

# Allianz Technology Trust PLC\*

\*formerly RCM Technology Trust PLC



Factsheet

30 November 2014

## 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.

## Fund Manager's Review



Walter Price

### Portfolio Overview

The Allianz Technology Trust NAV returned 4.81%, while the Dow Jones World Technology Index returned 6.58%. During the month, industry allocation and stock selection detracted from relative returns.

At the holdings level, network security solutions provider **Palo Alto Networks** was among the top contributors for the month. Shares rallied following very strong earnings results that topped heightened expectations for sales and profits. The demand environment remains strong, as increasing sophistication of cyber-attacks have triggered more spending towards providers that offer new security technologies. Palo Alto continues to grow faster and take market share from competitors with strong uptake in its new product offerings. The company's strong sales growth this quarter was accompanied by continued improvement in profitability, driven by benefits of greater scale, operating leverage, and a more integrated sales force. We believe Palo Alto is well-positioned to outperform competitors over time, as the company offers a best-in-class technology and a solid business model.

Similar to October, our position in **Alibaba** was among the top relative contributors. In its first earnings report as a publicly traded company, Alibaba delivered on the growth prospects that have fueled the surge in the stock price since its September IPO. The company posted profit that exceeded expectations as increased shopping traffic and mobile spending in its home market generated more advertising. The company is attracting more advertisers to its e-commerce sites by providing advertising tools that analyse user preferences. The company has built its rather expansive and wide ranging portfolio of properties through organic development, which is relatively uncommon in technology. We maintain our conviction in the company, as it has a lot of runway to grow at a high rate for the next several years.

Other top active contributors included our underweights in **IBM**, wireless communications equipment provider **Qualcomm**, and **Google**.

On the negative side, our position in network security provider **FireEye** was among the largest detractors for the month. The company produced better-than-expected billings in the third quarter, but this was offset by a revenue miss resulting from a shift to FireEye-as-a-service subscription contracts in lieu of in-period product. The subscription contracts carry a superior long-term financial profile with stickier recurring revenue and more cash flow visibility. FireEye offers a disruptive technology that is in the early stages of penetration, and it should see long-term benefits from increased corporate spending on network security.

Enterprise IT management software provider **ServiceNow** under-performed during the month after very strong appreciation in October. Management recently provided optimistic views about the addressable market, highlighting the meaningful runway still left in the core IT service management (ITSM) market, as it currently has just 12% penetration. Management sees a \$45 billion market opportunity it can pursue in several markets, including IT service management, IT operations management, and platform. We remain constructive on ServiceNow's growth prospects in the ITSM

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	10.6	15.7	11.5	85.4	131.5
NAV	7.8	18.1	18.3	70.2	123.4
Benchmark	9.4	18.3	27.4	67.5	102.2

## Discrete Performance (%)

From To	30.11.09 30.11.10	30.11.10 30.11.11	30.11.11 30.11.12	30.11.12 29.11.13	29.11.13 28.11.14
Share Price	28.3	-2.7	3.2	61.1	11.5
NAV	33.3	-1.5	-1.8	46.5	18.3
Benchmark	18.7	1.7	9.2	20.5	27.4

Source: Lipper, percentage growth, mid to mid, total return to 30.11.14.

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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market and believe the company has a number of opportunities that are underappreciated by investors.

Other top active detractors included overweights in solar companies, **Canadian Solar** and **SunPower**, as well as an underweight in **Cisco Systems**.

## Market Outlook

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. While the broad selling pressure among Internet and cloud names appears to have lessened, we will continue carefully balancing risks and opportunities, leveraging our industry expertise, and emphasising individual stock selection.

All data source Allianz Global Investors as at 30.11.14 unless otherwise stated.

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

**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.**

**Allianz**   
Global Investors

## Capital Structure

Total Assets:	£157.8m
Shares in Issue:	25,768,006 (Ordinary 25p)
Ordinary Share Price <sup>1</sup> :	576.5p
Net Asset Value (Ordinary) <sup>2</sup> :	612.2p
Premium/-Discount to NAV <sup>2</sup> :	-5.8%
NAV Frequency	Daily

1. Source: Lipper as at 30.11.14, 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:	0.8% plus £55,000 p.a. (Administration Fee)
Performance Fee: <sup>2</sup>	Yes
Ongoing Charges: <sup>1</sup>	1.32%
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.allianztechnologytrust.com
Board of Directors:	Robert Jeens (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Paul Gaunt, Richard Holway MBE, Dr Chris Martin
Company Secretary	Peter Ingram
Investment Manager	Walter Price
Codes:	RIC: ATT.L SEDOL: 0339072

1. Source: AIC, as at the Trust's Financial Year End (30.11.2013). Ongoing Charges (previously Total Expense Ratios) are published annually to show operational expenses including Annual Management Fee.

2. 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.

## 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.

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.

## Sector Breakdown (%)

Technology	71.4	
Consumer Services	11.1	
Consumer Goods	6.0	
Utilities	3.8	
Cash	3.7	
Industrials	3.3	
Telecommunications	0.4	
Financials	0.3	

## Geographic Breakdown (%)

North America	77.5	
Far East & Pacific	16.0	
Cash	3.7	
Europe ex UK	1.7	
UK	1.1	

## Top Ten Holdings (%)

Apple	7.4	ServiceNow	4.0
Alibaba	6.0	Fireeye	3.4
Palo Alto Networks	5.6	Western Digital	3.3
Microsoft	5.4	Micron Technology	3.1
SanDisk	4.2	Tesla Motors	2.9
<b>Total Number of Holdings</b>	<b>57</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, JISA, SIPP 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:

**0800 389 4696**

e-mail: [investment-trusts@allianzgi.com](mailto:investment-trusts@allianzgi.com)

website: [www.allianztechnologytrust.com](http://www.allianztechnologytrust.com)

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