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WS Amati Global Innovation Fund

Quarterly Review

March 2026



By
Graeme Bencke, Fund Manager

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As we progressed through early 2026, there were nascent signs of an improving industrial demand outlook following several years of cautious and delayed investment. Relative stability in interest rates and a calmer tariff landscape had settled nerves and companies were again beginning to think about the future. However, in March things abruptly changed with the sudden ramp up in hostility in the Middle East, and once again companies withdrew to watch from the sidelines. Even the meteoric rise in AI and associated investment was insufficient to maintain the broad momentum in equity markets. Oil and other commodity prices surged leading to fears of inflation and higher borrowing costs for companies. At the time of writing this review, the conflict remains unresolved, with potential to become a much more protracted and costly affair.

Despite the volatility and the sharp swings in performance for different investment styles and sectors, the Fund held up well over the period. Our exposure to defence technology was certainly a helpful tailwind in the quarter but the real stars were the strongest performers through January and February, where the focus on AI-based capital investment had widened out beyond the top few "Magnificent" companies that had dominated over the prior year or so. As regular followers of the Fund will know, our approach is to focus on the broader landscape of a given innovation frontier and to identify where the risks and rewards appear to be most attractive. For generative AI, this had taken us to more obscure areas such as photonics, memory semiconductors, and even specialist semiconductor equipment companies. While initially outside of the spotlight, these investments have paid off handsomely over more recent time periods, as reflected in the top three contributors for this quarter.

Within this group, **Samsung Electronics**, the South Korean semiconductor and consumer goods business, stands clearly ahead of the pack. After some early disappointments with its specialist HBM (High Bandwidth Memory) products, the company quickly regained its mojo with its more recent products, with earnings supported by a combination of insatiable demand and sharply increasing prices. The decision to cancel around \$10 billion worth of its own stock, reducing the share count, was also a notable boost to investor sentiment.

The strong contribution from **Lumentum**, the US listed specialist laser and photonics equipment manufacturer, came largely through the dramatic increase in demand for optical networking equipment across AI infrastructure. The speed and data requirements have in many cases surpassed the capabilities of copper, introducing optical communications deeper into the data centre to the benefit of companies such as Lumentum. The company was also the recipient of a large investment by NVIDIA, helping investors' confidence in the longevity of this technological development.

Closely following in contribution terms was US listed **MKS Instruments**, which holds a critical role in the semiconductor fabrication and packaging ecosystem. The shares rallied after reporting a strong full-year result and raising guidance for the first quarter of the new year. The company is benefiting from the broader increase in capital investment into chip



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manufacturing as well as the increasing complexity of AI-related chips driving higher demand for some of MKS's products. The company is responding by expanding its own production facilities in Malaysia to meet this increased demand.

Reviewing the main detractors in the month highlights no particular economic or industrial trend reversal, but rather three companies which have temporarily become victims of their own success. **GeneDX**, for example, the U.S.-listed genetic diagnostics service provider suffered a sharp fall despite a strong quarterly performance, after providing conservative guidance for the coming year. Investors used to the company's consistent beat and raise cadence took fright and reduced positions, which had an outsized effect on this relatively thinly traded equity.

Another highly sensitive and currently underestimated company is **Impinj**, the US-listed radio frequency identification (RFID) chip manufacturer. While their addressable market continues to grow almost exponentially over time and they continue to dominate their niche, investors reacted negatively to a short-term increase in inventories. The shares have proved to be highly volatile but the recent dip represents an excellent entry point for longer-term investors, in our view.

Likewise for French listed **VusionGroup**, the IT company supplying electronic shelf labels along with other productivity-improving solutions for retailers. The shares performed very strongly last year after the company won the largest US retailer, Wal-Mart, as their customer but have since largely given up this benefit as investors fret about the outlook once that contract is completed. The productivity benefits associated with digitalisation for physical retailers make it an almost technologically inevitable development, and VusionGroup firmly dominate their segment of this industry, as reflected in more recent contract wins. For all three of the detractors listed we remain positive and have added to our positions.

Activity

Activity across the Fund in Q1 2026 was broadly in line with our expected rate of turnover, with four new additions to the portfolio. German listed **Basler** and Swiss listed **Tecan Group**, while quite different businesses, both stand to benefit as AI impact real world applications. The so called "Physical AI", robotic equipment is becoming more complex and capable and increasingly needs to understand and interact with its environment. This requires advanced senses, with a particular emphasis on vision. Basler is a European leader in the design and manufacture of advanced machine vision cameras and as such is well positioned to benefit from this development. Tecan, by contrast, it is a specialist manufacturer of life sciences automation equipment. AI is rapidly accelerating the process of identifying potential compounds and active ingredients for new drug development. While it can demonstrate these benefits "in silico" (in computer models), companies are still required to test and analyse these molecules "in vitro", in the lab. In order to keep pace with the dynamics of this industry, labs require more effective automation, leading to increased demand for Tecan's products over time.



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The third addition was U.S.-listed **Bentley Systems**, the leading provider of design and engineering software for infrastructure design and construction. In our view, Bentley was unfairly sold off in the so-called "Saas-pocalypse" period where traditional software companies saw their valuations severely dented as concerns mounted regarding their ability to compete long term in an increasingly AI-driven world. In our view Bentley benefits from much more substantial barriers to entry from data, regulation and user training than are currently reflected in the share price.

James Hardie Industries, the now US-listed building materials company, was the fourth addition to the Fund. This represents exposure to a new innovation frontier where we have been actively looking for potential candidates for some time. Residential construction, in particular, faces a number of significant challenges which are being addressed by new innovative developments. High construction costs, combined with increasingly strict regulatory requirements, regarding insulation and ventilation in particular, have contributed to the material under supply of new housing in the U.S. Clearly other issues, such as higher interest rates and speed of permitting, have also played a role but we see a number of innovative companies attempting to offset the challenges. James Hardie's sophisticated cladding and technical wood offerings are rapidly gaining share in a process which we believe is underappreciated by the market.

To fund these new holdings, we took profits in four of our longer-standing investments: **SK Hynix, MOOG, Eli Lilly** and **Amphenol**.

Outlook

It seems foolish to attempt to provide an outlook for the coming quarter, given the current uncertainties in the Middle East, not to mention the ongoing geopolitical pressure in Ukraine/Russia and even the increasing confidence of China on the global stage. However, our process is not designed to predict these events but rather to attempt to see through them to the underlying cycles of innovation that profoundly affect our economies. Here we remain very confident in the innovation frontiers in which we are invested. Higher oil and commodity prices may increase the costs borne across the economy, but over time this simply requires a greater emphasis on productivity, and it is innovation that will provide the solutions.

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Risk Warning

Past performance is not a reliable guide to future performance. The value of investments and the income from them may go down as well as up and you may not get back the amount originally invested. Tax rates, as well as the treatment of OEICs, could change at any time. The return on investments in overseas markets may increase or decrease as a result of exchange rate movements. There may be occasions where there is an increased risk that a position in the Fund cannot be liquidated in a timely manner at a reasonable price. In extreme circumstances this may affect the ability of the Fund to meet redemption requests upon demand. A dilution levy may be applied to the share price when the Fund is expanding or contracting. Should you buy or sell in these circumstances it may have an adverse impact on the return from your investment.

This review does not provide you with all the facts you need to make an informed decision about investing in the Fund. Before investing you should read the Prospectus and the Key Investor Information Document (KIID). The Prospectus sets out the main risks associated with the Fund and the KIID shows you how costs and charges might affect your investment. If you are in any doubt as to how to proceed you should consult an authorised financial intermediary.

Fund documentation is available on request and can be downloaded from Waystone [here](#) or from our [website](#).

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