

Allianz Technology Trust PLC

Annual General Meeting
13 April 2016



investors
CHRONICLE

Top 100 Funds 2015
Allianz Technology Trust

investors
CHRONICLE

Top 100 Funds 2014
Allianz Technology Trust

investors
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Top 100 Funds 2013
Allianz Technology Trust

www.allianztechnologytrust.com

Allianz 
Global Investors

Walter Price, Fund Manager

Understand. Act.

Agenda

1 Why get excited about Technology?

2 Relative and absolute performance

3 How we construct the portfolio

4 Key technology trends

5 Portfolio positioning

6 What we focus on

7 Why we continue to be excited



Walter Price

Senior Portfolio Manager

Tel: +1 (415) 954-5432

Email: walter.price@allianzgi.com

“Technology was one of the clear winners in 2015 amid a lacklustre year for stock markets”

Walter Price

1. Why get excited about Technology?

- Today, technology is more about creative destruction
- Companies are allocating existing spending to new technologies that provide more efficient and productive methods of doing things
- Corporations and governments are accelerating to the next generation solutions i.e. cloud, storage, networking
- Impact of the proliferation of mobile devices and the internet on our daily lives
- Technology companies have loads of cash and are generating excellent free cash flow – tech managers returning more of this cash to investors

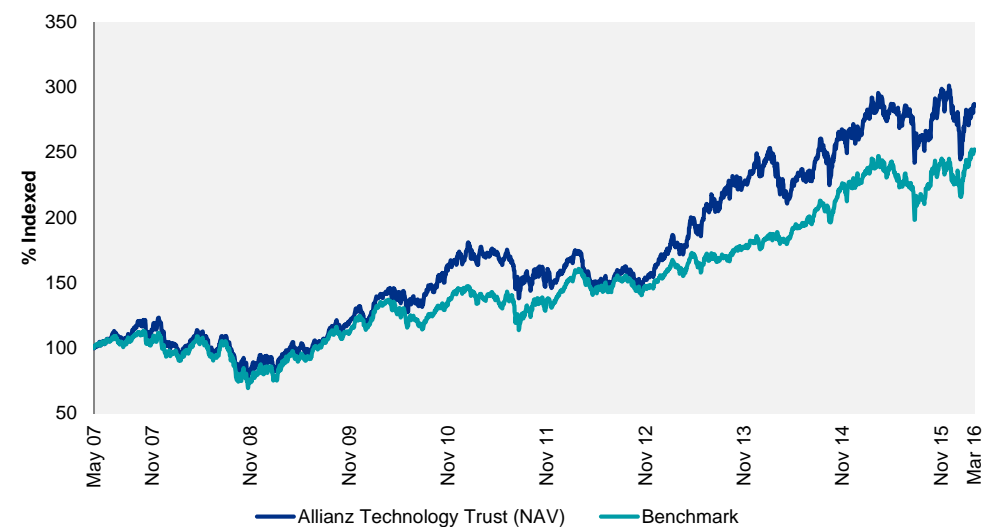
“Technology provides opportunities in all market environments”

2. Relative and absolute performance of Allianz Technology Trust

To 30 November 2015	1 Year	3 Years	5 Years	Since 30/04/07 ¹
Allianz Technology Trust (NAV)	10.3	91.5	93.8	194.6
Dow Jones World Technology Index	7.0	64.1	82.2	142.1

30 November 2015 to 31 March 2016	
Allianz Technology Trust (NAV)	-2.6
Dow Jones World Technology Index	4.2

ATT NAV Performance Since AllianzGI's Appointment



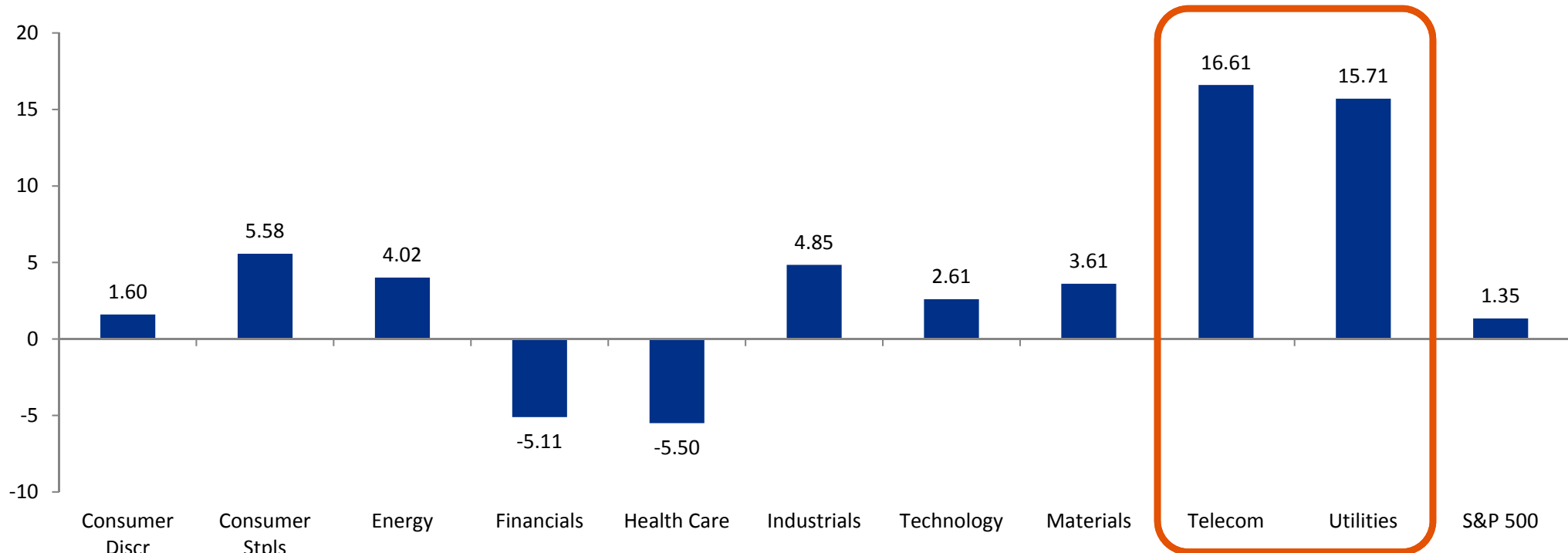
Source: AllianzGI and Datastream as at 30 November 2015 and 31 March 2016. Total returns in Sterling.

¹: The date since which the fund has been managed by AllianzGI

2. Despite the rally since mid-February, risk aversion is still extremely high in the current market environment

In the US, investors have been piling into low growth companies that pay high dividend yields

S&P 500 Index Sector Returns YTD as of March 31, 2016



3. How we construct the portfolio

- Technology provides opportunities in all market environments
- Different groups emphasised with different market environments
- Balanced risk-adjusted performance
- 2. & 3. less affected by fall in tech markets

Types of Technology Companies	Characteristics of Group	Examples
<p>1. High-growth, innovators</p> <p>Over 25% earnings growth a year 25% - 30% of portfolio</p>	<ul style="list-style-type: none"> ▪ Secular growth ▪ Emerging/transformational areas within technology ▪ Current and projected sales growth >50% ▪ Mid-capitalization ▪ Evaluation based on industry-specific metrics (customer value focus) ▪ Long-term price targets based on sustained growth over investment horizon indicate healthy upside 	<ul style="list-style-type: none"> ▪ Facebook ▪ Palo Alto Networks ▪ Amazon.com
<p>2. Reasonable valuation relative to growth (GARP)</p> <p>Moderate growth 10% - 25% 30% - 35% of portfolio</p>	<ul style="list-style-type: none"> ▪ Secular growth ▪ Established markets but still huge expansion potential ▪ Current and projected sales/earnings growth >15% ▪ Mid-/large-capitalization ▪ Valued on price multiple-to-growth basis ▪ Price appreciation as earnings/cash flow growth more-than-compensates for multiple contraction 	<ul style="list-style-type: none"> ▪ Skyworks Solutions ▪ Visa ▪ Google
<p>3. Attractively valued with optionality</p> <p>10% growth 30% - 35% of portfolio</p>	<ul style="list-style-type: none"> ▪ Total return ▪ Technology incumbents – market share established and potentially under threat ▪ Steady-growth, very attractive valuation ▪ Large-/mega-capitalization ▪ Total return potential through dividends/buybacks and off-consensus view that could result in multiple re-rate 	<ul style="list-style-type: none"> ▪ Microsoft ▪ Apple

The Technology Lifecycle

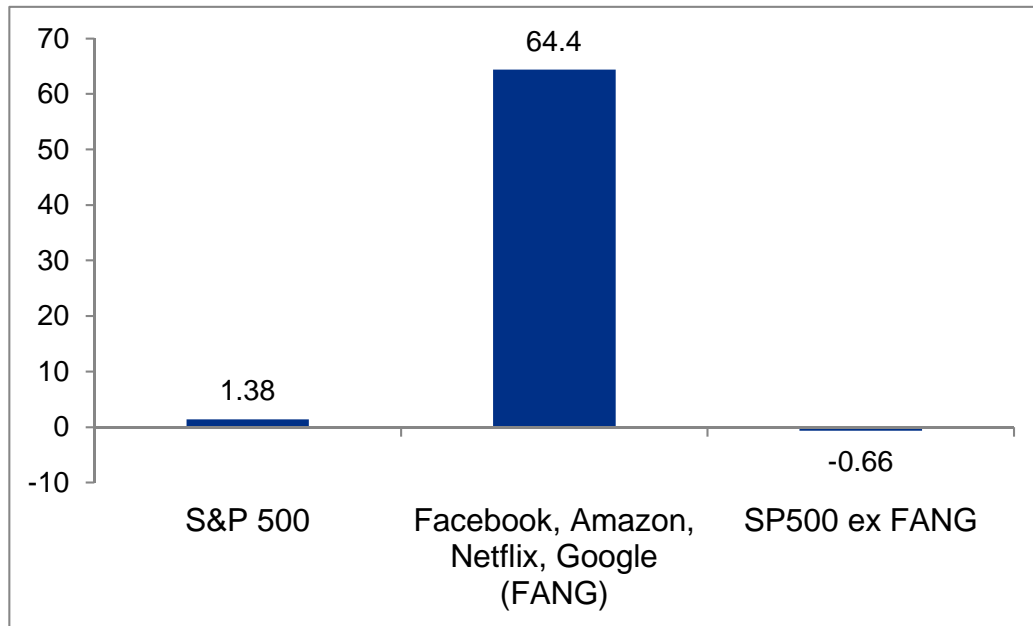
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3. We want to own winners

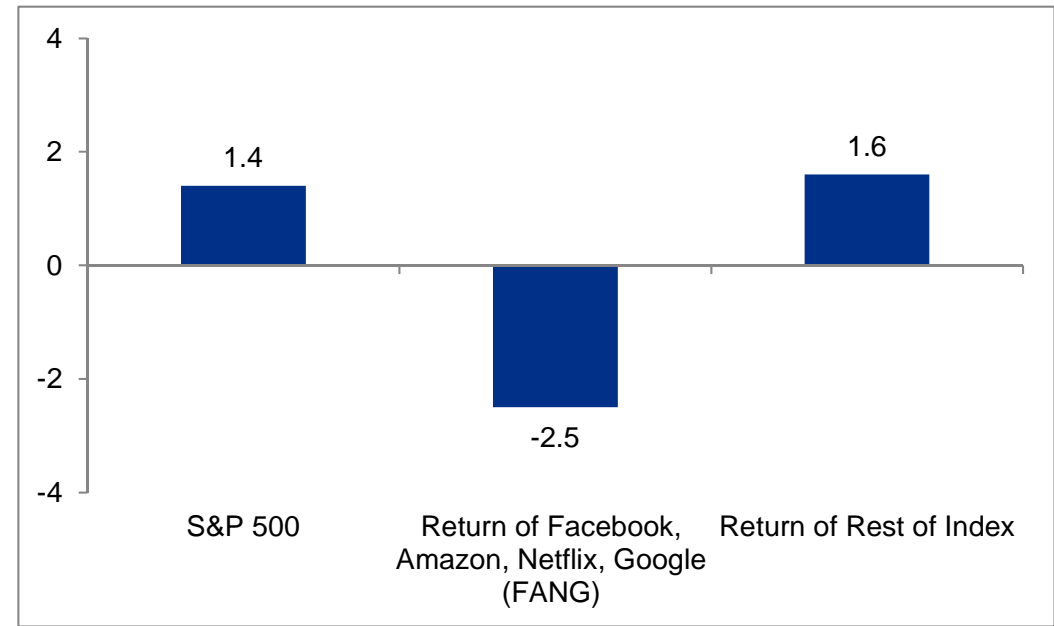
The “FANG” stocks gained lots of attention in 2015 as they significantly outperformed most stocks

However, in 2016, a shift in sentiment has caused this group to lag broad indices even though the underlying fundamentals have not changed

2015



2016**



*The “FANG” and “ex FANG” returns above are properly weighted returns.

**2016 performance covers 1 January to 10 February.

Source: Factset.

4. Key Technology Trends

I. Cloud Computing – Software as a service

- Customer pays subscription fee; vendor provides software infrastructure, upgrades, and maintenance
- Increases productivity; improvements can be implemented faster; innovation comes sooner
- Companies can save large amounts of money and become more efficient much faster

II. Mobile Internet & applications

- Rapid transition from desktop to mobile due to the proliferation of smartphones & tablets
- Value is shifting from mobile devices to new Internet services
- Lifestyle apps becoming convenient, easy to use, provide feel good factor

III. Internet of Things

- Network of physical objects embedded with sensors enabled to transfer data
- Enables more effective health monitoring, temperature control, vehicle safety and entertainment
- Early examples of products include the Apple Watch, Nest Thermostat, and the Harman connected car infotainment system

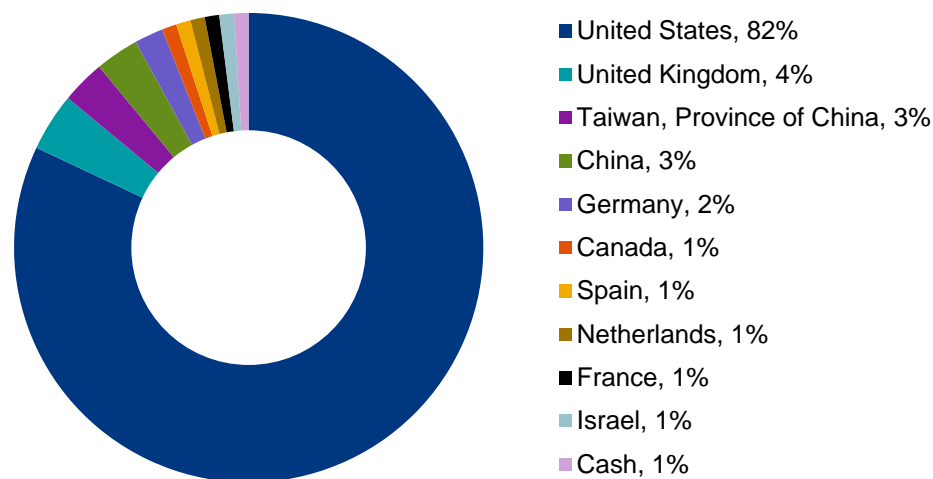
IV. Security Spending

- High profile data breaches reveal that traditional security measures are inadequate
- Security providers are creating more sophisticated technologies to prevent data breaches
- Total security market spending expected to grow at a rate of 2x overall technology spending

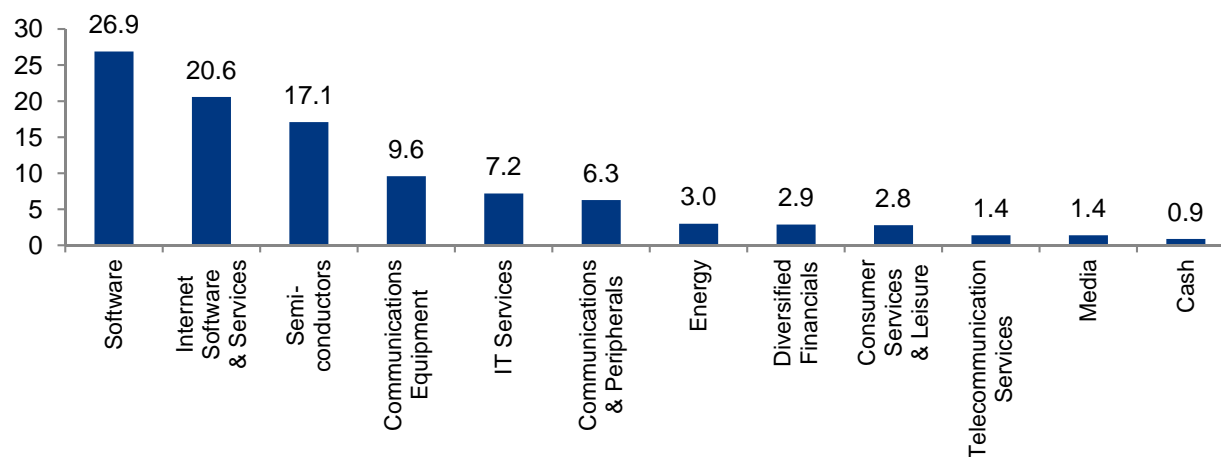
 The technology industry is going through a period of great innovation and rapid change

5. Portfolio positioning – as at 29 February 2016

Geographical Allocation



Subsector Allocation



Top 20 Holdings

	Portfolio	Benchmark	Difference
Total Equity Holdings	49		
Amazon.com, Inc.	5.5	0.0	5.48
Alphabet Inc. Class A	7.7	4.8	2.94
Activision Blizzard Inc	2.9	0.0	2.89
Zendesk, Inc.	2.3	0.0	2.27
Accenture Plc	2.1	0.0	2.13
Visa Inc. Class A	2.1	0.0	2.09
Sophos Group Plc	1.9	0.0	1.92
CSRA, Inc.	2.0	0.1	1.90
Imperva, Inc.	1.6	0.0	1.57
Amadeus IT Holding SA Un-sponsored ADR	1.5	0.0	1.52
Broadcom Limited	2.2	0.8	1.40
Tableau Software, Inc. Class A	1.5	0.1	1.37
Canadian Solar Inc.	1.3	0.0	1.32
Arista Networks, Inc.	1.2	0.0	1.15
Worldpay Group Plc	1.1	0.0	1.10
GoDaddy, Inc. Class A	1.1	0.0	1.09
Computer Sciences Corporation	1.2	0.1	1.07
Paycom Software, Inc.	1.0	0.0	0.99
JD.com, Inc. Sponsored ADR Class A	1.0	0.0	0.96
Ctrip.com International Ltd Sponsored ADR	1.0	0.0	0.95
Total	41.93	5.82	

6. What we focus on

- Identify major growth trends within technology, especially **'disruptive' innovations**, ahead of the crowd and invest in the profitable market leaders in these growth segments
- Look at subsector in technology and look for the **best company** within the world
- **High conviction** concentrated portfolio in which we are willing to take zero bets
- Sweet spot in the **mid caps** space and underweight large caps
- We are **benchmark aware** not benchmark driven
- **GrassrootsSM research*** beneficial with consumer related products e.g. Netflix and Tesla
- Apply **risk control through diversification** across trends, products cycles, subsectors and through achieving global exposure

*GrassrootsSM Research is a division within the Allianz Global Investors group of companies that commissions investigative research for asset-management professionals. Research data used to generate GrassrootsSM Research reports are received from reporters and field force investigators who work as independent, third party research providers, supplying research that is paid for by commissions generated by trades executed on behalf of clients. The information above is provided for illustrative purposes only and should not be considered a recommendation to purchase or sell any particular security or strategy.

7. Why we continue to be excited

Technology sector is attractive for many reasons:

- **Disruptive companies** and technologies have the opportunity to create whole new sub-industries within technology
- Corporations and governments have seen and often times experienced benefits of next generation solutions (e.g. cloud, storage, networking) and are **accelerating their transition from incumbent technologies**
- **Proliferation of mobile devices and the Internet** have expanded the breadth and depth of use of technology in our daily lives
- Technology companies have loads of cash and are generating **excellent free cash flow** – tech managers returning more of this cash to investors

ATT's Advantages:

- **Team & resources** – experienced portfolio management team with deep sector knowledge and resources (Grassroots, Global Sector Fundamental Research)
- **Location** – Silicon Valley is the epicenter of technological innovation
- **Experience** – lead portfolio managers have worked together for 29 years and managed almost every kind of technology portfolio with varying geographic emphasis, industry definitions, and market capitalization
- **Time tested philosophy & process** – team aims to identify major trends ahead of the crowd; starting in the mid-1980s they have identified PCs, networking, wireless communications, storage systems, Internet, and cloud computing – ahead of the crowd

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