

# 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 'AAA' rated by Citywire for his three year risk-adjusted performance for the period 31.05.2016 to 31.05.2019. Citywire awards apply to the Manager, rather than the Fund.

**Total Assets** £554.4m

**Shares in Issue** 35,182,168 (Ordinary 25p)

**Market Cap** £558.7m

Share Price

**1588.0p**

NAV per Share

**1575.8p**

Premium/-Discount

**0.8%**

**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 Trust's –NAV fell 5.6% in September, underperforming the Dow Jones World Technology Index return of 0.6%. During the month, both stock selection and industry allocation detracted from relative performance.

Recent performance has been negatively impacted by the sharp rotation from high growth, "momentum" stocks to value and cyclical stocks. The rotation has been driven more by the significant outperformance and higher valuation of high growth stocks versus cyclical and value stocks, rather than a dramatic shift in the fundamental landscape. At the macro level, conditions remain favorable for growth stocks, and we do not expect these conditions to materially change any time soon. While value and cyclical stocks have performed well recently, the macro factors which have supported growth over value in recent years: low yields, low inflation, low growth, flatter yield curves, all remain intact and accommodative for growth relative to value and cyclical stocks. While there may be periods of market rotations or higher volatility due to macro issues, the move to cloud and the broader digital transformation remains well intact. We believe the long term growth prospects for the higher growth software companies remain very compelling.

Our position in Cree was the top relative contributor in September. Cree develops LED products, lighting products, and power and RF applications. Shares rallied in September after falling in August when the company reported earnings. Cree's June quarter results were in line with the company's revised ranges. However, management highlighted several near term challenges due to the company's exposure to Huawei and the

### “ the move to cloud and the broader digital transformation remains well intact

global trade uncertainty that has created weakness in the LED business.

Our position in Proofpoint was also a top relative contributor in September. Shares rallied after an analyst upgrade highlighted the company's recent improvement in execution and potential for strong growth through 2020. Proofpoint's emerging products category, which includes Email Fraud Defense, Threat Response, Targeted Attack Protection, and Social Media Protection, is expected to be a driver of future growth. The company continues expansion efforts in Europe as they anticipate increased spending by companies seeking to comply with the EU's General Data Protection Regulation. Proofpoint is benefiting from several growth drivers, and the power of its software-as-a-service model is beginning to generate leverage and produce solid free cash flow growth.

Other top active contributors included overweight positions in Teradyne and Taiwan Semiconductor and an underweight position in Alibaba.

Our position in cloud security company Zscaler was a top relative detractor during the period. The company reported strong quarterly results that beat expectations driven by revenue growth of 53%. However, investors were disappointed by management's conservative guidance for growth in 2020, raising concerns of potential increased competitive risks. Zscaler operates as a security-as-a-service company, offering a cloud-based security platform. The platform provides web and mobile security, threat protection, cloud application visibility, and cloud-enabled networking solutions. Customers are increasingly adopting Zscaler's products, which provide a single platform to enforce business and security policy for their users to access multiple applications and services.



### 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.

Our position in video streaming platform provider, Roku, was also one of the top relative detractors. Shares were under pressure due to competitive concerns from announcements by Comcast and Facebook. We do not view these offerings as major competitive threats in their current form.

Other top active detractors included overweight positions in Okta and Paycom Software and not owning Apple.

### Market Outlook

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 maintain exposure to companies that we believe will benefit from secular growth themes. Despite periods of volatility driven by geopolitical uncertainty, we expect the broad technology sector to see attractive growth in the future.

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 from the growth of the gross domestic product.

Investors need to find companies generating organic growth by creating new markets or effecting significant change on old markets. Industries such as automobiles, advertising, security, retail, and manufacturing are all being shaped and transformed by advances in technology. We are seeing an ongoing wave of innovation in the sector that we believe has the potential to produce attractive returns for companies with best-in-class solutions.

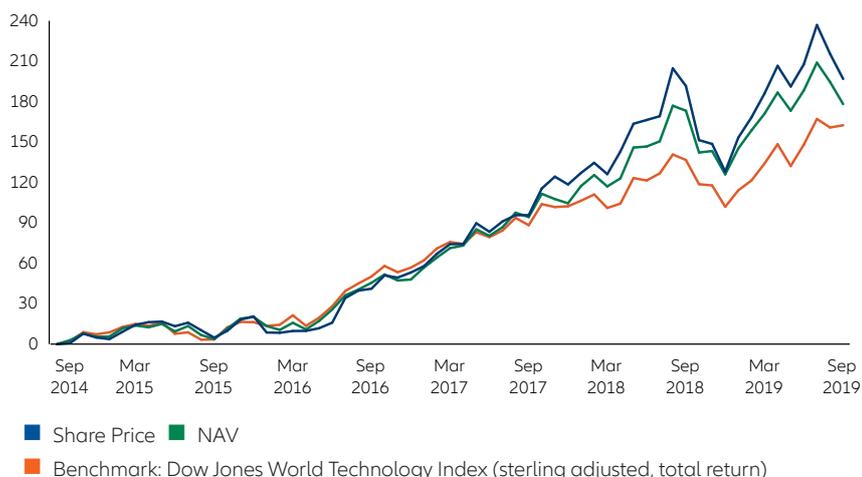
We continue to carefully balance risks and opportunities going forward, leveraging our industry expertise, and emphasising individual stock selection.

Walter Price  
15 October 2019

**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	-3.5	3.8	1.8	110.3	196.8
NAV	-3.6	2.5	1.6	90.8	177.6
Benchmark	5.8	12.1	10.9	74.7	162.4

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

	2019	2018	2017	2016	2015
Share Price	1.8	49.0	38.7	34.7	4.8
NAV	1.6	40.6	33.5	40.3	3.7
Benchmark	10.9	25.7	25.4	45.1	3.5

Source: Thomson Reuters DataStream, percentage growth, mid to mid, total return to 30.09.19. Copyright 2019 © 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	82.3	
Consumer Services	4.3	
Financials	4.2	
Consumer Goods	3.3	
Industrials	2.1	
Utilities	0.3	
Cash	3.5	

### Top Ten Holdings (%)

Microsoft	7.8
Facebook	4.2
Micron Technology	3.1
Alphabet - A shares	3.0
Paycom Software	3.0
Advanced Micro Devices	2.9
Mastercard	2.9
Teradyne	2.5
Akamai Technologies	2.4
Zscaler	2.2

Total number of holdings 73

### Geographic Breakdown (%)

North America	89.8	
Europe ex UK	4.6	
UK	2.1	
Cash	3.5	

### Market Cap Breakdown (%)

Over US \$100bn	25.7	
US \$10bn to 100bn	40.3	
US \$1bn to 10bn	30.2	
Under US \$1bn	0.3	
Cash	3.5	

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)

Richard Holway MBE

Elisabeth Scott

Neeta Patel (joined 1 September 2019)

## 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 30.09.19 unless otherwise stated.**

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