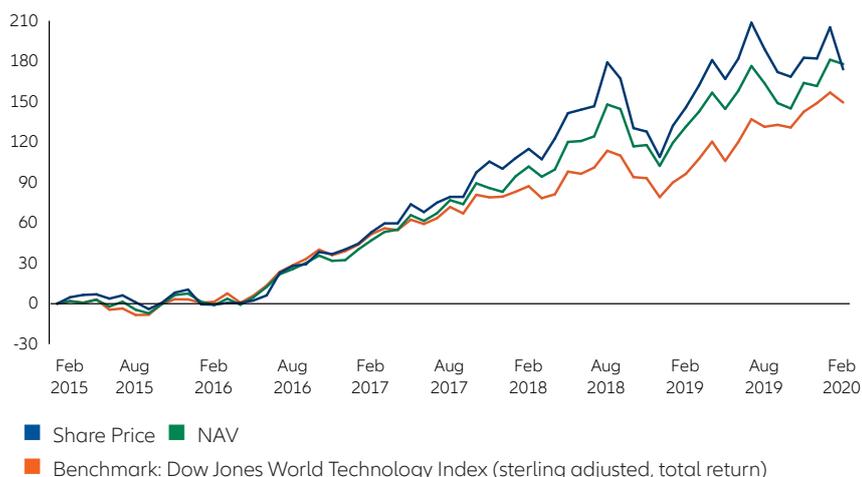
We continue to believe the technology sector can provide some of the best absolute and relative return opportunities in the equity markets – especially for bottom-up stock pickers.

**Walter Price**  
**11 March 2020**

**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	-3.0	-5.2	11.5	79.0	174.0
NAV	5.3	5.2	19.7	88.3	176.8
Benchmark	2.8	7.8	27.0	64.4	149.4

### Discrete 12 Month Returns to 29 February (%)

	2020	2019	2018	2017	2016
Share Price	11.5	14.3	40.4	54.1	-0.7
NAV	19.7	14.6	37.2	48.6	-1.1
Benchmark	27.0	4.9	23.4	49.6	1.4

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 29.02.20. Copyright 2020 © DataStream, a Thomson Reuters company. All rights reserved. DataStream 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	71.2	<div style="width: 71.2%;"></div>
Consumer Services	9.8	<div style="width: 9.8%;"></div>
Industrials	5.4	<div style="width: 5.4%;"></div>
Consumer Goods	4.0	<div style="width: 4.0%;"></div>
Financials	2.5	<div style="width: 2.5%;"></div>
Utilities	0.8	<div style="width: 0.8%;"></div>
Cash	6.3	<div style="width: 6.3%;"></div>

### Top Ten Holdings (%)

Microsoft	4.7
Amazon	4.3
Netflix	4.2
CrowdStrike	3.8
Paycom Software	3.4
MongoDB	3.2
RingCentral	3.1
Micron Technology	3.0
Samsung	2.7
Lam Research	2.5

Total number of holdings 64

### Geographic Breakdown (%)

North America	85.2	<div style="width: 85.2%;"></div>
Europe ex UK	4.5	<div style="width: 4.5%;"></div>
Far East & Pacific	2.8	<div style="width: 2.8%;"></div>
UK	1.3	<div style="width: 1.3%;"></div>
Cash	6.3	<div style="width: 6.3%;"></div>

### Market Cap Breakdown (%)

Over US \$100bn	28.1	<div style="width: 28.1%;"></div>
US \$10bn to 100bn	42.3	<div style="width: 42.3%;"></div>
US \$1bn to 10bn	22.5	<div style="width: 22.5%;"></div>
Under US \$1bn	0.8	<div style="width: 0.8%;"></div>
Cash	6.3	<div style="width: 6.3%;"></div>

The data shown is not constant over time and the allocation may change in the future. Totals may not sum to 100.0% due to rounding. This is no recommendation or solicitation to buy or sell any particular security.

## 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, total return)
Annual Management Charge	0.8% p.a. on market capitalisation up to £400 million and 0.6% p.a. thereafter. In addition there is an admin fee of £55,000 p.a.
Performance Fee <sup>1</sup>	Yes
Ongoing Charges <sup>2</sup>	0.93%
Year End	31 December
Annual Financial Report	Final published in March, Half-yearly published in August
AGM	May
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: ATTL 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 (31.12.2018). The figure is annualised to reflect the 13 month period for the year end to 31.12.18. 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)  
Neeta Patel  
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.



**Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors may not get back the full amount invested.** The views and opinions expressed herein, which are subject to change without notice, are those of the issuer and/or its affiliated companies at the time of publication. The data used is derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy or completeness is not guaranteed and no liability is assumed for any direct or consequential losses arising from its use, unless caused by gross negligence or wilful misconduct. The conditions of any underlying offer or contract that may have been or will be made or concluded shall prevail.

**All data source Allianz Global Investors as at 29.02.20 unless otherwise stated.**

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