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Global Investors



T.BAILEY

TB Amati Investment Funds

Annual Report and Audited Financial Statements
31 January 2018

TB Amati UK Smaller Companies Fund

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Note: The Authorised Corporate Director’s Report consists of ‘Authorised Status’, ‘Structure of the Company’ and ‘Investment Objective and Policy’ on page 2, ‘Investment Review’ as provided by the Investment Manager, on pages 12 to 16 and ‘Directory’ on page 39.

THE AUTHORISED CORPORATE DIRECTOR AND INVESTMENT MANAGER

The Authorised Corporate Director (the 'ACD') of TB Amati Investment Funds (the 'Company') is T. Bailey Fund Services Limited ('TBFS'). Amati Global Investors Limited is the Investment Manager (the 'Investment Manager') of the Company.

Amati Global Investors Limited and T. Bailey Fund Services Limited are authorised and regulated by the Financial Conduct Authority. Further information about Amati Global Investors Limited and the funds which it manages can be found at www.amatiglobal.com.

YOUR INVESTMENTS

You can buy or sell shares in the Company through your Financial Advisor. Alternatively, you can telephone the dealing line; 0115 988 8275, during normal office hours. Application forms can be requested in writing from the ACD or by calling the Client Services Team on the dealing line. They can also be downloaded from www.tbaileyfs.co.uk/funds/tb-amati-investment-funds.

The Company is eligible for ISA investments/transfers and the shares are available as part of a regular savers scheme.

Prices are published each normal business day on www.tbaileyfs.co.uk/funds/tb-amati-investment-funds and also on www.fundlistings.co.uk.

RISK PROFILE

Smaller companies' securities are often traded less frequently than those of larger companies, this means they may be more difficult to buy and sell. Their prices may also be subject to short term swings.

The value of investments may go down as well as up in response to general market conditions and the performance of the assets held. Investors may not get back the money which they invested.

There is no guarantee that the Fund will meet its stated objectives.

The movements of exchange rates may lead to further changes in the value of investments and the income from them.

There is a risk that any company providing services such as safe keeping of assets or acting as counterparty to derivatives may become insolvent, which may cause losses to the Fund.

SYNTHETIC RISK AND REWARD INDICATOR

The Synthetic Risk and Reward Indicator demonstrates in a standard format where the Fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money. The lowest category does not mean a fund is a risk free investment.

The Fund is in risk category 4 because it invests in shares.

ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Depositary, custody, FCA and audit fees. The OCFs, as calculated in accordance with ESMA guidelines, are disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on pages 22 and 23.

AUTHORISED STATUS

TB Amati Investment Funds (the 'Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000618 and authorised by the Financial Conduct Authority with effect from 26 March 2008. The Company has an unlimited duration. It is a UCITS scheme as detailed in the Collective Investment Schemes Sourcebook (COLL) and also an umbrella company for the purposes of the OEIC regulations.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the Shares.

STRUCTURE OF THE COMPANY

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. On the introduction of any new sub-fund or share class, a revised prospectus will be prepared setting out the relevant details of each sub-fund or share class.

The Company is compliant with the Protected Cell Regime for OEICs. Under the Protected Cell Regime, each sub-fund represents a segregated portfolio of assets and accordingly, the assets of the sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including any other sub-fund and shall not be available for any such purpose.

Currently, there is one sub-fund; TB Amati UK Smaller Companies Fund.

This company is a UCITS scheme.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the TB Amati UK Smaller Companies Fund is to achieve long-term capital growth.

The Fund primarily invests in UK smaller companies though there may be occasions when the Investment Manager chooses to hold large degrees of cash or money market instruments. The Fund will primarily invest in companies which are either incorporated in the UK or are listed in the UK and have the majority of their economic activity in the UK. The Fund may also invest in companies which are listed in the UK but are not incorporated and do not have the majority of their economic activity in the UK.

The Fund may invest up to 10% of its assets in collective investment schemes and over 35% of its assets in certain government and public securities.

The benchmark of the Fund is the Numis Smaller Companies (inc AIM ex Investment Trusts) Index.

OTHER INFORMATION

Full details of TB Amati Investment Funds are set out in the Prospectus. This document provides investors with extensive information about the Company including risks and expenses. A copy of the Prospectus is available on request from the ACD, or can be downloaded from www.tbaileyfs.co.uk/funds/tb-amati-investment-funds.

The Key Investor Information document and Supplementary Information document are also available from www.tbaileyfs.co.uk/funds/tb-amati-investment-funds.

THE INVESTMENT MANAGEMENT TEAM

The TB Amati UK Smaller Companies Fund* has been managed by Dr Paul Jourdan since 2000, and co-managed with Douglas Lawson since 2009 and David Stevenson since 2012. The management team believe that smaller companies are a highly attractive asset class for long-term savers, on the proviso that investors appreciate that historically, relative to larger company funds, the significant additional performance has come with some additional volatility of returns. The management team seek to manage the additional risks involved in small company investing by taking a view on the business cycle and other macro-risks in structuring the portfolio. Individual company investments are chosen on the basis of proprietary company research. Amati Global Investors is a specialist investment manager, solely focused on the universe of UK smaller companies.

The Fund and management team's long term performance record is award winning, and recently includes Money Observer Best UK Smaller/Mid Cap Equity Fund of the Year 2017 and Investment Week's UK Smaller Companies Fund Manager of the Year 2017. In February 2018 the Fund was awarded a Morningstar Bronze Analyst & 5 Star Rating and Dr Paul Jourdan was awarded an FE Alpha Manager rating. The Fund management team are AAA Citywire rated. Should you wish to receive monthly fund factsheets and updates on events by email, please contact: info@amatiglobal.com

**Note: The TB Amati UK Smaller Companies Fund (formerly CF Amati UK Smaller Companies Fund) was seeded by the transfer of the First State British Smaller Companies Fund to CFM on 29 July 2008.*

BIOGRAPHIES

Dr Paul Jourdan – CEO

Dr Paul Jourdan is an award-winning fund manager, with a strong track record in small cap investment. He co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in January 2010, having joined Noble in 2007 as Head of Equities. His fund management career began in 1998 with Stewart Ivory, which was taken over by First State in 2000, at which time Paul became manager of what is now the TB Amati UK Smaller Companies Fund. In early 2005 he launched what is now Amati VCT plc and he also manages Amati VCT 2 following the award of the investment management contract to Amati Global Investors in 2010. In September 2014 Amati launched the Amati IHT Portfolio Service, which Paul co-manages with Douglas Lawson and David Stevenson. Prior to 1998 Paul worked as a professional violinist, including a four year period with the City of Birmingham Symphony Orchestra. He is CEO of Amati Global Investors Ltd and a Director of Sistema Scotland.



BIOGRAPHIES (CONTINUED)

Douglas Lawson - Director

Douglas Lawson co-founded Amati Global Investors with Paul Jourdan. Prior to this he worked in corporate finance and private equity, initially focusing on middle market UK private equity and listed company M&A at British Linen Advisers, and latterly as an investment manager in the private equity team at Noble. Douglas has co-managed the TB Amati UK Smaller Companies Fund and Amati VCT since 2009, Amati VCT 2 since 2010 and the Amati AIM IHT Portfolio service since 2014. Douglas started his career at Ernst & Young in London, where he qualified as a Chartered Accountant in 2002. He is a Director of Amati Global Investors Ltd.



David Stevenson - Fund Manager

David joined Amati in 2012. In 2005, he was a co-founding partner of investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies. Prior to that he was Assistant Director at SVM, where he also managed equity products including the UK Opportunities small/midcap fund which was ranked top decile for the 5 year period from inception to 2005. David started his career at KPMG where he qualified as a Chartered Accountant. He latterly specialised in corporate finance, before moving into private equity with Dunedin Fund Managers. David has co-managed the TB Amati UK Smaller Companies Fund and the Amati VCTs since 2012, and the Amati AIM IHT Portfolio Service since 2014.



REMUNERATION POLICY OF THE AUTHORISED CORPORATE DIRECTOR

Remuneration policy of the ACD

TBFS and the holding company of TBFS, T. Bailey Holdings Limited ('TBH'), have the following policies and practices for those staff whose professional activities have a material impact on the risk profile of the activities of the ACD. Based on FCA guidance the ACD is considered as Proportionality Level 3 under the Remuneration Code as total assets under administration are less than £15bn. TBFS is a UCITS firm and is therefore subject to the UCITS V Directive Remuneration Code.

The Remuneration Policy of the ACD:

- (i) Is consistent with and promotes sound and effective risk management;
- (ii) Does not encourage risk taking that exceeds the level of tolerated risk of the relevant UCITS managed by TBFS;
- (iii) Encourages behaviour that delivers results which are aligned to the interests of the UCITS managed by TBFS;
- (iv) Aligns the interests of Code Staff with the long-term interests of TBFS, the funds it manages and its investors;
- (v) Recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay;
- (vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works;

There is no remuneration committee. The Board of TBH oversees the setting and review of remuneration levels performed by the operating Board of TBFS. From an overall group perspective and operating company level, remuneration is set within the context of a 5-year plan which ensures any threats to capital adequacy, liquidity and solvency caused by excessive remuneration would be identified. The bonus arrangements including the staff bonus pool are set annually as part of the annual operating plan and any changes to the pool require approval by the CEO of TBFS and also the Board of TBH.

The main shareholders are represented on the Board of TBH which ratifies the annual operating plans. The annual operating plan includes the level of remuneration for all staff including Code Staff.

To assist with the above process, a benchmarking exercise was conducted in 2015 which incorporated information from external consultants in connection with remuneration.

The staff bonus scheme is operated so as to allow for meaningful rewards to be paid to staff whose performance during the year merits recognition but within the context of an annual operating plan. The TBH Board bears in mind the projected performance of the companies when making any adjustments to the scheme. Payment of scheme bonus to individuals is linked to their performance against agreed objectives from staff appraisals.

REMUNERATION POLICY OF THE AUTHORISED CORPORATE DIRECTOR (CONTINUED)

Total remuneration paid by the ACD for the year ended 30 September 2017

Total Number of Staff	34
	£'000
Fixed	1,152
Variable	58
Total Remuneration Paid	1,210

Total remuneration paid by the ACD to Remuneration Code Staff for the year ended 30 September 2017

	Senior Management	Staff with Material Impact
Total Number of Staff	8	1
	£'000	£'000
Fixed	643	36
Variable	36	2
Total Remuneration Paid	679	38

Please note that there were no remuneration payments made directly from TB Amati Investment Funds or any of its sub-funds.

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Authorised Corporate Director (the "ACD") of the Company is responsible for preparing the report and the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014; and
- give a true and fair view of the financial position of the Company and its sub-fund as at the end of that period and the net revenue or expense and the net capital gains on the property of the Company and its sub-fund for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTOR'S STATEMENT

In accordance with COLL 4.5.8BR, the Report and the financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 11 May 2018.

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Company and its sub fund consist predominantly of readily realisable securities and accordingly the Company has adequate resources to continue in operational existence for at least the next twelve months from the approval of the financial statements.

Helen Stevens
Chief Executive Officer
T. Bailey Fund Services Limited
Nottingham, United Kingdom
11 May 2018

Richard Taylor
Compliance Director
T. Bailey Fund Services Limited
Nottingham, United Kingdom
11 May 2018

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ("the ACD") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

DEPOSITARY'S REPORT TO THE SHAREHOLDERS OF TB AMATI INVESTMENT FUNDS

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through ACD:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations, the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc
Trustee & Depositary Services
London, United Kingdom
11 May 2018

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial position of the company as at 31 January 2018 and of the net revenues and the net capital gains on the property of the company for the year ended 31 January 2018; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

We have audited the financial statements of TB Amati UK Smaller Companies Fund (the 'company') which comprise for each sub-fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- the related individual notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the authorised corporate director's (ACD's) use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TB AMATI INVESTMENT FUNDS
(CONTINUED)**

Other information

The ACD is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of depositary and ACD

As explained more fully in the depositary's responsibilities statement and the ACD's responsibilities statement, the depositary is responsible for the safeguarding the property of the company and the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's shareholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TB AMATI INVESTMENT FUNDS
(CONTINUED)**

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the company have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information given in the ACD's report for the year ended 31 January 2018 is consistent with the financial statements.

**Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
11 May 2018**

INVESTMENT REVIEW

Performance

	Cumulative returns for the periods ended 31 January 2018				
	(%)				
	1 year	3 years	5 years	10 years	From PJ take on*
A Accumulation Shares	32.28	90.68	142.29	322.75	539.83
B Accumulation Shares	33.28	95.04	151.28	353.51	632.63
Numis Smaller Companies Index (inc AIM, ex Inv Trusts)	17.33	46.14	73.10	131.29	221.33

Source: Financial Express. Total return, bid to bid. Sterling terms.

* Performance since Dr Paul Jourdan take on of fund on 31 August 2000.

Performance prior to 29 July 2008 relates to First State British Smaller Companies Fund (see page 3). This is relevant to the 4th and 5th columns.

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.

Market Review

The UK stock market continued where it left off in 2016 with another year of strong gains, this time interrupted by just one major political surprise – the snap UK General Election, which led to the Conservative party losing their majority to a resurgent Labour Party. Initially equity markets reacted to this shock with heavy falls, however, much like after the Brexit referendum and vote for Trump, they soon regained their composure and ended the year up strongly.

In a reversal of the pattern of 2016, small and mid-cap indices outperformed the FTSE 100 in 2017. However, aggregate earnings growth in the FTSE 100 was higher than the smaller indices. Earnings growth in 2017 was led by the Oil and Gas and Basic Resources industry sectors, driven by almost universal gains in commodity prices. As these two sectors account for over 25% of the FTSE 100 by market capitalisation, their fortunes will have a material bearing on the direction of the index as a whole. The natural resources sectors are less influential in the small and mid-cap indices. The Alternative Investment Market (“AIM”) had another strong year, outperforming all of the Full List indices, reflecting its growing maturity, the success of its largest constituents and the demand for AIM stocks for inheritance tax planning.

For another year, stock market gains appeared against a backdrop of low volatility, best gauged by the CBOE Volatility Index (the “VIX”), which was range bound through much of the year between a low of 9 and a high of 15. However, the index hit 37 just after the period end on 4 February 2018 as inflation fears and expectations of interest rate rises sent markets sharply lower. To put this into context the VIX reached its highest ever level of 89.5 during the 2008 financial crisis.

Providing further evidence of the lack of correlation between economic performance and stock market performance, whilst UK markets reached new highs, UK growth was lagging, certainly relative to a resurgent Eurozone, where growth is at a 10-year high after a successful quantitative easing programme. Similarly, robust consumer and business sentiment underpinned strong US progress, and above-target growth in both China and Japan completed the picture of a rosy global economy in 2017 and moving into 2018.

INVESTMENT REVIEW (CONTINUED)

Performance

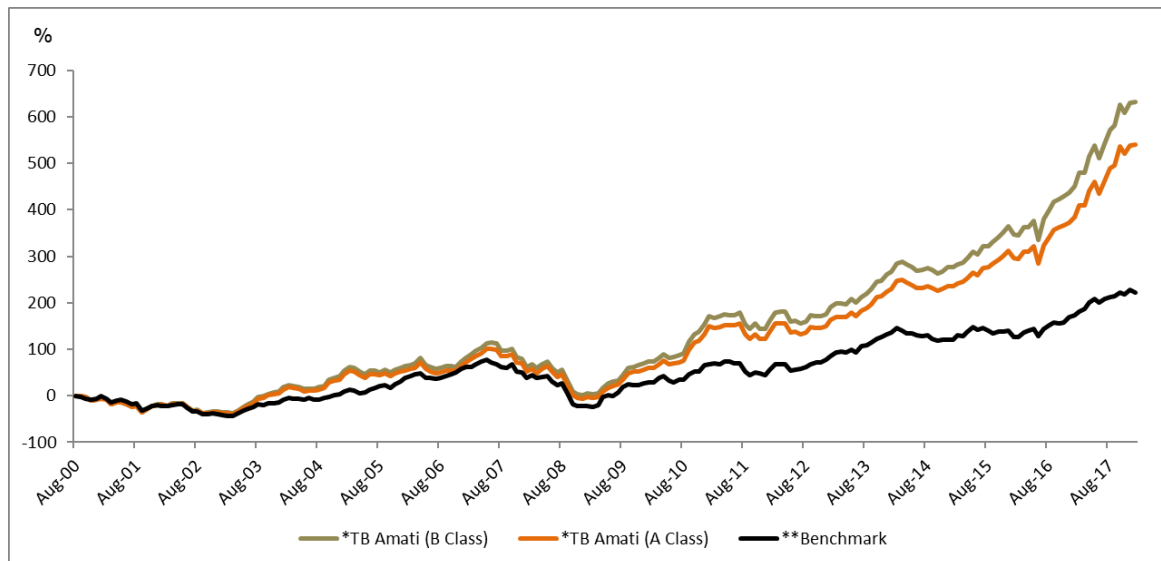
The share price (B Accumulation) of the Fund rose 33.3% during the period, as compared to the rise in the benchmark index of 17.3%. The biggest contributors to portfolio performance were a number of stocks which have generated sustained gains for the fund over many years. Principal amongst these was **Keywords Studios**, a holding since 2015 and a provider of outsourced services to video games publishers, which rose 169% in the period. The company continued to post strong revenue growth and a slate of enhancing acquisitions. Over the course of the year, Keywords bought nine companies including two of the group's largest deals to date: VMC, a provider of video games testing and customer support; and Sperasoft, a Californian provider of game development, art creation and software engineering services. Keywords has a disciplined process for acquiring and integrating businesses and, despite strong underlying organic growth, acquisition activity remains a core component of the group's ambition to become the 'go to' supplier of technical services to the global video games industry. The group now consists of seven globally managed service lines operating from 42 production studios in 20 countries. Despite Keywords' rapid growth since its Initial Public Offering ("IPO") in 2013, market share remains low in a highly fragmented market. Another long term contributor has been **Fevertree Drinks**, a holding since 2014 and a world leading supplier of premium carbonated mixers, which rose 95% in the period. Fevertree has built a global brand from a standing start in 2005, and has extended its success with gin into markets for vodka, rum and whisky. It has also recently established a North American operation, to build on its established UK growth record where sales almost doubled in the last financial year. **Bioventix** gained 66%, and has been a holding since 2014. The company is a longstanding successful UK biotechnology company which specialises in the development and commercial supply of monoclonal antibodies, generated by sheep. These are used in clinical diagnostics to monitor heart disease, cancer, fertility, thyroid function and drug abuse. Unlike most of its peers, Bioventix generates free cashflow and pays an attractive dividend yield. During the period the company generated full year revenues and profits which were ahead of market expectations. **Smart Metering**, which gained 34%, has been held since 2012, and is the installer, owner and operator of gas and electricity meters in the UK. From an established share of the industrial and commercial market, Smart Metering is now rolling out meters in the much larger domestic market in line with government strategy. In the year to December 2017 it has grown its annualised recurring revenue base by 38%, on the back of asset growth of 62% to just over 2 million meters. In November, the company raised £150 million to fund the installation of a further 2.5 million meters. **Premier Technical Services Group ("PTSG")**, gained 135%, and has been a holding since 2015. The company is a consolidator within fragmented niche markets for building maintenance, including high-level access, steeplejack services, electrical testing and fire safety. Double digit percentage organic growth is being driven by cross-selling and market share gains, and the addition of acquisitions saw overall revenues up 35% for the financial year. The consequences of the Grenfell tragedy continue to be widely felt across construction and repairs & maintenance activities in the UK. PTSG's services in areas such as dry risers and sprinkler systems are in strong demand.

Other strong contributors included **FDM**, the global staffing group with a focus on IT services, which traded ahead of expectations; **Forterra**, the UK's second largest brick manufacturer, which continues to enjoy strong housebuilding demand; **Learning Technologies**, the workplace e-learning specialist for both private and public sector clients, which reported organic revenue growth of more than 20% together with the successful integration of a major talent management software platform provider, NetDimensions; and **Watkin Jones**, the specialist construction contractor for purpose built student accommodation, which continues to have significant workload in a buoyant sector.

INVESTMENT REVIEW (CONTINUED)

The main detractor from portfolio performance was **FFI Holdings**, which the fund invested in when it listed on AIM in August 2017. The company provides completion contracts to the global entertainment industry, assuring financiers of film, TV and online media content that productions will be completed on time and on budget. The business was founded in the 1950's and is now the global leader with an 85% market share. In December, the company warned it had been impacted in the US by the cinema industry scandal surrounding Harvey Weinstein, which resulted in project delays. Coming six months after its stockmarket debut, this had a significant impact on the shares, which fell 43% in the period. We are of the view that the trading environment will recover at some point, and added to our position after the announcement. A grouping of resources positions also impacted performance. **Amerisur**, the South American oil and gas producer with assets in Columbia and Paraguay, suffered production issues at its Platanillo field, and in July a suspension of its well activity due to disruption caused by local farmer protests over the implementation of a Government programme to eradicate illegal coca crops. Specialist mining services provider, **Capital Drilling**, announced improved rig utilisation and a return to profitability during the period, but guided down its revenue expectations due to legislative changes in Tanzania which favour domestic operators. This has created uncertainty which is materially impacting exploration activity in what is a key country for the company. South African gold miner, **Pan African**, suffered operational issues, strikes and community group protests at one of its locations. This resulted in lost production days which reduced gold output by nearly 9%. The positions in Amerisur and Capital Drilling were exited, whilst a sale of Pan African was completed shortly after the period end. In January 2018, discount greetings card retailer, **Card Factory**, announced positive like-for-like sales growth and a continuation of new store openings, but the shares reacted badly to mention of continued margin pressure in a difficult trading environment. The position was sold after the period end.

Performance since Dr Paul Jourdan take-on of Fund on 31 August 2000



Performance since Dr Paul Jourdan take-on of Fund on 31 August 2000. Performance prior to 29 July 2008 relates to First State British Smaller Companies Fund (see page 3).

* TB Amati (B Class & A Class) Fund Total Return Index. ** Benchmark Index: Numis (formerly RBS Hoare Govett) Smaller Companies (inc AIM, ex Inv Trusts) Total Return.

Source: Amati Global Investors Ltd as at 31 January 2018.

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.

INVESTMENT REVIEW (CONTINUED)

The asset allocations at the period end date are shown in the table below:

Sector	Asset allocation as at 31 January 2018 (%)	Asset allocation as at 31 January 2017 (%)
Banks	1.4	1.6
Beverages	2.6	2.8
Construction & Materials	1.7	3.6
Electronic & Electrical Equipment	3.9	2.0
Financial Services	14.7	6.2
Fixed Line Telecommunications	-	1.3
General Retailers	2.8	9.1
Health Care Equipment & Services	1.2	2.0
Household Goods & Home Construction	7.6	3.8
Leisure Goods	1.1	5.3
Life Insurance	2.5	0.5
Media	1.1	0.1
Mining	4.3	9.0
Mobile Telecommunications	1.3	0.9
NonLife Insurance	3.6	2.0
Oil & Gas Producers	3.3	4.2
Pharmaceuticals & Biotechnology	7.6	7.2
Real Estate Investment & Services	1.7	1.7
Real Estate Investment Trusts	2.7	1.8
Software & Computer Services	9.0	9.4
Support Services	13.0	14.5
Technology Hardware & Equipment	3.7	3.5
Cash and Other	9.2	7.5
Total	100.0	100.0

The full list of holdings at the period end is shown in the Portfolio Statement on pages 17 to 21.

Activity

A number of broad themes were reflected in the majority of portfolio activity during the period. The continued lag in UK growth relative to the global economy, encouraged a search for wider geographic and cyclical exposures. A new position was taken in electronic component manufacturer and distributor **discoverIE**, which has a focus on Europe; and an existing position was increased in power controls developer **XP Power**, which has a focus on the US. Both companies are benefiting from growing electronic content and connectivity in a range of geographic markets. Exposure to **FDM** was also increased, reflecting the strong global IT environment. With continued appetite for yield within capital markets, a significant new position was taken in **Diversified Gas & Oil** when it listed on AIM. The company operates mature, conventional, onshore oil and gas wells in the Appalachian Basin in the US, and the dividend yield at listing was more than 5%. Ongoing acquisition opportunities should see this dividend stream grow, backed by strong cash flow. With a return to volatility, portfolio exposures were also sought which might offer lower direct correlation to stockmarket movements. For example, new positions were taken in drug manufacturer **Indivior**, which specialises in the treatment of opioid dependency, a major issue in US healthcare; **Burford Capital**, which is a leader in the rapidly developing field of global litigation finance and insurance; and transport engineering consultant **Ricardo**, whose end markets involve innovations in electric vehicle engineering, urban metro systems and smart power networks. Existing positions in online derivatives trading specialist **IG Group**, meter services provider **Smart Metering**, and mortgage intermediary **Mortgage Advice Bureau**, were also added to. For each of these companies, the expectation is that growth should prove to be more structurally driven than cyclically dependent. In a related theme, the fund maintained exposure to key holdings which have achieved premium growth on a multi-year basis, including **Fevertree**, **Keywords**, **Learning Technologies**, gaming technology specialist **Quixant**, queueing and ticketing software provider **Accesso**; drug and delivery device manufacturer **Consort Medical**; and identity data intelligence manager **GB Group**.

INVESTMENT REVIEW (CONTINUED)

Disposals generally involved stock specific outcomes. Online food delivery platform **Just Eat**, was sold on its entry into the FTSE100 index which took it beyond our investible universe. Gains were also taken on valuation grounds in Lloyds insurer **Beazley**; managed cloud services provider **Iomart**; vending equipment operator **Photo-Me**; funeral services chain **Dignity**; Polish coking coal miner **Prairie**; North Sea oil and gas producer **Faroe**; and animal genetics specialist **Genus**. Some other smaller holdings were exited because underlying stock liquidities did not allow weightings to be maintained in line with the growth in size of the fund. This included gas maintenance service provider **Bilby**; boiler technology inventor **Sabien**; home safety products developer **Sprue Aegis**; and gold miner **Shanta**. For some positions the original investment premise did not turn out as expected and so they were sold. This included the stocks mentioned in the performance section above, and also mobile device diagnostics and data erasure specialist **Blanco Technology**; fiber optic infrastructure provider **CityFibre**; legal marketing services supplier **NAHL**; fashion retailer **Quiz**; ground engineering equipment provider **Van Elle**; respiratory disease drug delivery specialist **Vectura**; digital inkjet technology developer **Xaar**; and e-Procurement spend control software supplier **Proactis**.

Outlook

February marked a hiatus in the seemingly unassailable advance of capital markets. The almost universal strength of the major global economies has, ironically, been the catalyst for sharp market corrections in February 2018. One consequence of the world enjoying its best period of growth since the 2008 financial crisis, is a return of inflation and the beginning of the end to ultra-low interest rate policy. The response to these twin threats in the first week of February was salutary as stock markets posted significant falls before finding support at levels that were higher than many had feared. We view the recent correction as healthy, removing some of the 'froth' that had built up in valuations.

However, the coming year still holds many challenges. Whilst there is a widespread expectation of synchronised global growth, which is being reinforced by the net positive revisions to earnings forecasts in global equity markets, there are some major threats to this scenario too. Not least among these are the data showing that in most of the major economies the figures for broad money supply growth are beginning to fall below the levels which have been seen during the last decade of highly accommodative monetary policy. Moves to normalise monetary policy were always going to be difficult, and it is clear that we are entering a new and tricky phase in the recovery from the great financial crisis of 2008. In the UK the coming year will also be a decisive year for the Brexit negotiations during which we can expect some significant gyrations of sentiment.

The core constituents of the portfolio continue to report high levels of demand for their goods and services, both in the UK and overseas. Whilst the portfolio is never immune to broader market forces (positive or negative), it is dominated by long-term holdings in high quality businesses serving specific niches in attractive growth markets. We believe that such growth will continue to endure in the year ahead.

Paul Jourdan
CEO
Amati Global Investors Ltd
Edinburgh, United Kingdom
11 May 2018

Douglas Lawson
Director
Amati Global Investors Ltd
Edinburgh, United Kingdom
11 May 2018

David Stevenson
Fund Manager
Amati Global Investors Ltd
Edinburgh, United Kingdom
11 May 2018

PORTFOLIO STATEMENTAs at 31 January 2018

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Banks (1.4%; 31.01.17 - 1.6%)		
508,000 Aldermore	1,581,912	1.4
	1,581,912	1.4
Beverages (2.6%; 31.01.17 - 2.8%)		
119,555 Fever-Tree Drinks	2,925,511	2.6
	2,925,511	2.6
Construction & Materials (1.7%; 31.01.17 - 3.6%)		
673,000 Forterra	1,911,320	1.7
	1,911,320	1.7
Electronic & Electrical Equipment (3.9%; 31.01.17 - 2.0%)		
597,902 discoverIE Group	2,218,216	1.9
67,824 XP Power	2,258,539	2.0
	4,476,755	3.9
Financial Services (14.7%; 31.01.17 - 6.2%)		
195,000 Burford Capital	2,390,700	2.1
389,858 Draper Esprit	1,621,809	1.4
1,070,000 FFI Holdings	888,100	0.8
420,000 IG Group	3,244,500	2.8
1,220,925 Morses Club	1,648,249	1.5
411,000 Mortgage Advice Bureau	2,408,460	2.1
705,000 OneSavings Bank	2,814,360	2.5
508,594 Tatton Asset Management	1,190,110	1.0
287,769 Xafinity	532,373	0.5
	16,738,661	14.7

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2018

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
General Retailers (2.8%; 31.01.17 - 9.1%)		
725,000 Boohoo.com	1,343,787	1.2
397,000 Card Factory	766,607	0.6
92,000 CVS Group	1,138,040	1.0
	3,248,434	2.8
Health Care Equipment & Services (1.2%; 31.01.17 - 2.0%)		
348,000 Caretech	1,367,640	1.2
	1,367,640	1.2
Household Goods & Home Construction (7.6%; 31.01.17 - 3.8%)		
550,000 Countryside Properties	1,738,000	1.5
257,500 MJ Gleeson	1,854,000	1.6
900,000 Springfield Properties	1,008,000	0.9
264,371 Victoria	2,141,405	1.9
907,000 Watkin Jones	1,963,655	1.7
	8,705,060	7.6
Leisure Goods (1.1%; 31.01.17 - 5.3%)		
195,102 Gear4music	1,279,869	1.1
	1,279,869	1.1
Life Insurance (2.5%; 31.01.17 - 0.5%)		
285,000 Chesnara	1,114,350	1.0
1,200,000 Just Group	1,759,200	1.5
	2,873,550	2.5

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2018

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Media (1.1%; 31.01.17 - 0.1%)		
28,350 Rightmove	1,251,085	1.1
	1,251,085	1.1
Mining (4.3%; 31.01.17 - 9.0%)		
815,658 Anglo Pacific	1,231,644	1.1
4,361,213 Base Resources	675,988	0.6
6,178,081 Base Resources (AUD)	947,074	0.8
6,712,500 Georgian Mining	1,057,219	0.9
3,265,367 Pan African Resources	416,661	0.4
450,000 Tharisa	616,500	0.5
	4,945,086	4.3
Mobile Telecommunications (1.3%; 31.01.17 - 0.9%)		
217,000 Gamma Communications	1,453,900	1.3
	1,453,900	1.3
NonLife Insurance (3.6%; 31.01.17 - 2.0%)		
78,500 Hiscox	1,109,990	1.0
620,000 Sabre Insurance	1,667,800	1.4
1,614,000 Serica Energy	1,362,216	1.2
	4,140,006	3.6
Oil & Gas Producers (3.3%; 31.01.17 - 4.2%)		
2,647,975 Diversified Gas & Oil	1,959,501	1.7
2,135,000 Eland Oil & Gas	1,814,750	1.6
	3,774,251	3.3

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2018

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Pharmaceuticals & Biotechnology (7.6%; 31.01.17 - 7.2%)		
1,205,000 Alliance Pharma	807,350	0.7
57,544 Bioventix	1,352,284	1.2
235,000 Clinigen Healthcare	2,570,900	2.3
131,000 Eco Animal Health Group	733,600	0.6
795,000 Indivior	3,201,465	2.8
	8,665,599	7.6
Real Estate Investment & Services (1.7%; 31.01.17 - 1.7%)		
797,923 CLS Holdings	1,879,109	1.7
	1,879,109	1.7
Real Estate Investment Trusts (2.7%; 31.01.17 - 1.8%)		
648,808 LondonMetric Property	1,162,664	1.0
580,000 Palace Capital	1,914,000	1.7
	3,076,664	2.7
Software & Computer Services (9.0%; 31.01.17 - 9.4%)		
109,100 Accesso Technology	2,422,020	2.1
81,920 Blue Prism	1,210,778	1.1
2,090,000 Dotdigital Group	1,968,780	1.7
237,500 FDM Group	2,246,750	2.0
565,808 GB Group	2,435,803	2.1
	10,284,131	9.0

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2018

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Support Services (13.0%; 31.01.17 - 14.5%)		
172,000 Keywords Studios	2,559,360	2.2
2,845,000 Learning Technologies Group	2,276,000	2.0
946,687 Premier Technical Services Group	1,846,040	1.6
232,000 Restore	1,201,760	1.1
200,000 Ricardo	1,956,000	1.7
261,000 Sanne Group	1,934,010	1.7
410,062 Smart Metering Systems	3,079,566	2.7
	<hr/> 14,852,736	<hr/> 13.0
Technology Hardware & Equipment (3.7%; 31.01.17 - 3.5%)		
643,475 Quixant	2,799,116	2.4
24,356,084 Seeing Machines	1,437,009	1.3
	<hr/> 4,236,125	<hr/> 3.7
Portfolio of investments	103,667,404	90.8
Net other assets	10,495,104	9.2
Total net assets	<hr/> 114,162,508	<hr/> 100.0

All holdings are equities quoted on recognised stock exchanges.

'Fixed Line Telecommunications' sector disinvested since the beginning of the period (31 January 2017: 1.3%).

SUMMARY OF FUND PERFORMANCE

A Accumulation Shares	1 Feb 2017 to 31 Jan 2018	1 Feb 2016 to 31 Jan 2017	1 Feb 2015 to 31 Jan 2016
	(Pence per Share)	(Pence per Share)	(Pence per Share)
Change in net assets per share			
Opening net asset value per share	703.49	576.05	485.43
Return before operating charges*	239.09	138.11	99.82
Operating charges	(13.76)	(10.67)	(9.20)
Return after operating charges*	225.33	127.44	90.62
Distributions	0.00	(1.69)	(0.17)
Retained distributions on accumulation shares	0.00	1.69	0.17
Closing net asset value per share	928.82	703.49	576.05
* after direct transaction costs of:	3.77	2.97	2.68
Performance			
Return after charges	32.03%	22.12%	18.67%
Other information			
Closing net asset value	£8,852,906	£5,640,540	£5,294,095
Closing number of shares	953,136	801,789	919,041
Operating charges (p.a)	1.64%	1.69%	1.71%
Direct transaction costs (p.a)	0.45%	0.47%	0.50%
Prices			
Highest published share price	946.05	710.83	600.80
Lowest published share price	710.19	548.88	488.40

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.

SUMMARY OF FUND PERFORMANCE (CONTINUED)

B Accumulation Shares	1 Feb 2017 to 31 Jan 2018	1 Feb 2016 to 31 Jan 2017	1 Feb 2015 to 31 Jan 2016
	(Pence per Share)	(Pence per Share)	(Pence per Share)
Change in net assets per share			
Opening net asset value per share	809.75	658.08	550.40
Return before operating charges*	276.15	158.58	113.70
Operating charges	(8.73)	(6.91)	(6.02)
Return after operating charges*	267.42	151.67	107.68
Distributions	(6.69)	(7.46)	(4.88)
Retained distributions on accumulation shares	6.69	7.46	4.88
Closing net asset value per share	1,077.17	809.75	658.08
* after direct transaction costs of:	4.41	3.45	3.10
Performance			
Return after charges	33.03%	23.05%	19.56%
Other information			
Closing net asset value	£105,309,602	£36,677,757	£15,156,764
Closing number of shares	9,776,521	4,529,494	2,303,167
Operating charges (p.a.)	0.89%	0.94%	0.96%
Direct transaction costs (p.a)	0.45%	0.47%	0.50%
Prices			
Highest published share price	1,097.02	817.97	685.91
Lowest published share price	817.46	628.97	553.77

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.

STATEMENT OF TOTAL RETURN
For the year ended 31 January 2018

	Notes	£	31.01.18 £	31.01.17 £
Income				
Net capital gains	2		18,518,161	6,204,846
Revenue	3	1,192,963		621,812
Expenses	4	(720,405)		(326,765)
Interest payable and similar charges	6	1		-
Net revenue before taxation		472,559		295,047
Taxation	5	-		(6,982)
Net revenue after taxation			472,559	288,065
Total return before distributions			18,990,720	6,492,911
Distributions	6		(483,268)	(288,013)
Change in net assets attributable to shareholders from investment activities			18,507,452	6,204,898

Note: All of the Company's and sub-fund's results are derived from continuing operations.

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
For the year ended 31 January 2018

	Notes	£	31.01.18 £	31.01.17 £
Opening net assets attributable to shareholders			42,318,297	20,450,859
<i>Movements due to sales and repurchases of shares:</i>				
Amounts receivable on issue of shares		109,348,755		26,340,413
Amounts payable on cancellation of shares		(56,579,894)		(10,999,045)
			52,768,861	15,341,368
Change in net assets attributable to shareholders from investment activities			18,507,452	6,204,898
Retained distributions on accumulation shares	6		567,898	321,172
Closing net assets attributable to shareholders			114,162,508	42,318,297

BALANCE SHEET
As at 31 January 2018

	Notes	31.01.18 £	31.01.17 £
Assets:			
Fixed Assets:			
Investments		103,667,404	39,140,929
Current Assets:			
Debtors	7	4,901,621	286,158
Cash and bank balances	8	7,225,830	3,645,818
Total assets		115,794,855	43,072,905
Liabilities:			
Creditors:			
Other creditors	9	1,632,347	754,608
Total liabilities		1,632,347	754,608
Net assets attributable to shareholders		114,162,508	42,318,297

NOTES TO THE FINANCIAL STATEMENTS

As at 31 January 2018

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

As described in the Statement of the Authorised Corporate Director's responsibilities, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the Company.

(b) Functional Currency

The functional currency used in the financial statements is Pound Sterling because it is the currency of the primary economic environment in which the Company operates.

(c) Recognition of revenue

Dividends on holdings, net of any irrecoverable tax credits, are recognised when the underlying security is quoted ex-dividend. Bank interest is accounted for on an accruals basis. Revenue on debt securities is accounted for on an effective yield basis.

All revenue is recognised on the condition that the flow of economic benefits is probable and the amount can be measured reliably.

(d) Treatment of stock dividends

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue.

The allocation of special dividends is considered on a case-by-case basis in determining whether the dividend is to be treated as revenue or capital.

(e) Treatment of expenses

All expenses, except those relating to the purchase and sale of investments are allocated to the revenue account on an accrual basis.

(f) Allocation of revenue and expenses to multiple share classes

Any assets or liabilities not attributable to a particular share class are allocated by the ACD in a manner which is considered fair to shareholders in general, usually pro-rata based on the net asset values of the relevant share classes.

(g) Taxation/deferred taxation

Corporation tax is provided for on taxable revenue, less deductible expenses, at a rate of 20%. This is the rate that has been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided for in respect of all items that have been included in these financial statements that will be included in future periods for taxation purposes, other than those timing differences regarded as permanent. Any liability to deferred tax is provided for at the rate of tax expected to apply to the reversal of timing difference.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

1. Accounting policies (continued)**(h) Distribution policy**

Revenue produced by the Fund's investments is accrued six-monthly. At the end of each period, the revenue, less the expenses allocated to the revenue account, is accumulated.

(i) Exchange rates

Assets and liabilities in overseas currencies at the period end are translated into Sterling at the latest available rates of exchange on the balance sheet date. Transactions in overseas currencies occurring during the year are recorded at the rate of exchange on the date of the transaction.

(j) Financial instruments

Financial assets and financial liabilities are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at transaction price (including transaction costs) and subsequently measured at amortised cost, except for the Fund's investments classified as financial assets at fair value through profit or loss, which are initially recognised at fair value (excluding transaction costs).

The investments are measured at closing prices on the balance sheet date. If closing prices are not available, the latest available prices are used. If separate offer and bid prices are quoted for shares or units, then the bid price is used. If no price or recent available price exists, the investments are valued at a price which, in the opinion of the ACD, reflects the fair value of the asset. This may involve the use of an appropriate valuation technique/methodology.

2. Net capital gains

	31.01.18	31.01.17
	£	£
Non-derivative securities	18,538,938	6,188,367
Currency (losses)/gains	(16,667)	20,179
Transaction charges	(4,110)	(3,700)
Net capital gains	<u>18,518,161</u>	<u>6,204,846</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

3. Revenue

	31.01.18	31.01.17
	£	£
UK franked dividends	1,091,345	514,840
UK unfranked dividends	42,859	20,960
Overseas dividends	66,433	85,958
Bank interest	1	2
Unfranked income currency (losses)/gains	(7,675)	52
Total revenue	1,192,963	621,812

4. Expenses

	31.01.18	31.01.17
	£	£
Payable to the ACD, associates of the ACD and agents of either:		
Annual management charge	619,061	271,287
Registration fees	39,999	23,261
Administration fees	6,506	6,387
	<u>665,566</u>	<u>300,935</u>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fees	34,810	14,925
Safe custody fees	2,015	794
	<u>36,825</u>	<u>15,719</u>
Other expenses:		
Audit fee	6,480	6,480
Tax fee	2,280	2,280
FCA fee	185	252
Research Fees	8,945	-
Other expenses	124	1,099
	<u>18,014</u>	<u>10,111</u>
Total expenses	720,405	326,765
	31.01.18	31.01.17
	£	£
Fees payable to the company auditor for the audit of the company's annual accounts:		
Total audit fee	<u>6,480</u>	<u>6,480</u>
Total non audit fees - Tax compliance services	<u>2,280</u>	<u>2,280</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

5. Taxation**(a) Analysis of the charge in the year**

	31.01.18	31.01.17
	£	£
Analysis of charge in the year		
Overseas tax	-	6,982
Total current tax for the year (see note 5(b))	<u>-</u>	<u>6,982</u>
Deferred tax (see note 5(c))	-	-
Total taxation for the year	<u>-</u>	<u>6,982</u>

Corporation tax has been provided at a rate of 20%.

(b) Factors affecting the current taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised Open-Ended Investment Company (20%). The differences are explained below:

	31.01.18	31.01.17
	£	£
Net revenue before taxation	<u>472,559</u>	<u>295,047</u>
Corporation tax at 20%	94,512	59,009
Effects of:		
Revenue not subject to taxation	(231,556)	(120,159)
Excess expenses for which no relief taken	137,044	61,150
Overseas taxation	-	6,982
Total tax charge for the year (see note 5(a))	<u>-</u>	<u>6,982</u>

(c) Provision for deferred tax

At 31 January 2018 the Fund had surplus management expenses of £2,215,959 (31 January 2017: £1,530,740). The deferred tax in respect of this would be £443,192 (31 January 2017: £306,148). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised at year end, or at the previous period end (see note 5(a)). Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and the effective tax rates in the future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

6. Distributions**Distributions and interest**

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	31.01.18	31.01.17
	£	£
Interim - Accumulation (31 July)	187,117	98,481
Final - Accumulation (31 Jan)	<u>380,781</u>	<u>222,691</u>
	567,898	321,172
Add: Revenue deducted on cancellation of shares	117,851	32,021
Deduct: Revenue received on issue of shares	<u>(202,481)</u>	<u>(65,180)</u>
Net distribution for the year	<u>483,268</u>	<u>288,013</u>
Interest	(1)	-
Total finance costs	<u>483,267</u>	<u>288,013</u>
Reconciliation to net distribution for the year		
Net revenue after taxation	472,559	288,065
Income currency gains/(losses)	6,619	(52)
Losses transferred to capital	<u>4,090</u>	<u>-</u>
Net distribution for the year	<u>483,268</u>	<u>288,013</u>

Details of the distributions per share are set out on page 38.

7. Debtors

	31.01.18	31.01.17
	£	£
Amounts receivable for issue of shares	4,820,189	258,955
Accrued revenue	81,403	27,162
Prepayments	<u>29</u>	<u>41</u>
Total debtors	<u>4,901,621</u>	<u>286,158</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

8. Cash and bank balances

	31.01.18	31.01.17
	£	£
Cash and bank balances	7,225,830	3,645,818
Total cash and bank balances	7,225,830	3,645,818

9. Other creditors

	31.01.18	31.01.17
	£	£
Amounts payable for cancellation of shares	337,050	79,099
Purchases awaiting settlement	1,185,984	629,850
Accrued annual management charge	81,906	32,174
Accrued registration fees	4,345	2,153
Accrued administration fees	601	581
Accrued depositary fees	4,300	1,815
Accrued custody fees	456	176
Accrued audit fees	6,480	6,480
Accrued tax fees	2,280	2,280
Accrued research fees	8,945	-
Total creditors	1,632,347	754,608

10. Related party transactions

The ACD is regarded as a related party of the Fund. The ACD acts as either agent or principal for the Depositary in respect of all transactions of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the statement of change in net assets attributable to shareholders.

As at the balance sheet date, TB Wise Multi-Asset Growth and Onyx Fund, both authorised funds which are also administered by the ACD, held 158,434 and 87,391 shares respectively, in the TB Amati UK Smaller Companies fund.

Details of transactions occurring during the accounting period with the ACD and the Depositary, and any balances due at the year end, are fully disclosed in the notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

11. Share classes

As at the year end the Fund had two share classes. The following table shows a breakdown of the change in shares in issue of each share class in the year:

	A Accumulation
Opening shares at the start of the year	801,789.426
Total creation of shares in the year	360,377.711
Total cancellation of shares in the year	(209,031.325)
Closing shares at the end of the year	<u>953,135.812</u>

	B Accumulation
Opening shares at the start of the year	4,529,493.677
Total creation of shares in the year	10,690,391.592
Total cancellation of shares in the year	(5,443,364.370)
Closing shares at the end of the year	<u>9,776,520.899</u>

The annual management charge of each share class is as follows:

A Accumulation Shares	1.50% p.a.
B Accumulation Shares	0.75% p.a.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Summary of Fund Performance tables on pages 22 and 23. The distributions per share class are given in the distribution table on page 38. All share classes have the same rights on winding up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

12. Risk management policies

In pursuing the investment objectives, financial instruments are held which may expose the Fund to various types of risk. The main risks inherent in the investment portfolios, and the ACD's policies for managing these risks, which were applied consistently throughout the year, are set out below:

(a) Currency exposures

The Fund's financial assets are mainly invested in equities and other transferrable securities whose prices are generally quoted in Sterling. The Fund may also invest in other securities whose prices are quoted in other currencies. This gives rise to a direct currency exposure, details of which are shown in the following table.

	Net foreign currency assets at 31 January 2018			Net foreign currency assets at 31 January 2017		
	Monetary exposures	Non- monetary exposures	Total	Monetary exposures	Non- monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	-	-	-	-	76	76
Australian Dollar	-	947	947	-	777	777

If GBP to foreign currency exchange rates had strengthened by 10% as at the balance sheet date, the net asset value of the fund would have decreased by £105,230 (31 January 2017: £77,542). If GBP to foreign currency exchange rates had weakened by 10% as at the balance sheet date, the net asset value of the fund would have increased by £86,098 (31 January 2017: £94,774). These calculations assume all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

12. Risk management policies (continued)**(b) Cash flow risk and interest rate risk profile of financial assets and liabilities**

The Fund's revenue is mainly received from holdings in equities. The Fund does not have any long term financial liabilities. The Fund is affected by the impact of movements in interest rates on its own cash balances.

The direct exposure of the Fund to interest rate risk as at the balance sheet date is shown in the following table:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not interest bearing £'000	Floating rate financial liabilities £'000	Financial liabilities not interest bearing £'000	Total £'000
31.01.18						
Australian Dollar	-	-	947	-	-	947
Sterling	7,226	-	107,622	-	(1,632)	113,216
31.01.17						
Euro	-	-	76	-	-	76
Australian Dollar	-	-	777	-	-	777
Sterling	3,646	-	38,574	-	(755)	41,465

Short term debtors and creditors are included as financial assets and liabilities not interest bearing in the above table.

The floating rate financial assets and liabilities comprise: Sterling denominated bank account balances that bear interest at the Bank of England base rate less 75 basis points (to a minimum of NIL) and overdrafts that bear interest at the Bank of England base rate plus 100 basis points. Financial assets and liabilities not interest bearing mainly comprise investments that do not have a maturity date.

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

(c) Liquidity risk

The majority of the Fund's underlying financial assets are considered to be readily realisable. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement. All of the Fund's financial liabilities are payable on demand or in less than one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

12. Risk management policies (continued)**(d) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. The Fund only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty and these are reviewed on an ongoing basis.

(e) Market price risk and fair value of financial assets and liabilities

The Fund's underlying investments are equities mainly quoted on recognised stock exchanges.

The value of shares is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual share held within an underlying holding or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

The Investment Manager seeks to minimise these risks by holding diversified portfolios of equities in line with the investment objectives. In addition, the management of the Fund complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook, which includes rules prohibiting a holding greater than 20% of the assets of the Fund in any one underlying investment.

If the value of shares/units in the underlying investments were to increase or decrease by 10% the change in the net asset value of the Fund would be £10,366,740 (31 January 2017: £3,914,093). This calculation assumes all other variables remain constant.

(f) Fair value of financial assets and liabilities

Valuation technique	INVESTMENT ASSETS	
	31 January 2018	31 January 2017
	£	£
Level 1: Quoted Prices	103,667,404	39,065,045
Level 2: Observable Market Data	-	-
Level 3: Unobservable Data	-	75,884
	<u>103,667,404</u>	<u>39,140,929</u>

As at the year-end there were no investment liabilities (31 January 2017: £nil). There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

(g) Commitments on derivatives

No derivatives were held at the balance sheet date (31 January 2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

13. Transaction costs**(a) Direct transaction costs**

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties incurred when purchasing and selling the underlying securities. A breakdown of the purchases and sales, and the related direct transaction costs incurred by the Fund in the year are shown in the table below. There were no indirect transaction costs in the year.

	31.01.18		31.01.17	
	£		£	
Analysis of total purchase costs				
PURCHASES				
Equities	74,963,093		26,745,442	
Investment Trusts	570,088		965,934	
Net purchases before direct transaction costs	75,533,181		27,711,376	
		% of total	% of total	
		purchases	purchases	
DIRECT TRANSACTION COSTS				
Equities	274,861	0.37%	104,982	0.38%
Investment Trusts	3,354	0.00%	7,737	0.03%
Total direct transaction costs	278,215	0.37%	112,719	0.41%
Gross purchases total	75,811,396		27,824,095	
Analysis of total sale costs				
SALES				
Equities	29,441,473		13,263,063	
Investment Trusts	414,608		599,109	
Gross sales before direct transaction costs	29,856,081		13,862,172	
		% of total	% of total	
		sales	sales	
DIRECT TRANSACTION COSTS				
Equities	(59,795)	0.20%	(31,560)	0.23%
Investment Trusts	(1,245)	0.00%	(1,801)	0.01%
Total direct transaction costs	(61,040)	0.20%	(33,361)	0.24%
Net sales total	29,795,041		13,828,811	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2018

13. Transaction costs (continued)**(a) Direct transaction costs (continued)**

	31.01.18	% of	31.01.17	% of
	£ average NAV		£ average NAV	
Analysis of total direct transaction costs				
Equities	334,656	0.44%	136,542	0.44%
Investment Trusts	4,599	0.01%	9,538	0.03%
Total direct transaction costs	<u>339,255</u>	<u>0.45%</u>	<u>146,080</u>	<u>0.47%</u>

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 1.31% (31 January 2017: 1.56%). This is calculated as the difference between the offer and bid value of the portfolio as a percentage of the offer value

14. Capital commitments and contingent liabilities

The Fund had no capital commitments or contingent liabilities at the balance sheet date (31 January 2017: £nil).

15. Post balance sheet events

Subsequent to the year end, the net asset value per share of the B Accumulation shares has increased from 1,077.17p to 1,137.22p as at 27 April 2018. This movement takes into account routine transactions but also reflects the market movements of recent months. There are no post balance sheet events which require adjustments at the year end.

DISTRIBUTION TABLEFor the year ended 31 January 2018

Interim Distribution (31 July 2017)

Group 1 - Shares purchased on or prior to 31 January 2017

Group 2 - Shares purchased after 31 January 2017

Shares	Revenue (pence)	Equalisation ¹ (pence)	Accumulated 30.09.17 (pence)	Accumulated 30.09.16 (pence)
A Accumulation				
Group 1	-	-	-	0.1793
Group 2	-	-	-	0.1793
B Accumulation				
Group 1	2.7919	-	2.7919	2.8130
Group 2	1.8724	0.9195	2.7919	2.8130

Final Distribution (31 January 2018)

Group 1 - Shares purchased on or prior to 31 July 2017

Group 2 - Shares purchased after 31 July 2017

Shares	Revenue (pence)	Equalisation ¹ (pence)	Accumulated 31.03.18 (pence)	Accumulated 31.03.17 (pence)
A Accumulation				
Group 1	-	-	-	1.5139
Group 2	-	-	-	1.5139
B Accumulation				
Group 1	3.8948	-	3.8948	4.6484
Group 2	1.5458	2.3490	3.8948	4.6484

¹ Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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Directors of the ACD

Mrs H C Stevens
Mr R J Taylor
Mr G M Padbury
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