



Allianz Technology Trust (ATT)

ATT looks set for re-rating after one and three year outperformance.

Update

04 March 2026

Overview

Allianz Technology Trust (ATT) is a highly active fund, which invests across the broad and diversified technology space, capturing the potential of the sector driving most global economic growth. Manager Mike Seidenberg uses his almost three decades' experience and location in the heart of the action in Silicon Valley to identify the best stock-specific opportunities, assessing changing growth outlooks and valuations. Mike delivered strong outperformance of the benchmark over 2025, in a market in which the Magnificent Seven gathered most of the press. ATT is now substantially ahead of the market over three years too (see **Performance**).

In fact, the tech mega-caps have been weak in recent months. Nvidia has been roughly flat since August, while Microsoft and Amazon have sold off on the scale of the capex required to build out their AI services. Meanwhile, the market is coming to realise that the business models of many software companies could be permanently impaired by new AI tools. Mike was ahead of the software sell-off, and benefitted from entering 2026 underweight the sector. He is also underweight the mega-caps, not owning Amazon at all for the first time in decades and underweight six of the Magnificent Seven. The trust's long-standing tilt to the mid-caps remains, as Mike aims to find companies that can outperform in a more discriminating environment.

ATT's discount has hovered around 10% to 12% for the past two years, in an environment that favoured passives or buying the mega-caps like Nvidia directly. It has been narrowing slightly in recent months though, and we think could narrow further as these trends reverse.

Analyst's View

AI is going to have immense constructive and destructive effects, and disrupt many business models within the tech sector itself. The first wave of investor interest saw the mega-caps bid up as they were potential beneficiaries, but the reality is now setting in that they have to invest massively, while the scale of any revenue streams remains questionable. Hardware continues to do well, although Mike argues valuations are full in many cases, while software is under threat – some businesses may be fatally wounded, while others may be enhanced, but the market currently finds it hard to distinguish the two. This is precisely the sort of environment in which an active fund should earn its keep. Indeed, with the mega-caps likely to be hamstrung by capex for the coming two years or more, a passive investment could be particularly ill-favoured at this time. Mid-caps have historically been a source of superior earnings growth and share price returns, and in this environment they may play the same role once more. ATT looks well suited for this.

ATT's portfolio is diversified by theme and managed very actively, Mike reacting to a changing outlook faster than the end investor is likely to be able to. Having a ringside seat in California gives him and his team great access to management and other investors in this rapidly developing sector. Adding back into semiconductors during the Liberation Day sell-off was astute, and benefitted shareholders, as did the decision to dial back software exposure on the earnings outlook and the potential impact of AI well ahead of this January's crisis point. We have long felt ATT's double-digit discount to be a glaring opportunity. While the Mag Seven were outperforming and investors could go passive or buy them directly, it is perhaps understandable that it persisted, but with the environment now having decisively changed, we think the recipe for a re-rating is on the table.

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BULL

- Strong performance track record
- Diversified technology exposure, greater focus lower down the market-cap spectrum
- Discount may offer a great long-term entry opportunity

BEAR

- Single-sector focus increases volatility
- High-growth strategy may underperform in a value-driven market
- Position size limits can hinder relative performance when the largest stocks outperform



Portfolio

Allianz Technology Trust (ATT) is a specialist investor in the technology sector, utilising the knowledge and experience of a Silicon Valley based team to uncover the best returns potential in a dynamic area in which valuations and changes to earnings growth outlooks can lead to major volatility. Mike Seidenberg has almost three decades of experience in this sector and leads a team of similarly experienced managers and analysts.

Mike and the team are active in trading into and out of companies and sectors where they see warning signs in valuations or growth outlooks, for example dialling down their software exposure over 2025, having entered the year overweight. This has paid off in recent months as software stocks have sold off on fears that AI tools could ruin their business models. Mike is looking at adding back to some of these companies in good time, as he thinks the worst fears are likely unfounded, but is cautious on the near-term outlook.

Mike also took an underweight position in Microsoft prior to the major sell-off in January, which was driven by the impact of data centre capex on its earnings. Mike argues the company is constrained on GPUs, and has to allocate them both to internal data centres for its core products and to its Microsoft Azure cloud business platform. He views Azure as the engine of the share price, and thinks that the company will need to beat expectations on Azure for its shares to really respond, yet it has to invest in AI across its platforms. As such, and given he views it as fully valued on 21x next years' earnings, he thinks he is more likely to reduce than to add to the position in the coming months.

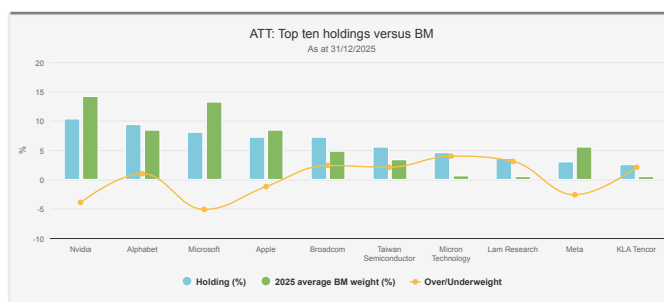
Similarly, Mike is wary on Amazon and doesn't own it in ATT for the first time in decades. Amazon needs AWS to accelerate to see its shares do well, in his view, but its massive investment in AI is going to make that a challenge. Mike was therefore ahead of the latest AI rotation, and he remains fairly neutral on Nvidia, which he thinks is a great business but not likely to outperform in the near future, thanks to full valuations. ATT made good money in Palantir last year, one of the main AI hype stocks of that period, but has reduced the position. It also benefitted from positions in semiconductor stocks other than Nvidia, like Lam Research and Broadcom, benefitting as the first and second-order effects of the AI trade became clear and they caught up with Nvidia.

Similarly, ATT has benefitted from an overweight position in Celestica. Celestica manufactures electronics parts that are essential to data centre networks and is off-benchmark for ATT (the benchmark being the Dow Jones World Technology Index). Celestica shares rose c. 67% over 2025 while Nvidia was up just 28%, as the company saw unprecedented demand for its products, ATT again

benefitting from Mike and the team looking for the overlooked beneficiaries of the AI trade down the value chain. As noted below in the **Performance section**, three of the largest contributors to 2025's outperformance were off-benchmark positions, illustrating that ATT offers something very different to a passive investment in tech.

The global tech index has become extremely concentrated, with 67% in the top ten positions and 41% in the largest three: Nvidia, Apple and Microsoft. ATT is significantly underweight all three of these. In the chart below we show the trust's largest ten positions and also the relative position versus the benchmark (using 2025 average weights). We think this brings out ATT's active positioning well, as there are many familiar names in the list, but held at very active levels versus the benchmark. Indeed, ATT doesn't own Tesla or Amazon, and of the other five in the MAG 7 is significantly underweight four, while being meaningfully overweight Alphabet. Being underweight the MAG 7 was a headwind for the past few years, but leadership has passed on over the past 12 months, which we think bodes well for an active approach like ATT's.

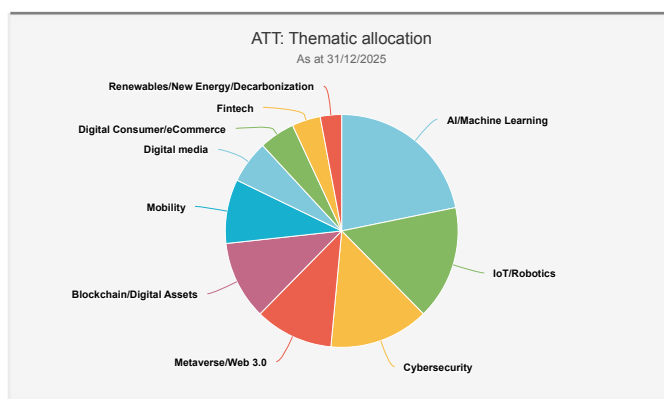
Fig.1: Top Ten Holdings



Source: ATT

Cybersecurity is one theme Mike and the team remain keen on, owning names like Palo Alto Networks, CrowdStrike and Zscaler. AI may have a role to play in this business area, but clients are likely to be very cautious. Mike notes adversaries are more and more sophisticated,

Fig.2: Thematic Exposure



Source: ATT

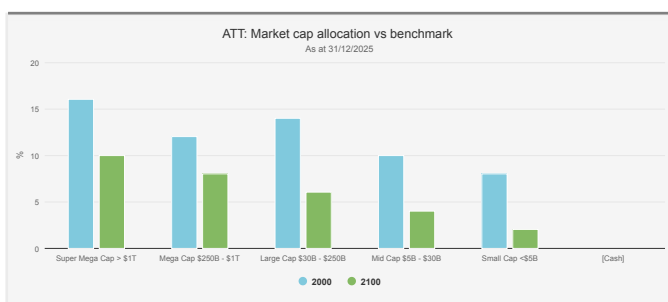


requiring constant investment to keep up with the threats. More sophisticated AI products will require more sophisticated security too. Mike prefers the platform businesses in this space, which offer comprehensive coverage across networks. Memory is another theme, with the team conscious of a supply/demand imbalance, which is benefitting the suppliers. Of course, this won't last, and Mike is ready to dial down exposure here as the cycle turns. He has already taken some money out of the semiconductors after such a strong run, although remaining slightly overweight.

ATT also owns positions in some less well-established themes on the fringe of the technology sector. For example, it has a small position in IonQ, a quantum computing company. Quantum computing remains controversial and speculative, but Mike says it is starting to look realistic for the first time, and having very small direct exposure is attractive given the potential. ATT also has a position in Bloom Energy, a provider of renewable energy to power-hungry data centres via onsite generators. The last year has seen a growing realisation in the market of the ramifications for energy markets of the amount of power required to drive LLMs. Robinhood is an off-benchmark position, an online trading app offering low-cost access to stocks, options and crypto to retail. The crash in crypto has been a challenge for the company, and Mike has dialled down exposure.

The chart below shows ATT's market-cap breakdown versus the benchmark, with a tilt away from mega-caps and towards mid-caps. Mid-caps have historically been the best area to look for growth and for alpha, with the recent success of the mega-cap hyperscalers something of an aberration. ATT has tended to run with these market-cap tilts, which has been a headwind during the MAG 7 boom, but as the environment shifts we think looks like being helpful once more, as it was during past, pre-COVID cycles for ATT.

Fig.3: Market-Cap Exposure



Source: ATT

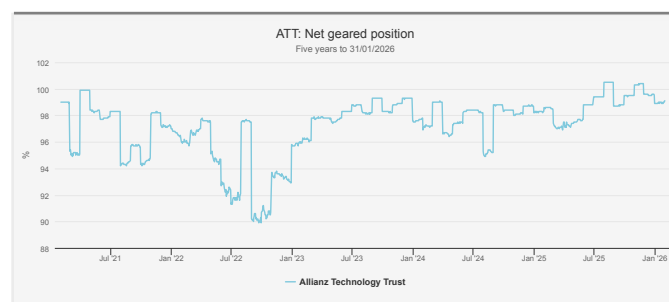
While Mike is prepared to move quickly and be nimble around changing business cycles, valuations and earnings projections, he is also able to be steadfast in the face of

macro volatility. He highlights that he didn't sell down his exposure in the macro volatility around Liberation Day. However, he used the sell-off as an opportunity to add to his exposure to semiconductors, such as Broadcom and Monolithic Power Systems, where the team were seeing evidence of robust demand, as well as some memory and electronics names linked to the data centre demand. They found the earnings outlook to appear more robust than that of software companies, plus had some concerns about the impact of AI, and both moves proved beneficial over the remainder of the year.

Gearing

ATT does not employ gearing and has no debt facilities. The board and managers recognise that the technology sector is typically more volatile than the broader market and have decided not to take on the additional risk gearing would bring. Cash levels vary over time depending on the opportunities Mike sees, although they are officially limited to 15% in normal market conditions. As the chart below shows, Mike took cash levels up in mid-to-late 2022 in reaction to a tough market environment in which rate hikes had hit growth stocks hard. Over 2024 and 2025, cash levels were much more modest and market exposure higher, and it is notable that Mike has maintained a high investment level despite the volatility seen in recent months.

Fig.4: Net Gearing



Source: Morningstar

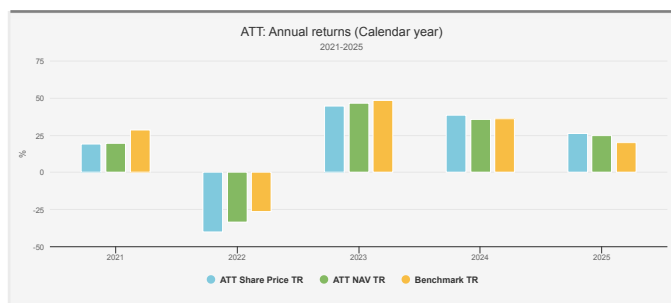
Performance

In 2025 ATT delivered meaningful outperformance, with NAV total returns of 24.7% ahead of the 20% of the Dow Jones World Technology Index benchmark. The technology index has been a tough one to beat since the emergence of ChatGPT in 2022. This led to a surge in Nvidia, which swelled to become the largest company in the world and make up over 20% of the world technology index. AI also helped other mega-caps like Amazon and Microsoft to outperform on the expectation they would be the beneficiaries of the new technology. ATT underperformed



by small margins in 2023 and 2024, which we think is creditable in itself given how concentrated market returns were, and ATT's consistent tilt to the traditional stock-picking grounds of the mid-caps and therefore away from the mega-caps. We think the environment has decisively changed over 2025 into one in which an active approach, individual stock-picking and a focus outside of the mega-caps will all pay dividends.

Fig.5: Returns



Source: Morningstar

Past performance is not a reliable indicator of future results.

Nvidia's shares have been roughly flat since August, while January has seen significant falls in Amazon and Microsoft's share prices when the scale of their planned data centre capex became clear. We think the market has priced in the basic story of a huge spending surge on AI infrastructure, which will see high demand for Nvidia's GPUs and high costs for the hyperscalers building out data centres. Attention is now turning to what AI means for software stocks, with falls in some market leaders demonstrating concerns about the financial implications of the new tools. In this environment, we think stock-picking is going to be key, and the outperformance of the mega-caps seen in the past three years is likely over. Mike and

the team's strategy looks well suited to this new era, and we think there could be more of the outperformance seen last year to come.

ATT's returns last year came from a diverse set of drivers. Micron Technology operates in the memory space, Lam Research in semiconductors, Celestica in electronics and Robinhood is a retail trading platform. ATT benefitted from positions in Palantir, playing the AI theme, and via Robinhood in crypto trading, but both positions have been wound down, as Mike thinks the outlook has worsened for both, illustrating his active trading approach. Both these positions, along with Celestica, would be considered mid-caps. It's notable that three major contributors are off-benchmark, highlighting investors get much more than a tracker with ATT. Mike will also hold stocks like Amazon, which officially sit in the consumer discretionary sector but can be sensibly considered tech, although, due to the implications of its planned capex spend on data centres, Mike tells us this is the first time he hasn't owned it in decades. When it comes to AI, Mike says he has been looking for the first and second derivative beneficiaries rather than stocks like Nvidia, which has helped keep him ahead of the market. This often means firms in the hardware value chain, as Mile sees less risk in the 'picks and shovels' at the moment, with the impact of agentic AI on software stocks still unclear. While Nvidia will generate huge amounts of cash in the coming years, his view is the valuation means it won't be a market-beating investment.

On the negative side, being underweight Nvidia's 14% average weight in the benchmark hurt returns in 2025, but only detracted 44 bps, reflecting astute management of the position. Nvidia did outperform over the year, returning 29.4%, but its success petered out towards the end of the year. Indeed, Bloomberg's equal-weighted Magnificent 7

Biggest Contributors To Return

	PORT. AVERAGE WEIGHT (%)	BENCH. AVERAGE WEIGHT (%)	OVER/UNDER WEIGHT (%)	HOLDING TOTAL RETURN (%)	STOCK SELECTION EFFECT (PP)
Micron Technology	2.53	0.56	1.97	216.8	2.69
Lam Research Corporation	1.83	0.5	1.33	122.7	1.23
Celestica	0.96	--	0.96	61.6	1.01
Robinhood Markets	0.94	--	0.94	139.8	1
Amphenol Corporation	1.96	--	1.96	82.6	0.97
Cloudflare	1.65	0.2	1.44	70.5	0.94
Apple	7.62	13.32	-5.7	1.5	0.84
Palantir Technologies	1.53	1.1	0.43	118.8	0.71
Western Digital Corporation	0.42	0.11	0.31	179.5	0.65
CrowdStrike Holdings	1.87	0.42	1.46	27.6	0.54

Source: Voya IM

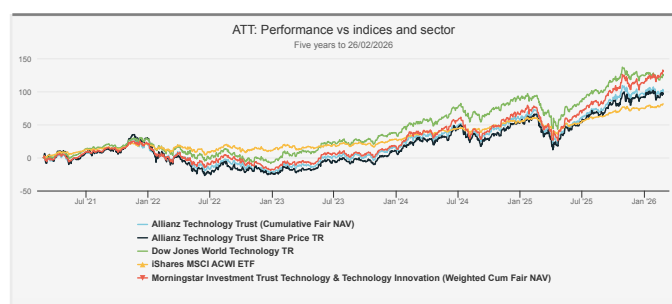
Past performance is not a reliable indicator of future results.



Index is up just 4.8% in dollar terms over six months, and in 2026 is down 7% (as of 18/02/2026). Leadership seems to have passed on in the tech space.

Over five years, ATT's NAV total return of 100.5% is well ahead of the 81.3% delivered by the iShares MSCI ACWI ETF, but behind the 124.5% total return for the benchmark. The losses made in 2022 when the mid-cap tilt hurt in a sharp bear market are still affecting these numbers. However, over three years the NAV total return of 132.7% is significantly ahead of the 117% of the benchmark. Over the three years to the end of December, overweight positions in Micron Technologies and Palantir were the largest contributors to the outperformance, as well as an underweight to Apple. Mike thinks more pain could be to come for Apple, as rising commodity prices over the past year will start to be felt in its numbers as contracts agreed a year ago end and have to be renewed at higher prices.

Fig.6: Five-Year Performance



Source: Morningstar

Past performance is not a reliable indicator of future results.

Dividend

ATT won't appeal to income investors, as it does not pay a dividend and the board notes it is unlikely to do so in future. The technology sector typically pays low dividends, and ATT's portfolio is managed for capital growth. Expenses such as management fees are charged to the income account.

Management

Mike Seidenberg has been lead manager of ATT since July 2022. In March 2024 Erik Swords was promoted to portfolio manager alongside him. They work with Justin Sumner, Danny Su and John Coyle, and each member of this five-man team has between 18 and 28 years of experience.

The team work for Voya IM, a San Francisco-based technology investor, having transferred there from Allianz Global Investors in July 2022, and where they have

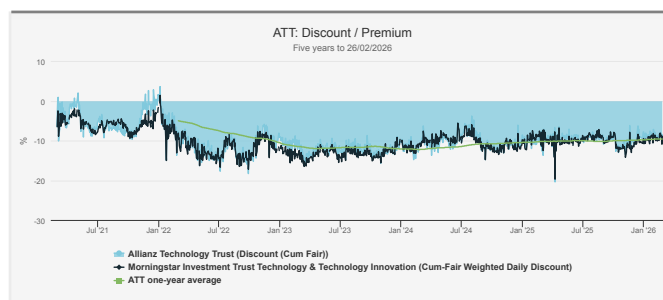
continued to manage the portfolio to the same strategy. Being based in San Francisco gives the team great access to management teams in their sector and a close-up view of the tech ecosystem as it develops, and in our view, the team is well resourced and well placed to deliver exposure to a broad but specialised sector. Each member, including Mike, takes on responsibility for covering any individual holding, to ensure clarity of decision-making and accountability. However, as lead manager Mike has the final say and final accountability for all investment decisions.

In total there are a further five portfolio managers and research analysts at Voya IM who between them manage c. \$14bn in various technology strategies, including global technology funds and thematic funds. Of this c. £5bn is managed by the global technology team, which is headed up by Erik. The team continues to have access to Allianz's Grassroots Research investigative reports, which are contracted out to third parties to provide greater insight into areas of coverage. They also employ quantitative research, ESG research, and have access to risk management reports, which allows Mike to track any exposures that are being knowingly or unknowingly built up.

Discount

Despite operating in the most in-vogue sector in global equities, ATT's discount has remained stubbornly wide at around 10% over the past year, as the chart below shows, with a very modest narrowing trend, coming in to 8.6% at the time of writing. We think this is because investors have been investing in Nvidia and the large-cap tech companies directly, or in the trackers, which are dominated by them – Nvidia makes up 21% of the MSCI World Technology Index, for example. We think this makes ATT's discount particularly attractive at the current juncture. Nvidia's shares have been flat since August, and the share prices of the large-cap megascalers are under pressure as they prepare for lower earnings in the medium term due to their massive investment in data centres. The AI trade is broadening out, and it is becoming apparent many current

Fig.7: Discount



Source: Morningstar



leaders in the software space could be losers, and so stock selection is becoming much more important, which should play into the strengths of an active, mid-cap focussed investor like ATT.

The board's official policy is to consider buying back shares during periods where the discount is consistently over 7% and it is felt appropriate to do so, given the prevailing market backdrop. It has bought back substantial amounts of shares in the past few years as a result, and we estimate buybacks have accounted for c. 7.3% of the shares in issue since the start of 2025. The company has a five-year continuation vote, with the next one due at this year's AGM in April.

Charges

ATT's latest ongoing charges figure (OCF) is 0.64%, calculated as at 31/12/2024. It has fallen in recent years, thanks to the strong growth seen in the portfolio, and is lower than the OCF of its closest peer, PCT, which is 0.77%. The management fee is charged on market cap rather than NAV, a structure we like as it incentivises the manager to see the discount close and reduces the OCF as a percentage of NAV when the trust is trading below par. This management fee is 0.8% of the market capitalisation up to £400m, 0.6% between £400m and £1bn, and 0.5% on anything above £1bn. The tiered nature means the fee falls as the market cap grows.

There is also a performance fee of 10% of the NAV per share outperformance of the Dow Jones World Technology Index at the end of the financial year on 31 December. The fee is subject to a high-water mark, while any underperformance has to be recovered before it can be earned back. The NAV is at new highs, so the high-water mark has been surpassed. However, while ATT outperformed the benchmark in 2025, the underperformance of the index in recent years means we think a performance fee will not be charged for the year ending 31/12/2025. When payable, any performance fee is capped at 1.75% of the average daily NAV over the reporting period. While we appreciate some investors may find performance fees off-putting, we argue they provide a strong incentive for the managers to outperform and align their interests better with those of shareholders.

ESG

The managers incorporate fundamental, quantitative and active ownership of elements of ESG analysis into their stock selection process. Mike and the team are able to lean on the expertise of in-house ESG research analysts at Voya IM. They maintain a proprietary scorecard reflecting their analysts' views of the financial materiality of ESG

issues on each potential holding, which means that ESG factors are weighted according to how important they are to the financial performance of the company. Mike and the team believe this can help to add alpha by going beyond pure financial and operational analysis. By analysing how a business interacts with the environment, treats its employees and deals with customers and suppliers, the managers argue valuable insights can be learnt as to its prospects and long-term risks. Morningstar has awarded ATT three out of five globes for sustainability versus the wider technology peer group, which includes both open- and closed-ended funds, and has also given it the Low Carbon Designation.



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