

WS Amati Global Innovation Fund
Quarterly Review

September 2025



By
Graeme Bencke, Fund Manager



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Market commentary

The staggering levels of capital investment into generative AI infrastructure continued to rise throughout the third quarter of 2025, propelling the AI chips and equipment suppliers to ever higher valuations, along with the very select few companies with sufficient capital to stay in the game. The concentration of performance coming from this 'magnificent' cohort rose beyond historic peak levels and into truly uncharted waters. While the returns on this gargantuan investment remain largely elusive, the scale of the ultimate prize is still believed to be justification enough, at least for now - although the increasingly creative, and more recently, debt laden funding solutions do suggest a system beginning to come under some stress. For the WS Amati Global Innovation Fund, this extreme concentration has remained a drag for much of the year, since our process pushes us to more non-consensus ideas and more targeted business models across more granular innovation areas, which have lagged the 'mega cap' tech titans, despite many showing strong absolute returns.

On the political front, many of the headline topics from the last quarter continued to feature, notably the US trade policy actions and the tragic conflicts in Ukraine and Gaza, as well as the related surge in defence spending across Europe in particular. The US Federal Reserve did provide a notable development, however, by cutting interest rates for the first time this year, and hinting at more to come. This was certainly a helpful step towards rebuilding corporate investment confidence, which has also suffered from the vacillations around US import tariffs. If we see further developments on both elements, then the dam of pent-up investment spending may finally rupture in the coming months. Recent news from some shorter cycle industrial companies suggests that this may have already begun, but the follow-through to larger projects remains patchy. The much-vaunted drive for US industrial reshoring under the Trump administration should provide a tailwind over time.

Over the period in question, however, other political actions have weighed on some of our holdings, notably in the Life Sciences sector. Federal funding to research and development in this important sector has suffered while the Republican party drives through changes at academic institutions. The highest profile issue has been the delay in funding to the National Institutes for Health (NIH) at the cost of cutting-edge scientific research. Thankfully the outlook here appears to be improving, and shares are starting to recover some of the lost ground. A brief hiatus in spend can be tolerated, but a sustained withdrawal could cost the US its leadership in such a globally competitive industry. Something that we believe is well understood in the halls of power.

Performance contributors

Unsurprisingly under these circumstances, our weakest performance contributors in the quarter came from the Life Sciences or healthcare related sectors. Even the powerful US Food and Drug Administration (FDA) did not escape the spotlight, seeing significant cuts to



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staffing and a radical change in leadership. This has caused several high-profile delays to drug approvals, as systems are rebuilt and submission requirements changed with little notice. Our portfolio holding, **Telix Pharmaceuticals**, the Australian listed Radiopharmaceutical business, was affected in this way, leading to disappointment from investors. Telix suffered following a no-notice request for further data for an important new therapeutic approval. While the treatment is very likely to be approved in time in our view, the delay is nevertheless painful, and the shares fell as a result.

By contrast, **Procept Biorobotics**, the US listed surgical robotics group, has continued to drift through much of the year on very limited negative newsflow, reflecting the general focus away from the sector overall. While Procept did suffer from a temporary industry-wide shortage of saline solution earlier in the year, this proved to be a blip and cannot explain the continued gentle decline for the share price. Our 3-5 year investment horizon is designed to look through these events and we have continued to add to the holding on weakness, backed by solid progress in sales and profits.

The third largest detractor is also a medical device company, but very different from Procept's aquablation therapy. **Dexcom** is one of the global leaders in continuous glucose monitors, which any diabetic will likely tell you has revolutionised the lives of sufferers. This is an oligopolistic market segment with high entry barriers across technology and regulation. Dexcom's shares were targeted by a very negative report from a small independent hedge fund looking to benefit from a fall in the shares. Although initially successful, the report has been largely debunked, and we took advantage of the fall to add to our position.

On a more positive note, the highest contributions to performance in the quarter were well away from Life Sciences, and were beneficiaries of the structural increase in demand powered by their individual innovation areas. **Impinj**, the US listed RFID chip producer, holds the top position, and not for the first time this year. As with most areas of innovation the opportunity is often best realised when several factors come together. RFID is not a new technology, but only recently has the cost of production reduced to the point where it can economically be applied to many different products, rather than only high value goods. Combine this with improved logistics software and scanning equipment, and suddenly it becomes economic for some of the largest retailers and logistics groups in the world to invest. Financial investors are beginning to see these benefits in the company's financials and the shares have responded accordingly.

The strong performance from **Lumentum**, the US photonics equipment company, is a similar story where the technological inevitability of using light instead of electricity to transfer data has really come of age. The highest profile example is across the AI datacentre explosion, where vast amounts of data are transferred across huge networks, and increasingly photonics is the only solution. The penetration of the technology remains at an early stage in this industry and further developments bringing photonic connections to a chip level are only just becoming a reality.



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By coincidence, light is the medium of success for the third most positive contributor in the period, US listed **Cognex**. As a global leader in machine vision, Cognex's equipment can use bands of light way beyond the visible spectrum to provide monitoring and assessment solutions for many different applications. Drawing on the developments in AI, Cognex's most recent products do not require extensive programming but can learn 'on the job' in hours, or even minutes, meaning they require very limited technical capabilities to implement. This is opening entirely new markets and providing productivity benefits for a vast array of industrial applications. As broader capital investment returns and newer factories and robots are built, Cognex stands to benefit.

Activity

After a quiet period early in the quarter our investing activity picked up in September with most of the new positions being bought in that month. Since our process is almost entirely bottom-up, this is a function of when ideas come to fruition as valuation and investment cases align. Our self-inflicted discipline of holding a maximum of 40 stocks provides, by design, a natural competition for the Fund's capital, so that every new idea is considered in relation to the existing holdings. In total we replaced four holdings with an equal number of new names. The positions we sold were: **Hubbell** (electrical infrastructure components), **Qiagen** (diagnostics equipment), Leonardo DRS (defence technology), and **Avery Dennison** (Labels – RFID).

Sequentially the first new position was **Globant**, a US listed digital services group. Globant began life in Argentina but has grown to be a global challenger, enabling digitalisation, and increasingly AI based, services for their clients. The opportunity that the roll-out of AI across non-technology corporations brings to Globant is currently being underestimated by investors, and the cyclical slowdown of the past 2 years provides an excellent entry point over our investment horizon.

Global-E Online is a US listed software and services company, which provides pioneering solutions for e-commerce merchants to seamlessly access international markets. As the primary solution partner for a number of retail platforms, including Shopify, Global-e has consistently expanded its product offering and geographic coverage, and is now operating on behalf of some of the largest and most well-respected global brands.

Outside the US we purchased a recent position in **Chemring**, a UK defence technology business. This company was a pre-existing holding for the WS Amati UK Listed Smaller Companies Fund, so it is well known to the firm. In addition to Chemring's core 'energetics' and countermeasures products, the group is also a pioneering producer of advanced electronic warfare technology and is extremely well positioned to continue to benefit from the huge rise in defence spending across Europe and beyond.



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The most recent new holding is **Repligen**, a US listed biomanufacturing equipment supplier. Repligen's products enable the rapidly growing demand for bio manufactured medicines. This has been identified as a key area for investment at the Federal level in the US, and Repligen's solutions align perfectly with the newer production techniques being applied. The earlier mention of the US re-shoring process is receiving particular focus in the pharmaceutical and biotech space, and Repligen is one of only a small number of specialist equipment suppliers that stand to benefit.

Outlook

As previously mentioned, our investment process is almost entirely bottom-up and so we expend little energy attempting to second guess the actions of central banks or geopolitical events. We strongly believe that the innovation areas in which we are invested in, have a technological or efficiency benefit, which will inevitably drive growth regardless of the macro noise. Advancements in robotics, bioprocessing, radiopharmaceuticals and even consumer digital platform technologies, offer such clear advantages that capital will inevitably be drawn to them, and the evidence in each case is tangible. The companies themselves are profitable and generating cash, such that they are self-reliant for their growth, and not dependent on external capital. They are real businesses, not science projects.

As we research new ideas, we often hear that markets are highly valued compared to history and offering poor returns. We heartily disagree in relation to the companies we own in particular, but also more broadly across indices, once the tech titans and other companies associated with the AI investment cycle are excluded. The high concentration of investment in this relatively small cohort of companies obscures the relative value elsewhere across markets. By identifying and following innovation and technological change, we continue to find less obvious companies whose improving prospects are currently underestimated. The outlook for value creation through innovation remains as attractive as ever.

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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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