

Technology investing from the heart of the industry

# Allianz Technology Trust PLC

Factsheet

30 November 2018

## 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



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

**Total Assets** £462.5m    **Shares in Issue** 33,477,168 (Ordinary 25p)    **Market Cap** £445.2m

Share Price

1330.0p

Source: Lipper

NAV per Share

1381.6p

Premium/-Discount

-3.7%

**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 30.11.18 unless otherwise stated.

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

## Fund Manager's Review

### Portfolio Overview

The Trust's NAV fell very slightly (-0.1%) in November, outperforming the Dow Jones World Technology Index return of -0.4%. During the month, stock selection had a modest impact and industry allocation contributed to relative performance.

Our position in Twilio was a top contributor during the period. The company provides a cloud-based platform that enables developers to build, scale, and operate real-time communications within software applications as a pay-as-you-go service. Twilio's platform is being increasingly leveraged by companies that are building AI applications to enable them to design more intimate, real-time interactions with their customers. Shares surged during the period after the company reported 68% year-on-year revenue growth marking acceleration from prior quarters. We believe these results demonstrate that the company has extended its lead in the communications platform-as-a-service market driven by differentiated solutions and strong developer relationships.

Our position in Workday was also a top contributor. The company reported strong quarterly financial results across the board with the core human capital management (HCM) and Financials businesses showing solid acceleration in growth. Workday is one of the largest and fastest growing providers of HCM software solutions, delivered via a 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.

“ Our exposure to the cloud and Artificial Intelligence (AI) themes is spread across multiple companies in the portfolio, as we believe this approach offers a more attractive risk/reward profile.

Workday has a very large established market and this market appears to be expanding with the development of its pipeline in Financials.

Other top active contributors included an underweight position in Apple and overweight positions in Amazon.com and Tableau Software.

Storage and data management solutions provider NetApp was the top detractor from relative performance during the period. The company reported solid quarterly financial results, but investors were disappointed that overall revenue came in at the low end of management's guidance. For the upcoming quarter, management's guidance was in line with expectations, and the company continues to return its free cash flow to shareholders through stock buybacks. NetApp continues to effectively rationalise costs and streamline the business, while benefitting from a base of highly recurring maintenance revenue streams. We believe the company may also benefit from demand for its all-flash arrays (storage infrastructure), market share gains, a better IT spending environment, and its growing cloud data services business.

Our underweight position in Microsoft also detracted from relative performance. Shares continued to outperform following the company's most recent quarterly financial results that beat expectations on revenue, earnings and cash flows, with the Azure cloud computing service growing +76% year-on-year. At the current pace of growth, it is likely that Microsoft's cloud business alone could become one of the largest technology platforms in the world. Moreover, the company has done this while executing a financial plan that has been very disciplined. Microsoft has been investing in data centers and developing partnerships to boost sales of its main cloud products, which appear to be paying off



### 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.

for the company. We are underweight relative to the benchmark's large position in the stock. Our exposure to the cloud and Artificial Intelligence (AI) themes is spread across multiple companies in the portfolio, as we believe this approach offers a more attractive risk/reward profile.

Other top active detractors included underweight positions in Tencent and Alibaba and an overweight position in Take-Two Interactive.

### Market Outlook

Despite the recent market volatility, our view is that technology is well-positioned to remain a major driver of market returns. The combination of solid global economic growth, strong corporate earnings, domestic tax cuts in the US, and the ongoing digital transformation among corporations should continue to drive growth in IT spending. Feedback from our discussions with company management teams, as well as management surveys from multiple sources, indicate that companies across the economy are turning to technology solutions to increase revenue, improve productivity, and enhance operating efficiency. While the largest technology companies today will inevitably struggle to grow as rapidly in the future, the broad technology sector should continue to see attractive growth in the future.

Despite high valuations for some cloud and internet companies, we continue to see massive addressable markets much larger than the revenue today. However, we have consolidated our exposure to these areas in select companies having the most compelling solutions and whose business models demonstrate a discernible path to deliver strong earnings and cash flow growth over the next few years.

We are also 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.

AI is also becoming a significant trend. From consumer goods, such as the Amazon Echo, to autonomous driving, practical applications of AI are emerging. We expect AI will increasingly be used to make our lives more convenient.

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

Walter Price  
10 December 2018

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	-18.4	-5.7	10.8	110.4	157.3
NAV	-12.6	-1.6	16.5	103.5	164.7
Benchmark	-9.5	-2.5	8.0	87.0	154.8

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

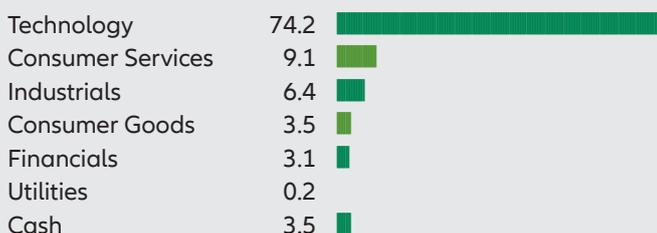
	2018	2017	2016	2015	2014
Share Price	10.8	50.2	26.4	9.6	11.5
NAV	16.5	41.0	23.8	10.3	18.0
Benchmark	8.0	31.5	31.7	7.0	27.3

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 30.11.18. Copyright 2018 © 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 (%)



## Top Ten Holdings (%)

Amazon	7.1
Alphabet - A shares	5.7
Square	4.0
Microsoft	3.9
NetApp	3.5
Okta	3.2
Paycom Software	3.1
Salesforce.com	2.9
Twilio	2.7
Workday	2.6

**Total number of holdings 63**

## Geographic Breakdown (%)



## Market Cap Breakdown (%)



## 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>	1.0%
Year End	31 December
Annual Financial Report	Final published in April Half-yearly published in August
AGM	May
NAV Frequency	Daily
Price Information	Financial Times, The Daily Telegraph, www.allianztechnologytrust.com
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 (30.11.2017). 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 30.11.18 unless otherwise stated.**

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