

# Active is: Allianz Technology Trust PLC

Annual General Meeting  
April 2022

Walter Price & Mike Seidenberg, Portfolio  
Managers

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**This is a marketing communication.**  
Please refer to the Key Information  
Document (KID) before making any final  
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[www.allianztechnologytrust.com](http://www.allianztechnologytrust.com)

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



**Allianz**   
Global Investors

# The Team managing Allianz Technology Trust (“ATT”)

- The Global Technology Team’s AUM as of March 31, 2022 was \$11.5 billion



## Why technology?

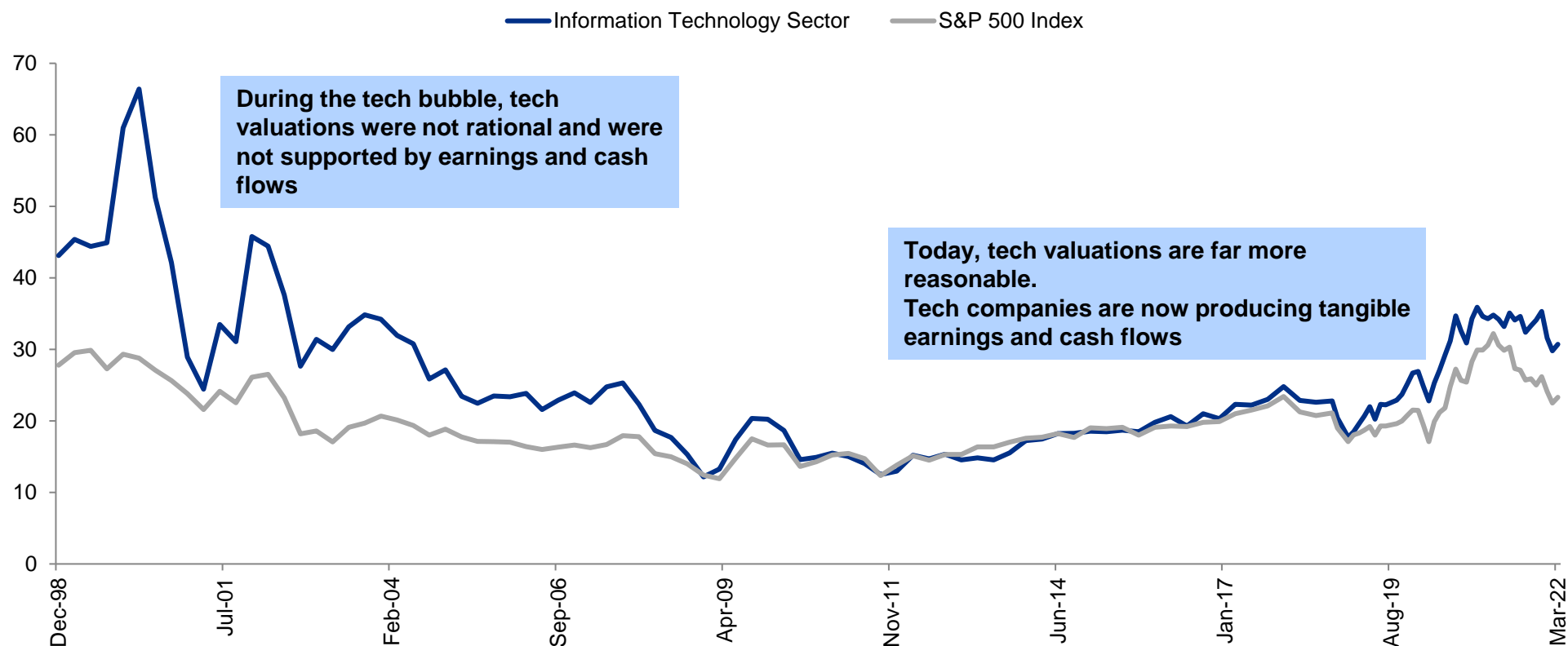
# Technology provides opportunities in all market environments

The Technology Lifecycle	Types of Technology Companies	Characteristics of Group
	High-growth, innovators	<ul style="list-style-type: none"> <li>▪ Secular growth</li> <li>▪ Emerging/transformational areas within technology</li> <li>▪ Current and projected sales growth &gt;20%</li> <li>▪ Long-term price targets based on sustained growth over investment horizon indicate healthy upside</li> </ul>
	Reasonable valuation relative to growth (GARP)	<ul style="list-style-type: none"> <li>▪ Secular growth</li> <li>▪ Established markets but still huge expansion potential</li> <li>▪ Current and projected sales/earnings growth &gt;15%</li> <li>▪ Valued on price multiple-to-growth basis</li> <li>▪ Price appreciation as earnings/cash flow growth more-than-compensates for multiple contraction</li> </ul>
	Attractively valued with optionality	<ul style="list-style-type: none"> <li>▪ Total return</li> <li>▪ Technology incumbents who can emerge again as growth companies</li> <li>▪ Consolidators with cost and pricing discipline</li> <li>▪ Mid to Mega capitalization</li> <li>▪ Aggressive capital return companies</li> <li>▪ Companies responding to activist pressures for better stock performance</li> </ul>

- Balanced risk-adjusted performance
- Different groups emphasized with different market environments

# Technology sector valuations remain attractive

## Trailing P/E Ratio

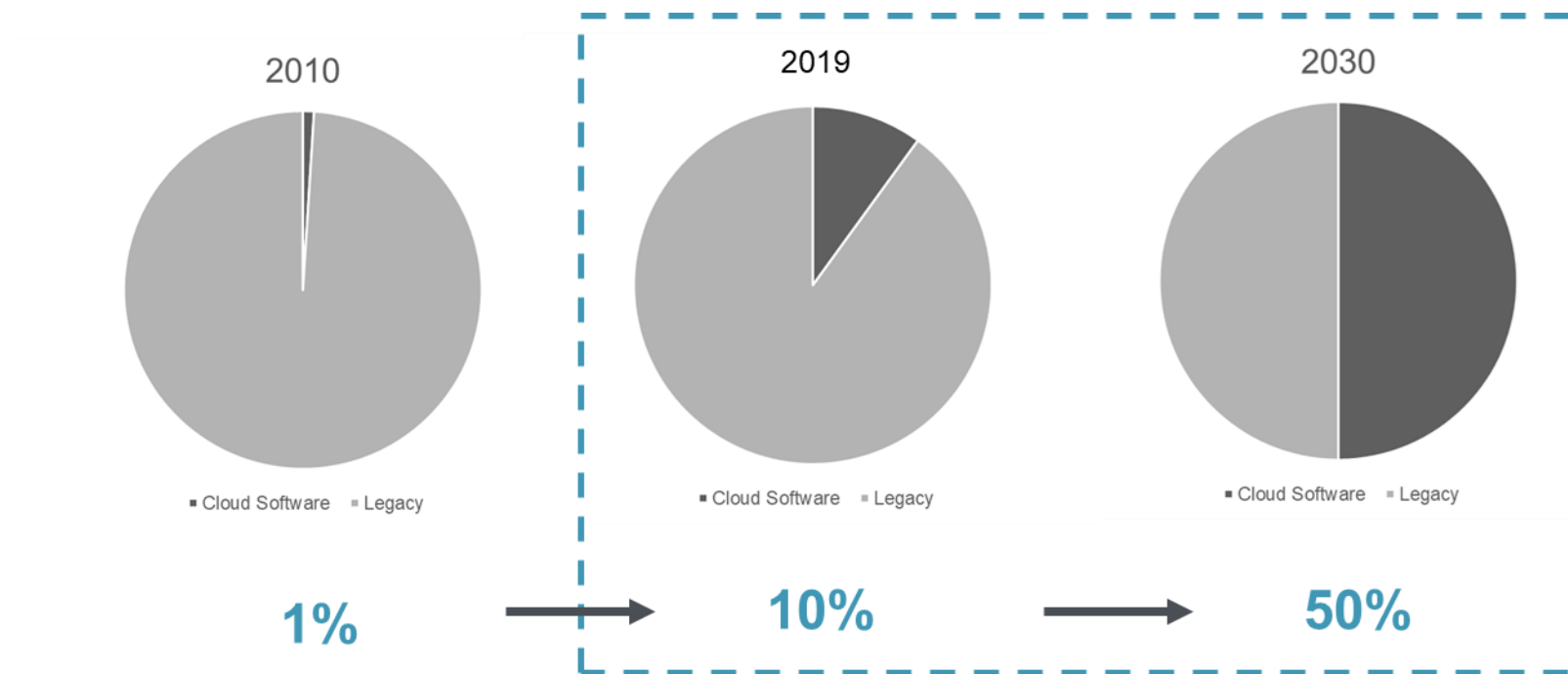


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Source: Factset, AllianzGI. As of March 31, 2022.

# Strong secular tailwinds could sustain growth through 2030

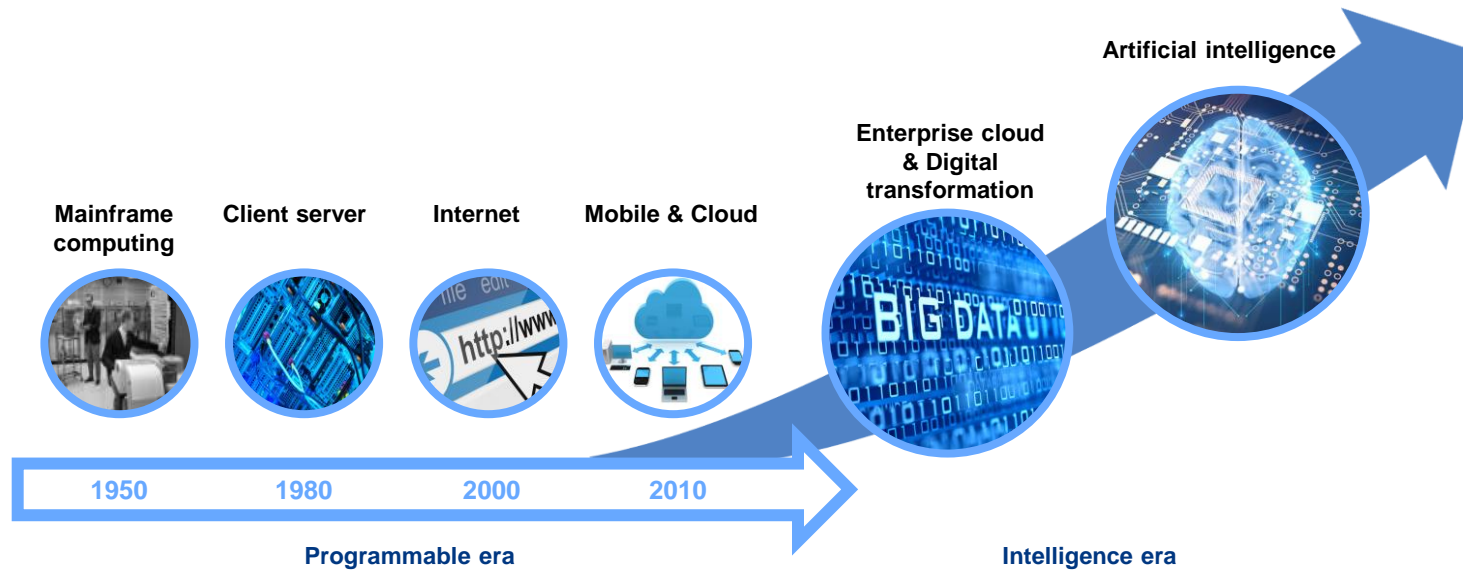
## Enterprise IT Spend: \$1.7 Trillion



**The trillion dollar (digital)  
transformation opportunity**

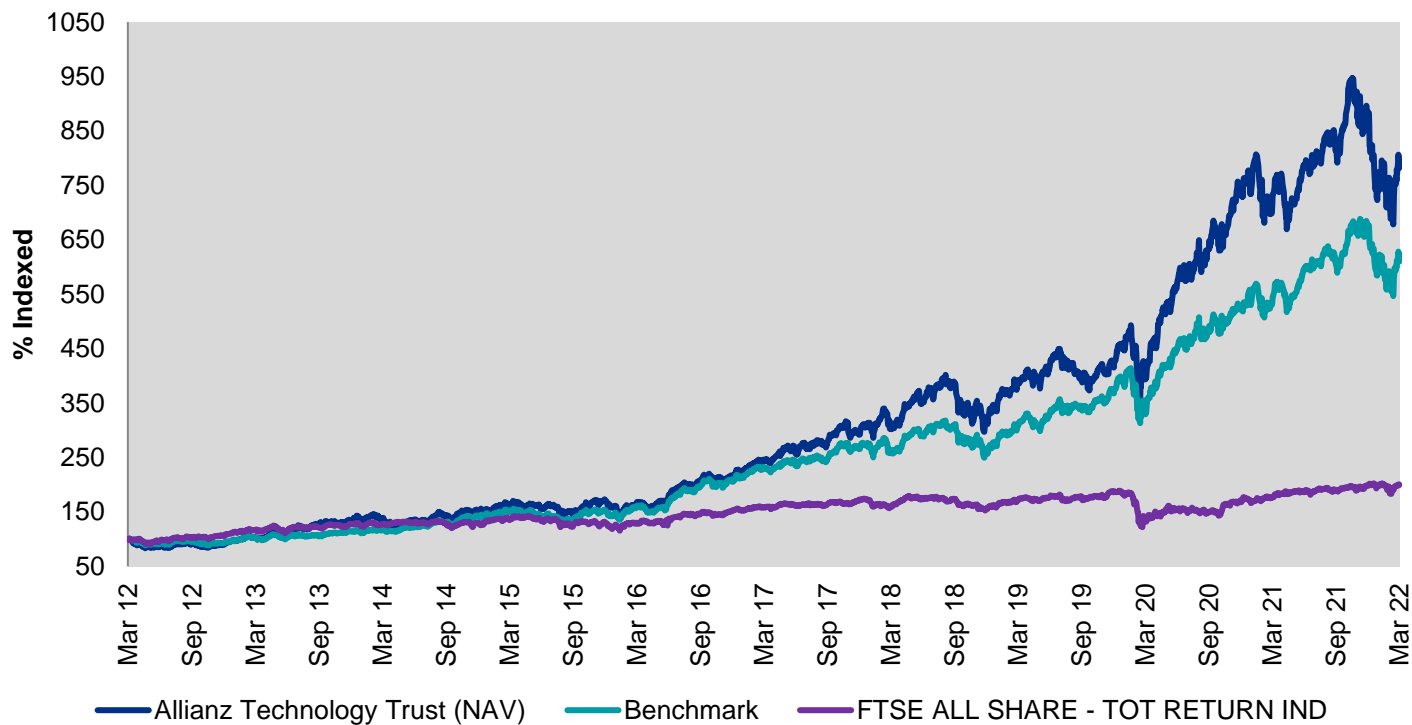
# The journey of innovation

The development of artificial intelligence: rapid transition thanks to mobile, cloud and big data



Source: IBM 2016, AllianzGI, as of 31.01.2018

## Strong relative and absolute performance of ATT



	1 Year	3 Years	5 Years	10 Years
Allianz Technology Trust PLC (NAV)	9.5	102.5	220.1	682.5
Allianz Technology Trust Share Price	4.4	85.0	203.6	782.4
Dow Jones World Technology Index	14.3	98.8	164.7	510.4
FTSE ALL SHARE - TOT RETURN IND	13.0	16.8	25.8	99.5

**Past performance does not predict future returns.**

Source: AllianzGI, as at 31 March 2022. Cumulative total returns in GBP.

## Performance

# Drivers of ATT 2021 full year performance relative to the Dow Jones World Technology Index

As of 31 December 2021

- The portfolio underperformed its benchmark over the calendar year, mostly due to the market rotation to some mega cap stocks and more cyclical companies.
  
- The largest contributors to relative performance have been from a combination of stocks.
  - High growth companies such as Asana, Tesla, and Zscaler have added to relative performance, as well as semiconductor and hardware companies, ON Semiconductor and Seagate Technology.
  - Additionally, underweight positions in Alibaba and Tencent added to relative returns.
  
- The largest detractors from relative performance included underweights to mega cap companies such as Microsoft and Alphabet. Additional detractors include overweight positions to Amazon.com, Paycom Software, and Okta.

**Past performance does not predict future returns.**

Source: AllianzGI, as at 31 December 2021.



## Performance

# Drivers of ATT 2022 year-to-date performance relative to the Dow Jones World Technology Index

As of 31 March 2022

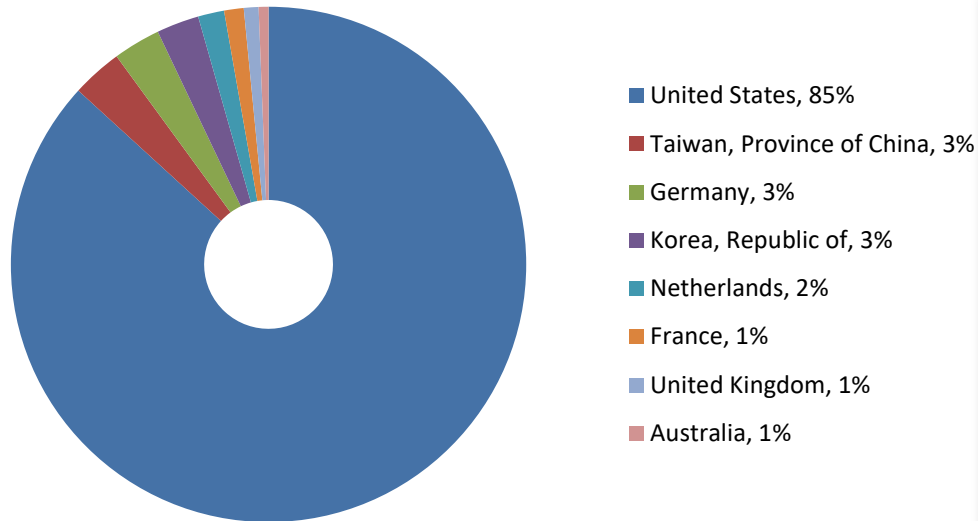
- The portfolio underperformed its benchmark to start the year amid the sharp market sell-off, mostly due to the sharper sell-off among higher growth stocks.
- The largest contributors to relative performance have been from a combination of stocks.
  - Overweight positions to Tesla, Palo Alto Networks, CrowdStrike, and Expedia.
  - Additionally, an underweight position in Meta Platforms (formerly Facebook) added to relative returns.
- The largest detractors from relative performance included overweights to high growth companies such as Zscaler, Okta, Snowflake, and Monday.com. Additionally, an underweight position to Apple detracted from relative returns.

**Past performance does not predict future returns.**

Source: AllianzGI, as at 31 March 2022.

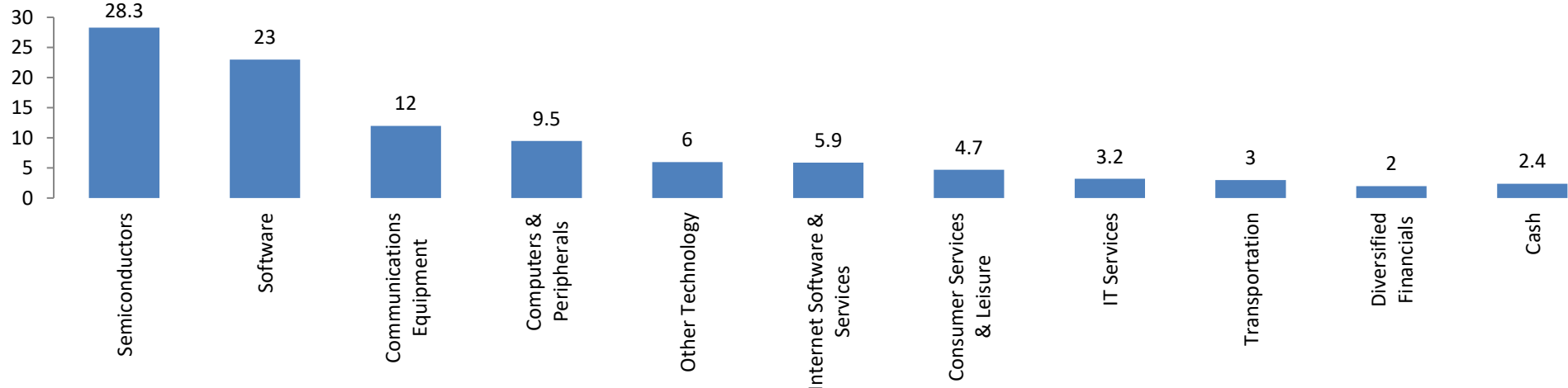
# Positioning of ATT's portfolio – different to the benchmark

## Geographical Allocation



Total Equity Holdings 56	Portfolio	Benchmark	Difference
Tesla	6.05	-	6.05
Apple	5.58	16.48	-10.9
Microsoft	5.29	14.07	-8.78
Alphabet	3.66	9.81	-6.15
Crowdstrike	3.31	0.29	3.03
Broadcom	3.27	1.58	1.69
On Semiconductor	3.26	0.16	3.09
Nvidia	3.25	4.15	-0.9
Taiwan Semiconductor	3.09	-	3.09
Micron Technology	2.95	0.53	2.42
<b>Top 10</b>	<b>39.7</b>	<b>47.1</b>	

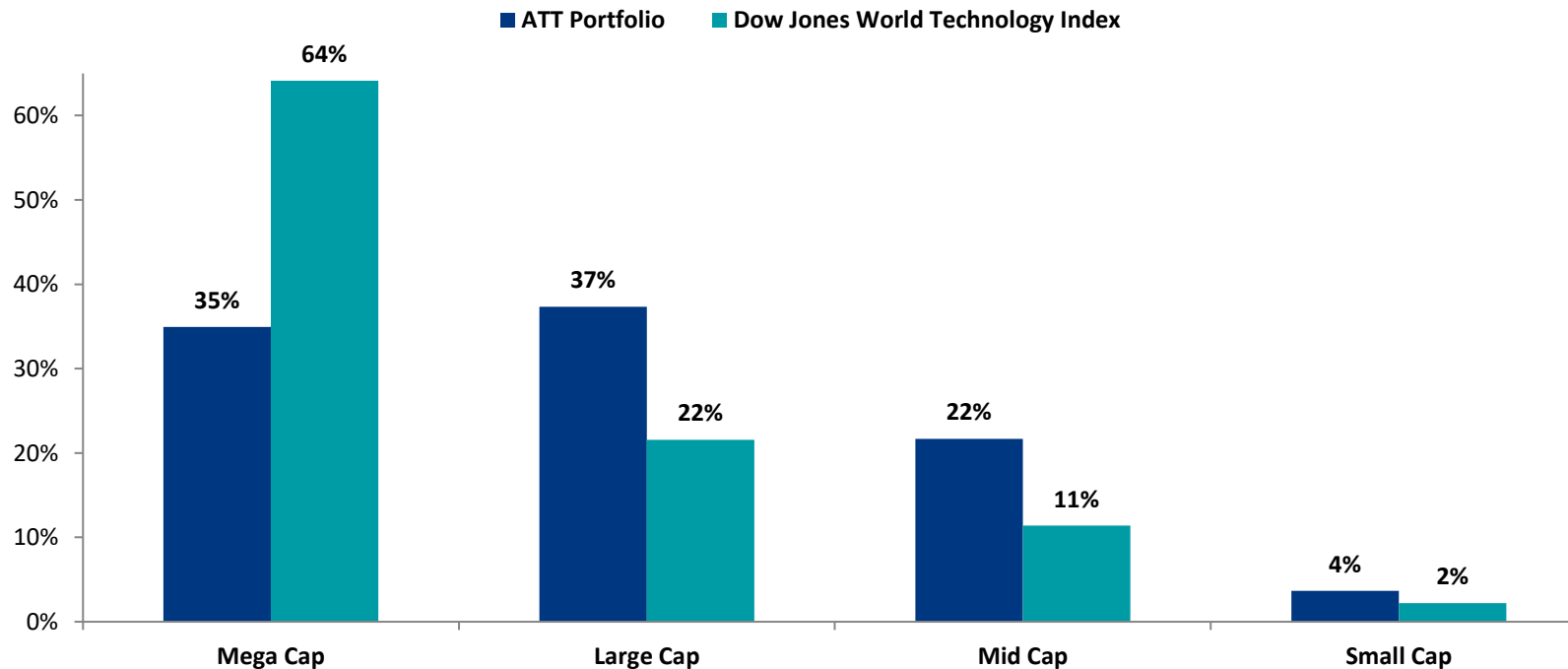
## Subsector Allocation



Source: AllianzGI, as at 31 March 2022. This is for guidance only and not indicative of future allocation.

## The portfolio has a large overweight position to smaller, higher-growth stocks.

- High growth companies tend to be smaller sized companies.
- We believe the higher growth companies in the portfolio are well-positioned to deliver robust long-term growth



Portfolio weights are as of 31 March 2022.

Mega Cap: \$200B and above; Large Cap: \$30B to \$200B; Mid Cap: \$5B to \$30B; Small Cap: Below \$5B; The chart above does not include cash held in the portfolio. This is for guidance only and not indicative of future allocation.

# Portfolio characteristics relative to the benchmark

## ATT Portfolio vs. Dow Jones World Technology Index

As of 31 March 2022

General	Portfolio	Benchmark
Number of Holdings	56	907
Dividend Yield (%)	0.5%	0.8%
Weighted Average Market Cap (bn)	£356.2	£737.2
Weighted Median Market Cap (bn)	£40.4	£222.1
Earnings Per Share Growth		
Last 3 Years	18.5%	28.7%
Earnings Growth (Last 12 Months)	57.2	35.1
Earnings Growth (Next 12 Months)	25.8	11.6
Earnings Growth (Next 3-5 years)	23.2	15.4
Portfolio P/E		
Price/Earnings (Last 12 Months)	26.7x	26.0x
Price/Earnings (Next 12 Months)	26.0	23.3
Price/Earnings (Next 12 mo.) to Growth (Next 3-5 years)	1.12	1.51

- The portfolio's earnings growth is significantly higher compared to the benchmark
- Higher earnings growth warrants higher portfolio P/E multiples
- We seek to own companies that can deliver sustainable earnings growth over time, which typically rewards investors over the long term

## Portfolio is diversified across multiple major themes

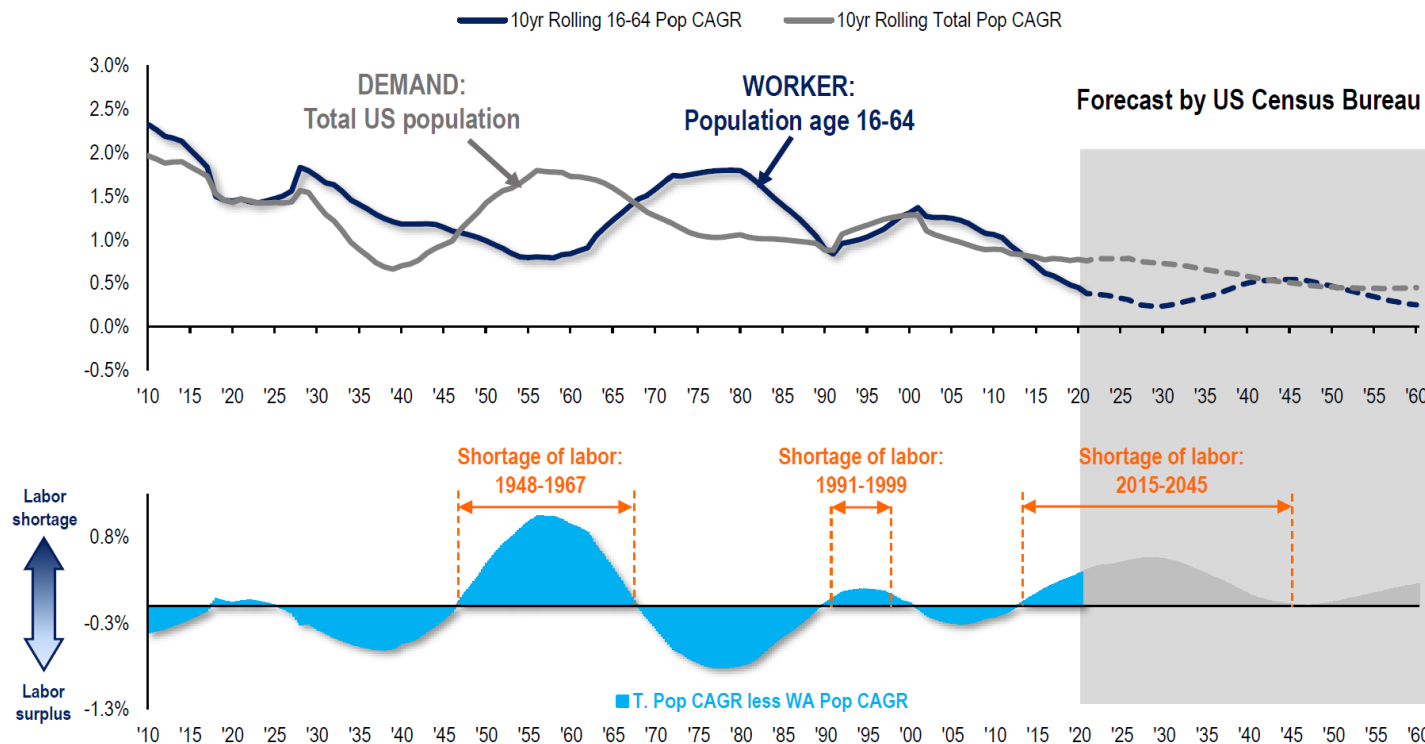
- Collaboration in work and work from anywhere. These include cloud companies, collaboration software companies, development environments that are cloud based, and software as a service companies, as well as the security systems that enable these processes.
- Targeted advertising and retail and payment systems that can allow companies to emerge from this crisis with stronger customer relationships, new ways to interact with customers, and efficient methods to find and sell to new customers.
- Companies that enable flexible and efficient work and manufacturing processes, including automation, vision, and solution systems.
- Leaders in electrification of vehicles and the new entertainment on demand sectors.
- Suppliers to the leading cloud infrastructure companies who have competitive moats and good profitability.
- **Technology as a Theme**
  - We are in a period of rapid change, where the importance of technology is key to the prosperity of most industries.
  - This environment is likely to provide attractive growth opportunities in many technology stocks over the next several years.
  - 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.

# **Global labor shortage: A major growth driver for technology and automation**

# US population growth is creating a demand/worker gap

- The overall population growth rate of the US is expected to grow ~1% annually through the next 50 years – meaning the higher births and growth of retirees is offsetting the shrinking labor pool.
- This creates a demand (total population) versus worker (age 16-64) gap in the meantime – a worker shortage

## Comparative growth of overall population versus working age population since 1900

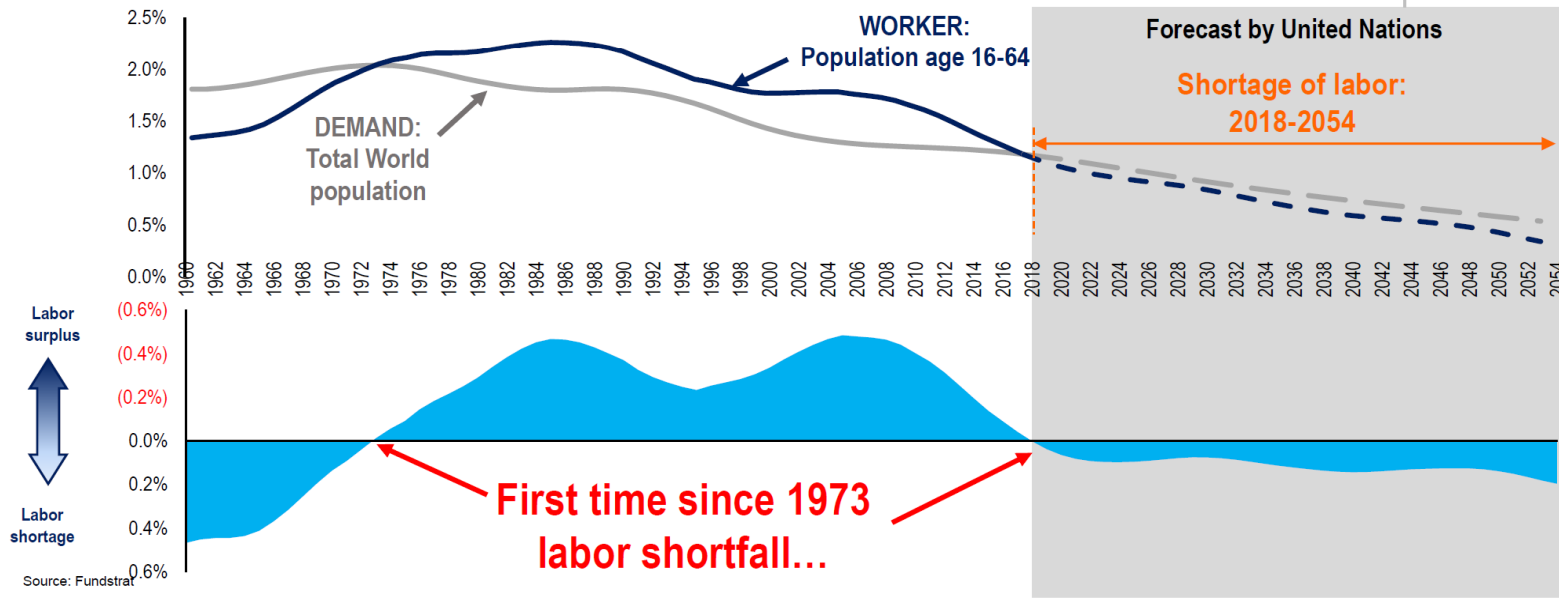


# Global excess supply of labor is gone, first time since 1973

- The decline in labor is widespread across most of the world and the total shortfall is estimated to be 43 million workers.

## Spread between total population growth and workforce growth (age 16-64)

	2018		2028		Delta		CAGR		% current	
	Total	Workforce (16-64)	Total	Workforce (16-64)	Total	Workforce (16-64)	Total	Workforce (16-64)	Shortage	workforce
World	7,632,819	4,983,447	8,407,900	5,446,592	775,081	463,145	1.0%	0.9%	(42,903)	(0.9%)
World ex-Africa	6,344,899	4,264,461	6,778,314	4,501,749	433,416	237,288	0.7%	0.5%	(78,025)	(1.8%)
High-income countries	1,197,191	783,527	1,242,592	775,187	45,401	(8,340)	0.4%	(0.1%)	(38,054)	(4.9%)
Mid/Low-income countries	6,435,628	4,199,919	7,165,308	4,671,404	729,680	471,485	1.1%	1.1%	(4,849)	(0.1%)



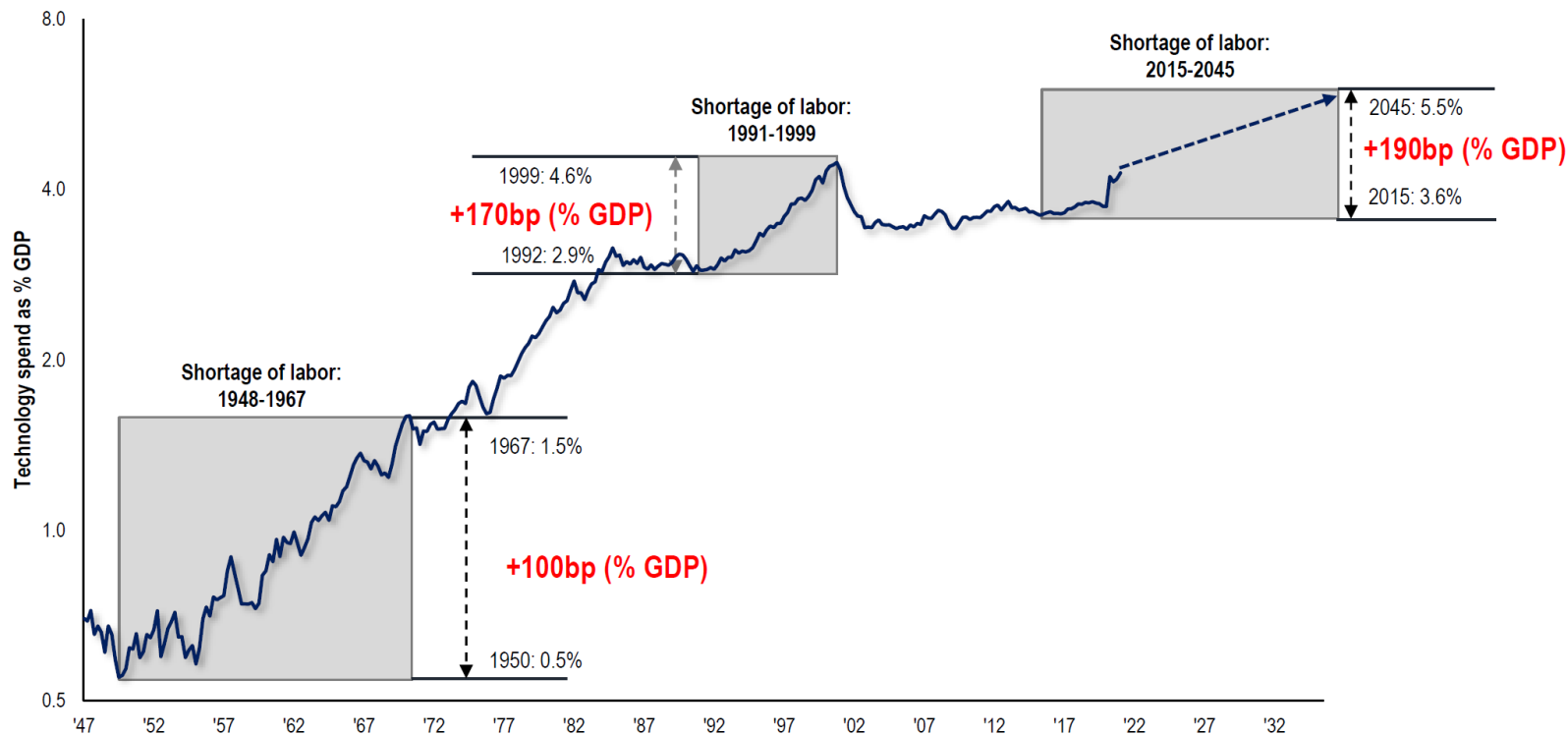


# Prior periods of labor shortage saw a surge in Technology spending

- As shown, during both periods, technology spend rose sharply as %GDP
- Fundstrat estimates technology spend could rise to 5.5% of GDP (all-time high) from 3.6% in 2015, given the large labor shortage developing.

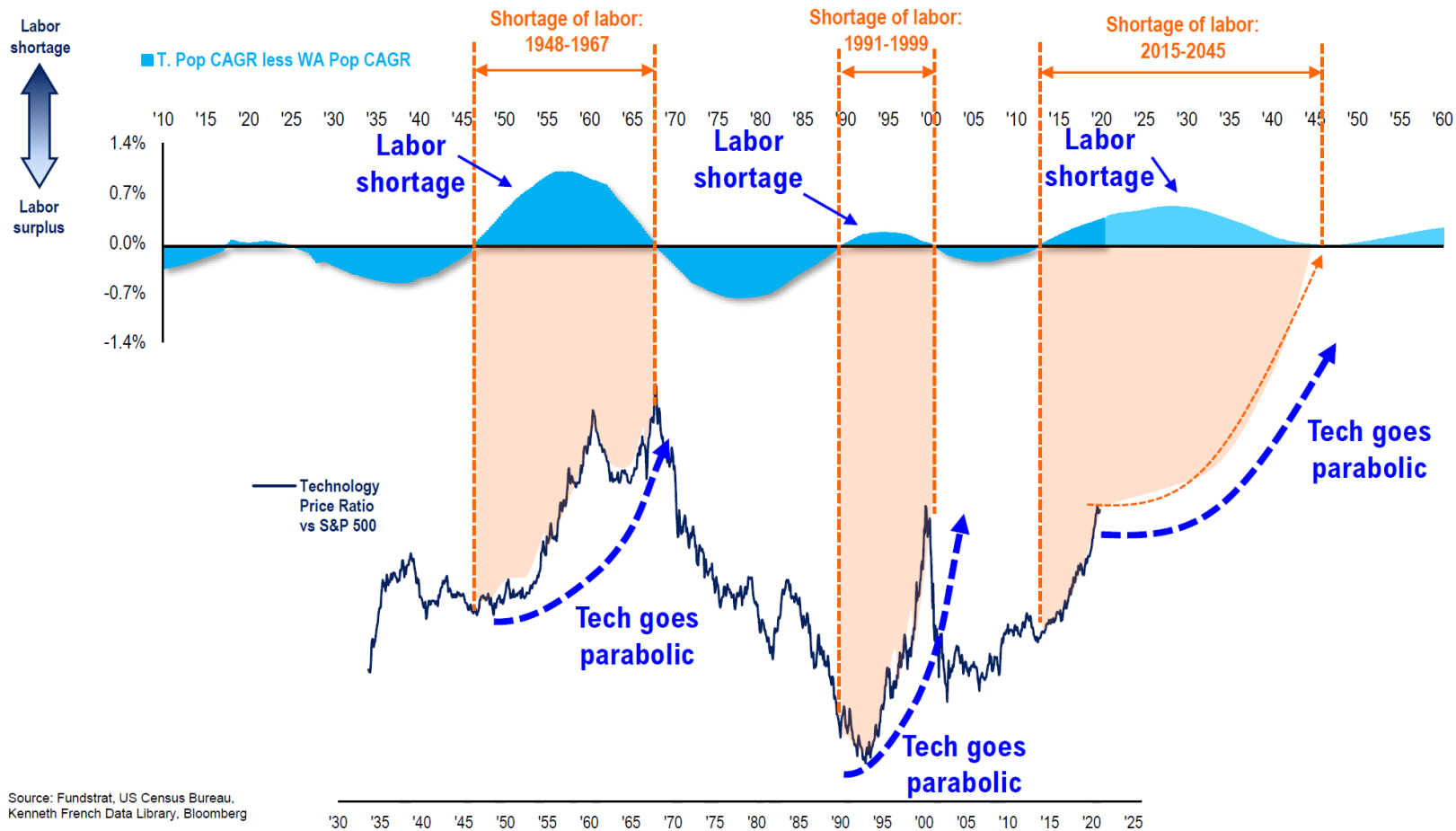
## Technology spend as % GDP

starting in 1947. Based on the sum of GDP components of Information Processing plus software (as % GDP)



# The outperformance of technology during periods of labor shortage is substantial

- Comparative relative performance of US Technology stocks during periods of US labor shortage



Source: Fundstrat, US Census Bureau, Kenneth French Data Library, Bloomberg

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