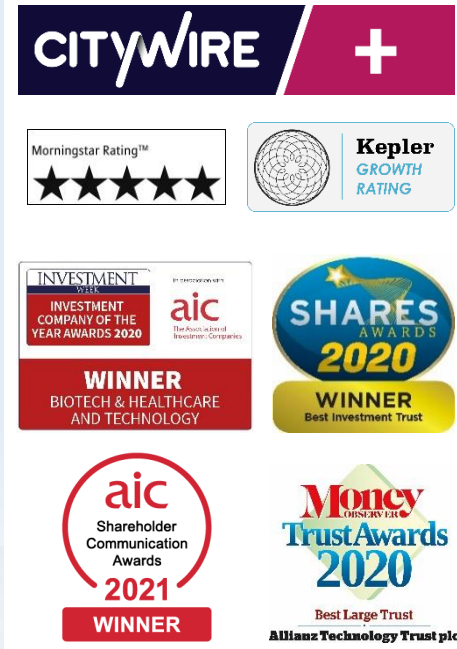


# Active is: Allianz Technology Trust PLC

UK Investor Magazine – Technology  
Summit

21 September 2021

Mike Seidenberg, Portfolio Manager



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

**Value. Shared.**

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

**Allianz**   
Global Investors

# AllianzGI technology team

- AllianzGI San Francisco has decades of experience covering the technology sector
- The combined AUM managed by the technology team is \$30 billion as of August 31, 2021

## Investment team

**Walter Price, CFA (44/45)**  
Senior Portfolio Manager

**Huachen Chen, CFA (34/39)**  
Senior Portfolio Manager

**Sebastian Thomas, CFA (15/21)**  
Senior Portfolio Manager/Analyst

**Michael Seidenberg (11/18)**  
Portfolio Manager/Analyst

**Danny Su (19/22)**  
Portfolio Manager/Analyst

**James Chen, CFA (13/24)**  
Portfolio Manager/Analyst

**Stephen Jue (10/18)**  
Portfolio  
Manager/Analyst

**Rich Gorman (9/0)**  
Senior Research Analyst

**Catherine McCarthy (14/14)**  
Research Analyst

**Stephen McDonald, CFA (8/10)**  
Research Analyst

Strategies managed
Global Technology
Allianz Technology Trust
Global Cyber Security
Global Artificial Intelligence
Global Hi-Tech Growth
Cloud Computing
Social Networking Services
Intelligent Cities LUX
AI Opportunities CEF

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

- The Global Technology Team’s AUM as of August 31, 2021 was \$11 billion



## AllianzGI Global Technology philosophy

**We traditionally identify companies with the potential to ride major trends to become much bigger and more important.**

- We believe investing in technology investments is more of a “winner’s game” than a “loser’s game.” We believe that there are opportunities to create whole new sub-industries within technology.
- Risk management is also different. We believe “blow-up” risk may be mitigated by buying market leaders so the probability of positive total return may be higher.
- In addition, industry diversification is important as there is somewhat unpredictable sub-sector rotation.
- Augmenting our investment thesis with Grassroots® Research is important in our process.

**But today, Technology is also a mature industry in many segments, and strategies successful in other industries are now applicable. These include:**

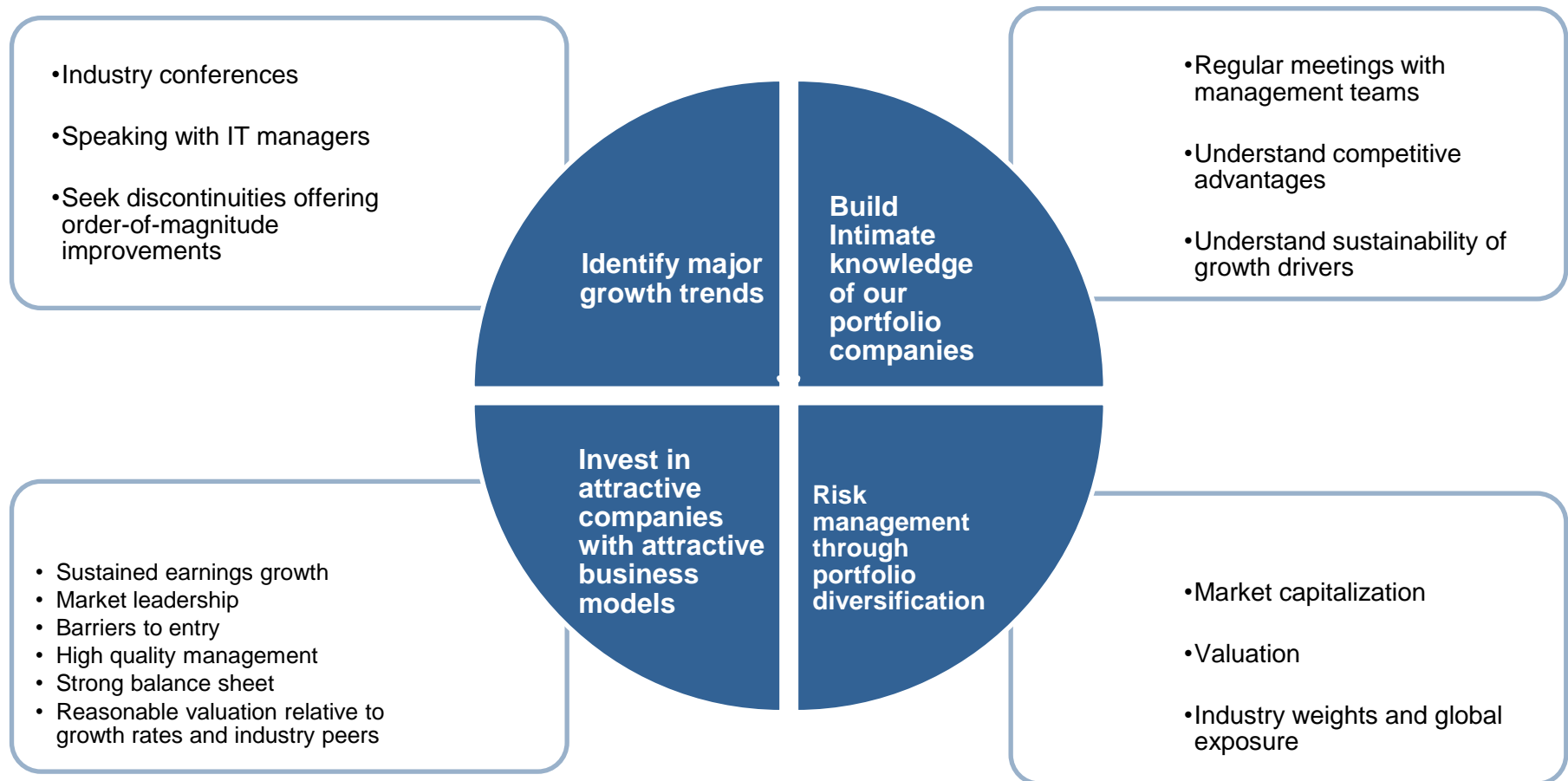
- Activist investing and influence for better shareholder returns
- Industry consolidation and pricing leverage
- Return of capital by aggressive buybacks and dividends

Concentrating assets in the technology sector, which tends to be more volatile than the overall stock market, may add additional risk compared to a diversified portfolio. Diversification does not ensure against loss.

Grassroots® Research is a division of Allianz Global Investors that commissions investigative market research for asset management professionals. Research data used to generate Grassroots® Research reports are received from independent third-party contractors who supply research that, subject to applicable laws and regulations, may be paid for by commissions generated by trades executed on behalf of clients.

## AllianzGI Global Technology process

**We strive to achieve superior long-term returns relative to competing technology strategies.  
Our team-oriented investment process is driven by:**



## AllianzGI Global Technology Highlights

### Strong portfolio management team

- The two founding portfolio managers have worked together for over 30 years
- The other investment team members each have 15-20 years of professional investment experience, mostly with the current team
- Consistent investment philosophy/process since inception of product
- Exposure to multiple major growth themes

### Diverse Product Offering

- Diversified across industries and market capitalization
- Global product— up to 50% outside US
- The strategy usually emphasizes Mid Cap

### Stock selection is the main driver of return and risk

- Identify secular winners that benefit from long term growth tailwinds
- Driven by deep fundamental research
- High conviction portfolio


### Located in San Francisco

- Easy access to the headquarters of many of the world's major technology companies
- Access to private companies to gain insight on next generation technologies and companies

 Robust performance track record over multiple decades

## Why technology?

Technology provides opportunities in all market environments

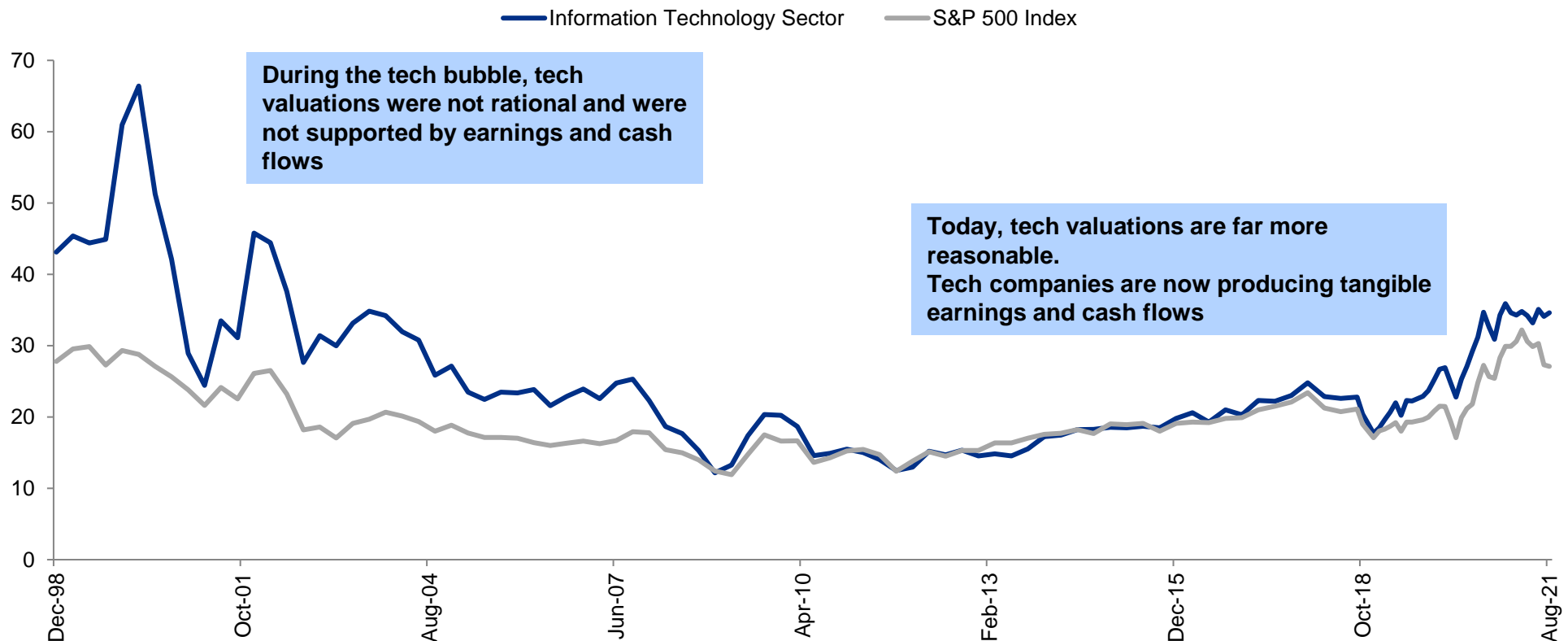


Types of Technology Companies	Characteristics of Group
High-growth, innovators	<ul style="list-style-type: none"> <li>▪ Secular growth</li> <li>▪ Emerging/transformational areas within technology</li> <li>▪ Current and projected sales growth &gt;20%</li> <li>▪ Long-term price targets based on sustained 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



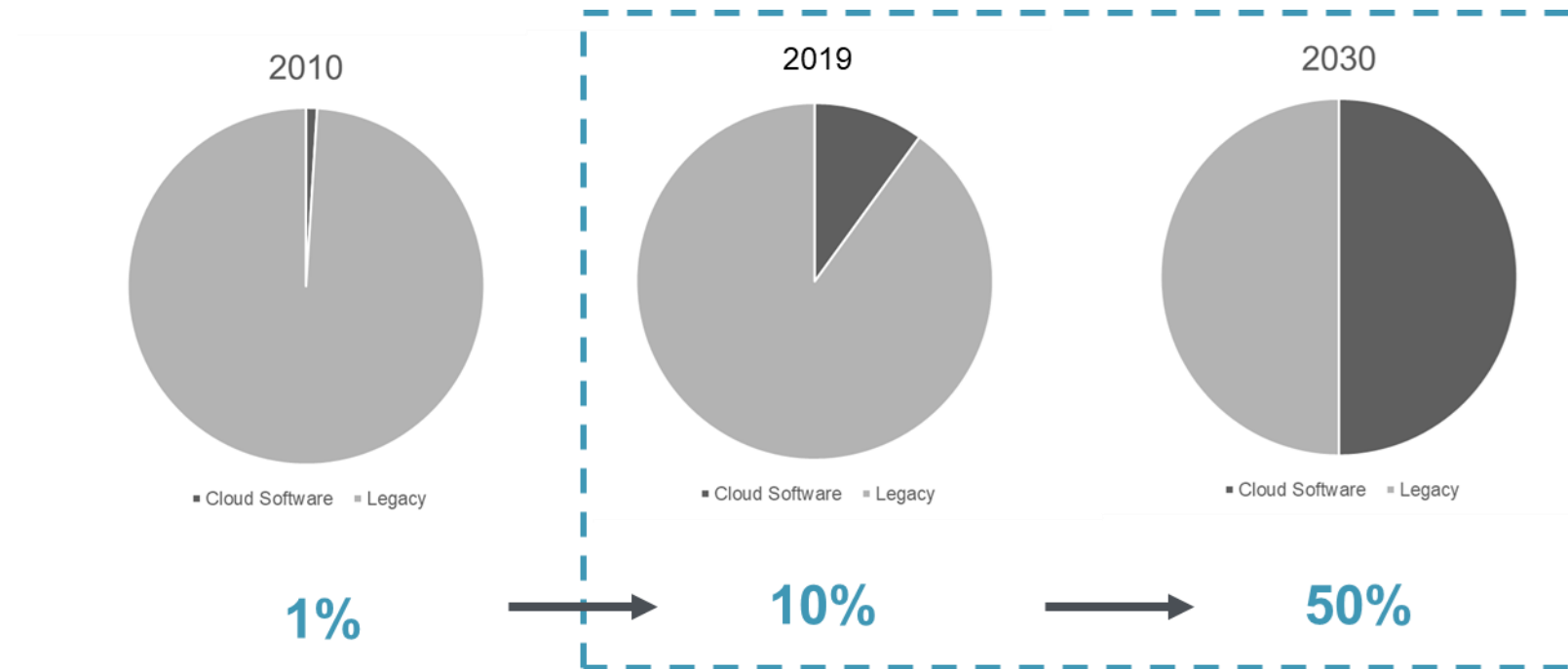
The material contains the current opinions of AllianzGI, which are subject to change without notice. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Forecasts and estimates have certain inherent limitations, and are not intended to be relied upon as advice or interpreted as a recommendation. This document has been distributed for informational purposes only, does not constitute investment advice.

Source: Factset, AllianzGI. As of August 31, 2021.



## Strong secular tailwinds could sustain growth through 2030

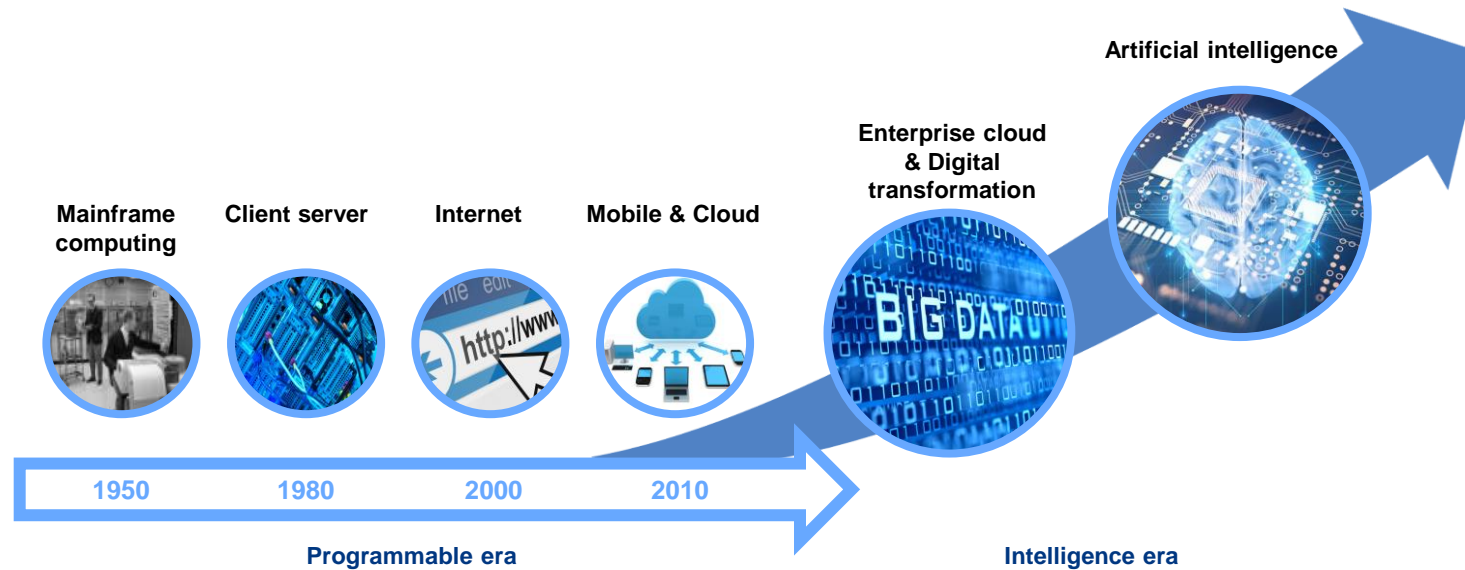
### Enterprise IT Spend: \$1.7 Trillion



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

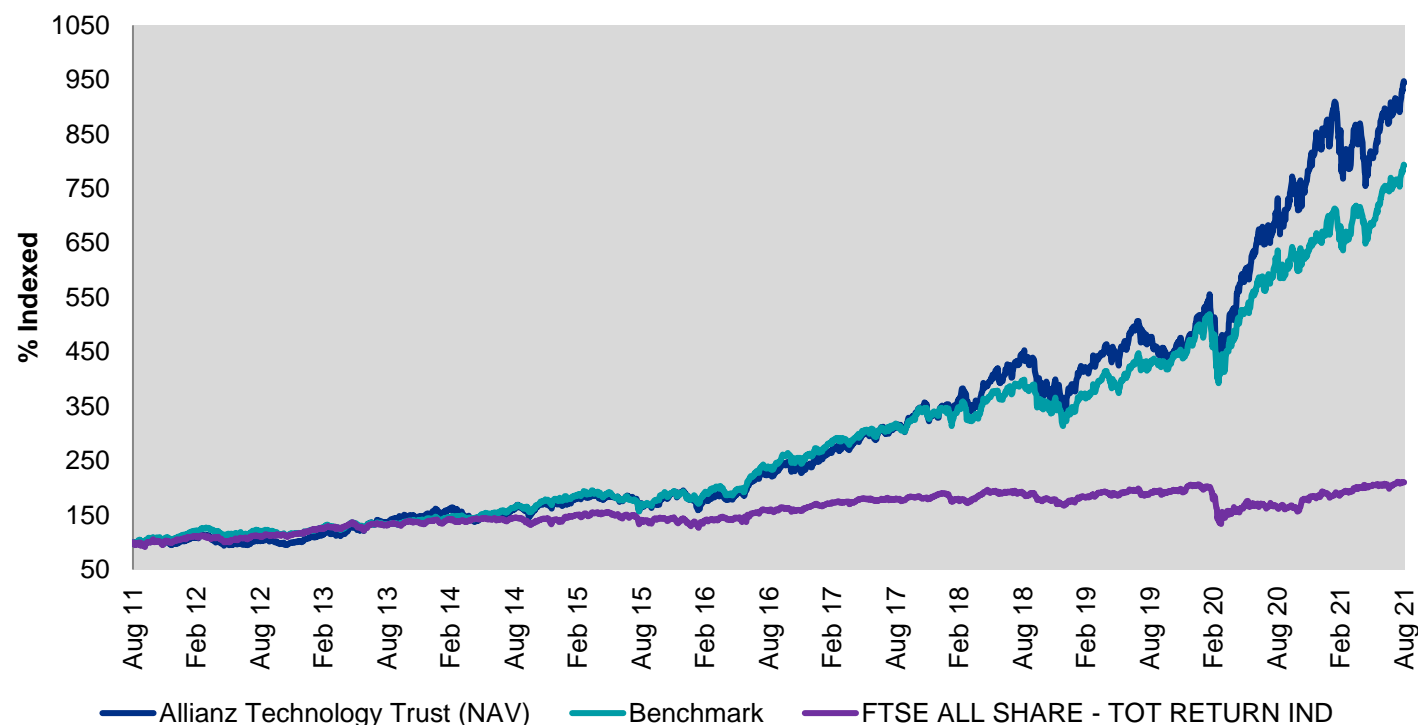
# The journey of innovation

**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)	35.2	111.9	317.6	843.6
Allianz Technology Trust Share Price	24.1	91.1	316.7	868.9
Dow Jones World Technology Index	29.2	100.3	232.6	693.0
FTSE ALL SHARE - TOT RETURN IND	26.9	11.4	33.3	110.2

**Past performance is not a reliable indicator of future results.**

Source: AllianzGI, as at 31 August 2021. Cumulative total returns in GBP.

## Performance

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

As of 31 August 2021

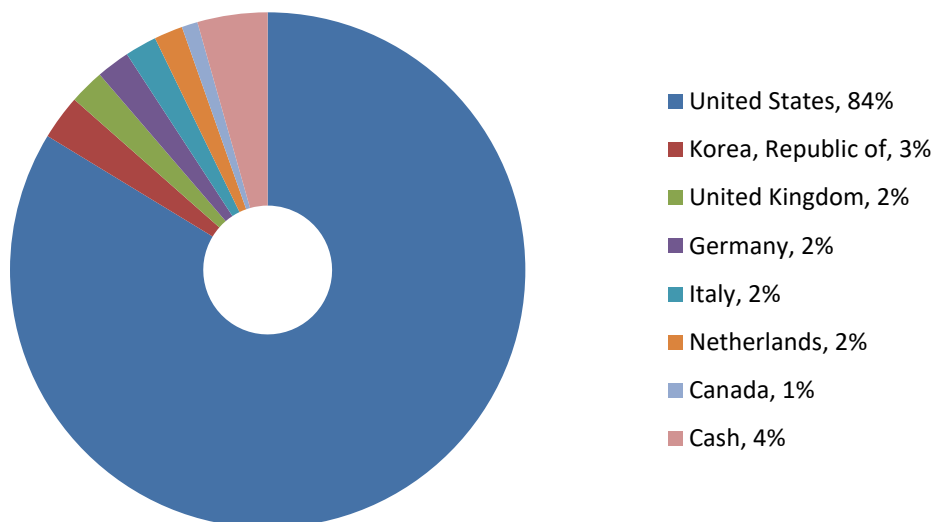
- The portfolio has underperformed its benchmark so far this year, mostly due to the market rotation to some mega cap stocks and more cyclical companies.
- The largest contributors to relative performance have been from a combination of stocks.
  - High growth companies such as Asana, Zscaler, and CrowdStrike have added to relative performance.
  - Additionally, underweight positions in Apple, Alibaba, and Tencent added to relative returns.
- The largest detractors from relative performance included underweights to mega cap companies such as Alphabet and Microsoft. Additional detractors include overweight positions to Micron Technologies, Paycom Software, and IGP Photonics.

**Past performance is not a reliable indicator of future results.**

Source: AllianzGI, as at 31 August 2021.

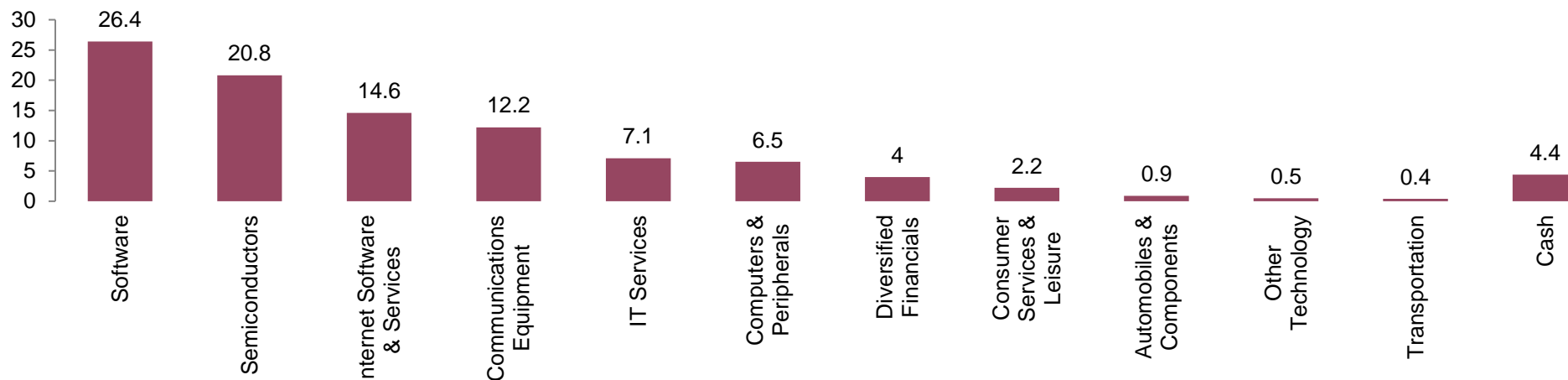
# Positioning of ATT's portfolio – different to the benchmark

## Geographical Allocation



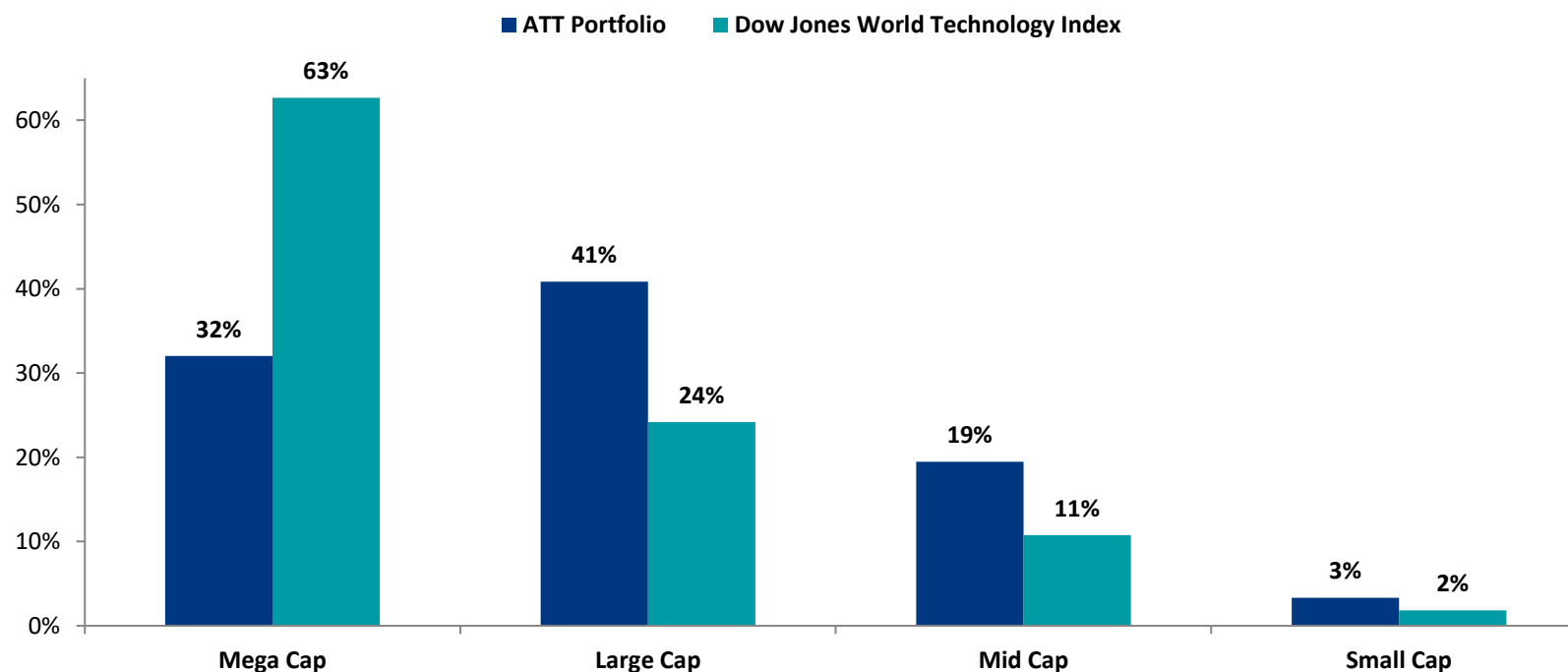
Total Equity Holdings 69	Portfolio	Benchmark	Difference
Alphabet Inc	6.7	9.7	-3.0
Microsoft Corp	6.0	12.9	-7.0
Amazon.com Inc	3.8	-	3.8
CrowdStrike Holdings	3.6	0.3	3.3
Zscaler Inc	3.3	0.1	3.2
Nvidia Corp	2.8	3.2	-0.4
Apple Inc	2.6	13.6	-11.0
Epam Systems Inc	2.3	0.2	2.1
Seagate Technology Hol	2.3	0.1	2.2
Samsung Sdi Co Ltd	2.3	-	2.3
<b>Top 10 Holdings</b>	<b>35.5</b>	<b>40.1</b>	<b>-4.6</b>

## Subsector 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 August 2021.

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 August 2021

General	Portfolio	Benchmark
Number of Holdings	69	813
Dividend Yield (%)	0.4%	0.8%
Weighted Average Market Cap (bn)	£379.0	£719.0
Weighted Median Market Cap (bn)	£46.2	£330.0
Earnings Per Share Growth		
Last 3 Years	21.3%	15.8%
Earnings Growth (Last 12 Months)	70.8	44.4
Earnings Growth (Next 12 Months)	26.4	8.2
Earnings Growth (Next 3-5 years)	20.7	16.1
Portfolio P/E		
Price/Earnings (Last 12 Months)	41.2x	29.0x
Price/Earnings (Next 12 Months)	33.2	26.8
Price/Earnings (Next 12 mo.) to Growth (Next 3-5 years)	1.60	1.67

- 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.

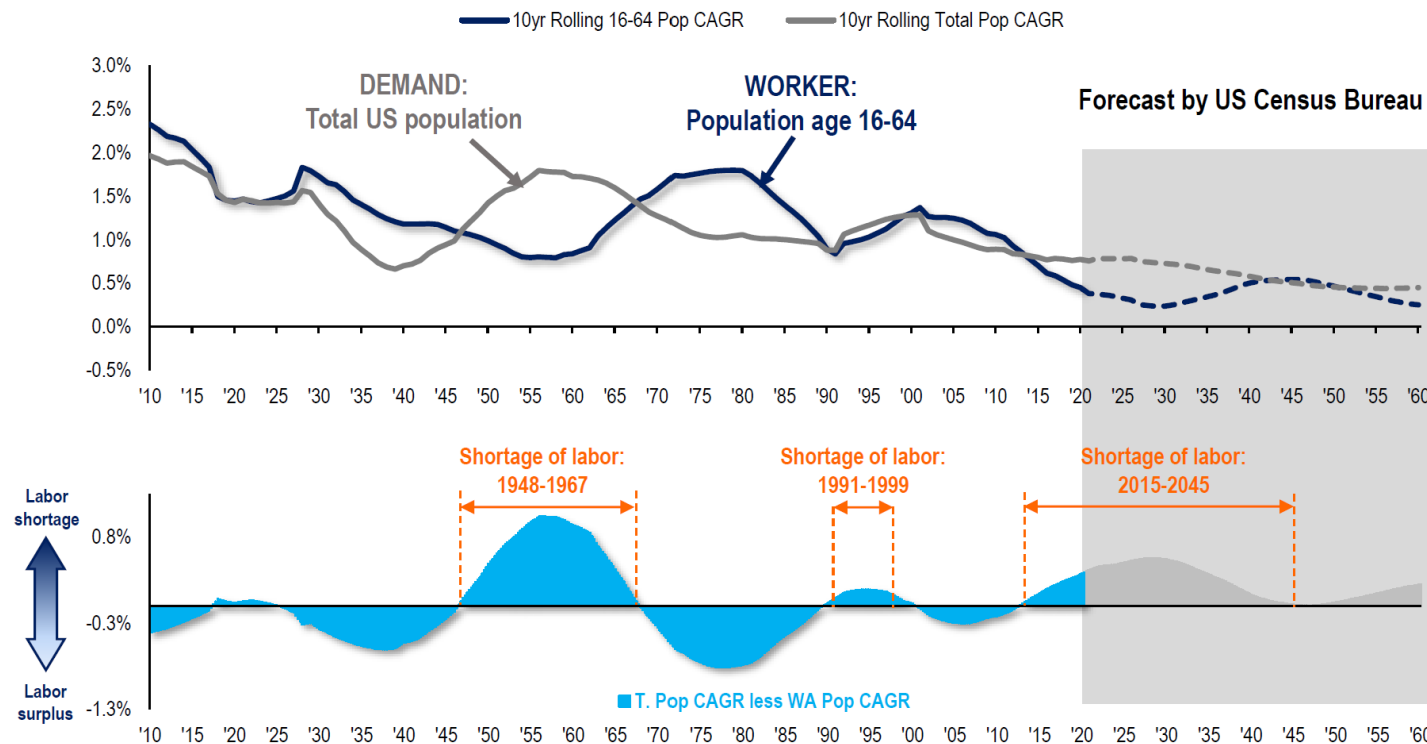


# **Global labor shortage: A major growth driver for technology and automation**

# 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

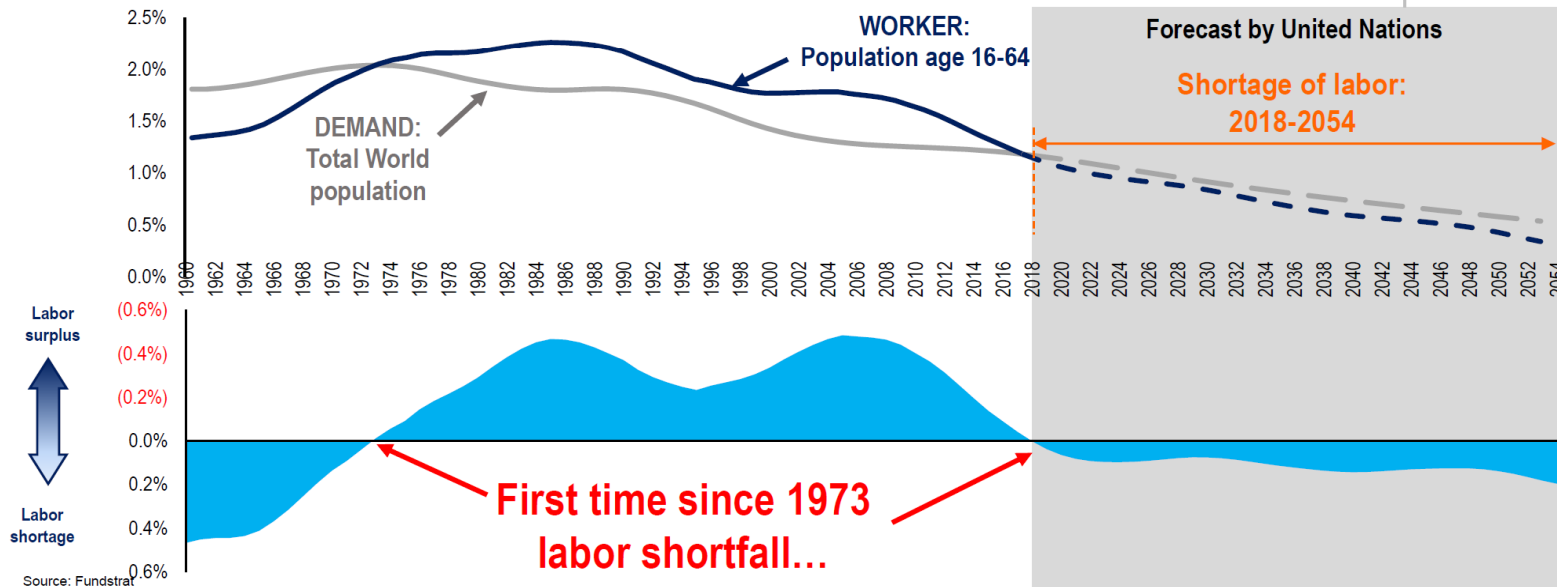


# Global excess supply of labor is gone, first time since 1973

- 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		Shortage workforce	
	Total	Workforce (16-64)	Total	Workforce (16-64)	Total	Workforce (16-64)	Total	Workforce (16-64)		
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%)

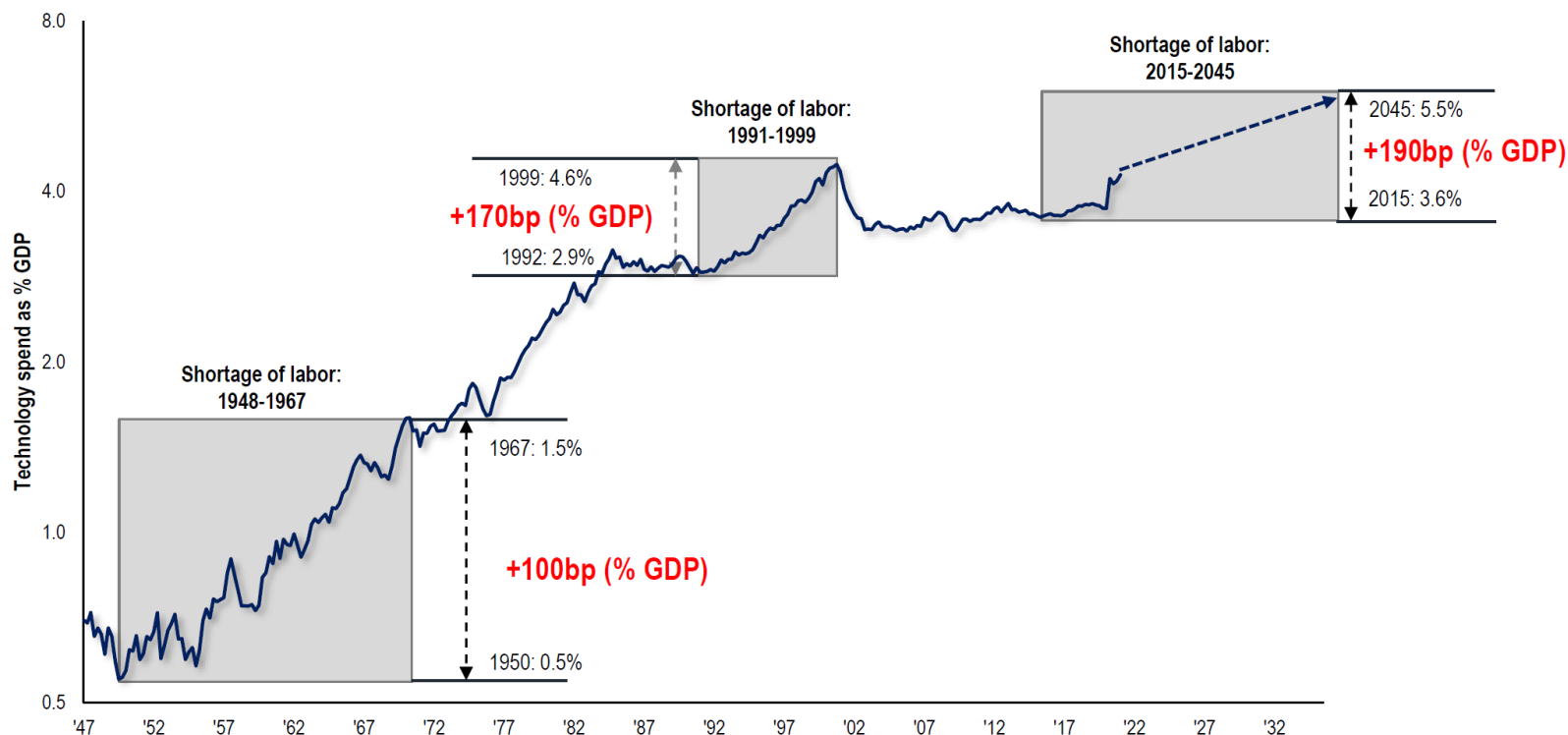


# Prior periods of labor shortage saw a surge in Technology spending

- As shown, during both periods, technology spend rose sharply as %GDP (Gross Domestic Product)
- 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.

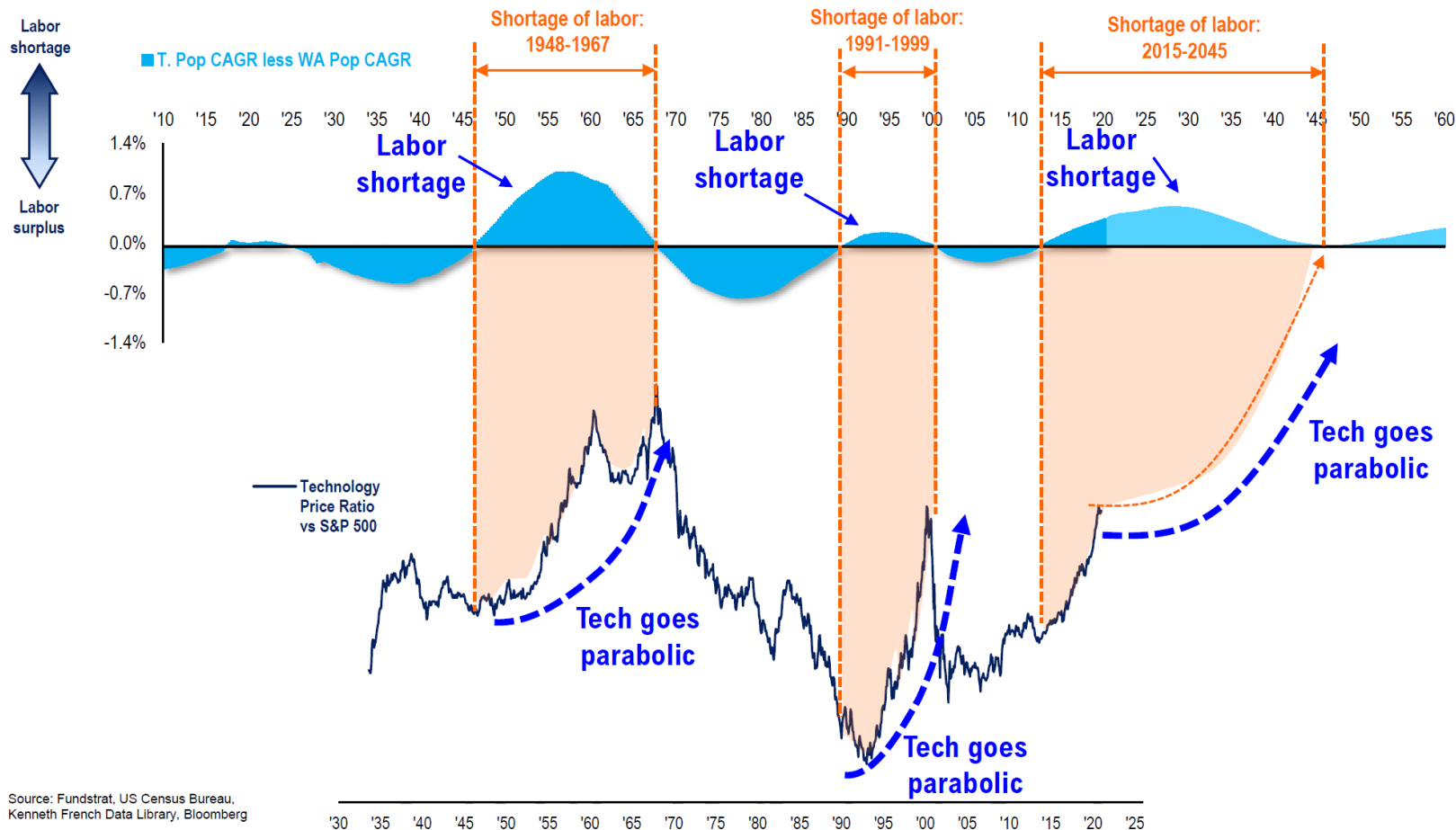
## Technology spend as % GDP

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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