

# Allianz Technology Trust PLC



Factsheet

31 October 2015

## 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.

## History

The Trust was formed in December 1995 and re-launched by Allianz Global Investors in 2007 for investors to gain exposure to quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth. The Board appointed Allianz Global Investors, a global asset management business, to manage the Trust's assets from April 2007 based on the performance of their US-based technology team, their experience and depth of expertise in the management of investment trusts.

## Fund Manager's Review



Walter Price

### Portfolio Overview

The Allianz Technology Trust NAV returned 7.47%, while the Dow Jones World Technology Index returned 8.68%. During the month, stock selection detracted from relative performance while industry allocation was slightly positive.

On the positive side, [Amazon.com](#) was the top relative contributor for the period. Shares surged higher after third quarter earnings results topped expectations. The company continues to benefit from its high-growth cloud computing division Amazon Web Services (AWS), strong e-commerce sales, and more disciplined spending. So far this year, Amazon has shown investors it can produce profits when it pulls back on spending. While the company remains a strong online retailer, its cloud-computing business is becoming a significant growth engine. Amazon's AWS business, which offers web data storage and computing services, grew 78% from the previous year as of the September quarter. High growth is expected to continue as more companies are moving to adopt cloud services, particularly large corporations.

Our underweight position in [Apple](#) also added to relative returns. Investors were concerned about the company's ability to achieve high growth after the third quarter. We have conducted Grassroots surveys in the US and in China to gain additional insight on demand for the new iPhone. In the US, results were as we expected – sales may be down in the US because of the strong cycle last year. However, China has been more positive than we anticipated. There is still a very large upgrade cycle underway in China due to the shift from 2G to 4G/LTE networks. The high end mobile phone market is growing more than 50% in China, and Apple is gaining 20-25% of this market. In our view, the capital return and valuation remain attractive.

The top detractors from relative performance included security provider [Palo Alto Networks](#). After security companies produced very strong gains amid increasing security breaches, investors are beginning to question the sustainability of the group's growth rate. Despite the recent weakness in Palo Alto's stock, our Grassroots<sup>SM</sup> surveys continue to show steady market share growth for Palo Alto. We believe the company remains well-positioned in the security industry given its best-in-class security solutions and attractive business model.

[Criteo](#) was also among the top relative detractors in October. Investors continue to debate the impact ad blockers may have on Criteo's growth potential. We maintain our belief that Criteo will be minimally impacted by ad blockers, and this is likely a short term headwind for the stock. Management is committed to investing in growth opportunities, including sales headcount to grow in new and existing geographies, and engineers to support product and engine improvements. We believe Criteo is

## Performance (%)



## Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-5.2	-5.5	9.0	90.0	93.4
NAV	-1.7	-0.9	8.3	84.2	80.0
Benchmark	3.4	-0.9	10.1	62.6	78.9

## Discrete Performance (%)

From To	29.10.10 31.10.11	31.10.11 31.10.12	31.10.12 31.10.13	31.10.13 31.10.14	31.10.14 30.10.15
Share Price	5.8	-3.7	67.9	3.8	9.0
NAV	2.7	-4.8	51.0	12.6	8.3
Benchmark	3.8	6.0	22.0	21.0	10.1

Source: Lipper, percentage growth, mid to mid, total return to 31.10.15.

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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well-positioned to benefit from the rapid growth in mobile ads because its solutions enhance ad customization and return on investment for advertisers.

## Market Outlook

Looking forward, 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. At present, we are seeing a wave of innovation in the sector that we believe has the potential to produce attractive returns for companies with best-in-class solutions. We also see a number of companies with present valuations that, in our view, do not fully reflect positive company- and/or industry-specific tailwinds.

Another key growth area in technology is network security, which is rapidly gaining more attention as the increasing sophistication of cyberattacks has triggered more spending towards providers offering new security technologies. We believe this trend will persist for several years, and companies continuing to enhance security technology may stand to benefit over time.

All data source Allianz Global Investors as at 31.10.15 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:	£164.7m
Shares in Issue (ex treasury):	26,027,426 (Ordinary 25p)
Ordinary Share Price <sup>1</sup> :	588.0p
Net Asset Value (Ordinary) <sup>2</sup> :	632.8p
Premium/-Discount to NAV <sup>2</sup> :	-7.1%
NAV Frequency	Daily

1. Source: Lipper as at 31.10.15, 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>	1.21%
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), Richard Holway MBE, Elisabeth Scott, Humphrey van der Klugt
Head of Secretariat – Investment Trusts	Tracey Lago, ACIS
Investment Manager	Walter Price
Codes:	RIC: ATT.L SEDOL: 0339072

1. Source: AIC, as at the Trust's Financial Year End (30.11.2014). 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	59.6
Consumer Services	19.3
Consumer Goods	7.4
Industrials	5.8
Financials	5.0
Utilities	2.3
Cash	0.6

## Geographic Breakdown (%)

North America	79.1
Far East & Pacific	10.9
Europe ex UK	4.6
UK	3.1
Africa	0.9
Middle East	0.8
Cash	0.6

## Top Ten Holdings (%)

Microsoft	8.9	Facebook	3.7
Amazon	8.3	Palo Alto Networks	3.1
Alphabet	6.0	Apple	3.0
Intel	3.9	Proofpoint	2.3
Visa	3.8	Imperva	2.0
<b>Total Number of Holdings</b>	<b>63</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:

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