



WS Amati Strategic Metals Fund



By
Mark Smith, Fund Manager



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The third quarter of 2026 was marked by significant volatility across metals markets, with changes in monetary policy expectations, geopolitical developments and commodity-specific supply factors driving sharp shifts in investor sentiment. Mining equities weakened in July as subdued summer trading, hawkish US monetary policy expectations and uncertainty surrounding the conflict in the Middle East weighed on the sector. Junior precious metals companies underperformed, while lithium equities were affected by renewed supply expectations and changes to Chinese battery taxation.

Conditions improved sharply in August. Gold and silver rallied as the debasement trade regained prominence, official-sector gold purchases continued and investors added to gold-backed exchange-traded funds. At the same time, a tightening supply picture supported copper, while stronger energy storage demand and disruption at CATL's Jianxiawo mine improved sentiment towards lithium. This momentum did not carry through September: rising bond yields, a stronger US dollar and the Federal Reserve's 25-basis-point rate increase put renewed pressure on precious metals, while lithium prices weakened amid higher reported inventories, increased spodumene imports and questions over the sustainability of battery energy storage demand growth.

Across the quarter, the divergence between short-term macroeconomic pressure and longer-term physical fundamentals was especially notable. Higher yields and a stronger US dollar periodically drove selling in precious metals and related equities, even as central-bank buying, ETF inflows and physical

demand remained supportive. In base and battery metals, near-term demand uncertainty continued to compete with evidence that years of underinvestment, delays to major projects and operational disruptions are limiting the supply response.

Gold was broadly stable in July, rose by almost 10% in August and then fell by 6% in September as higher yields and expectations of further rate increases strengthened the US dollar. Silver followed a similar but more volatile path. Despite the September correction, underlying demand remained supportive: China continued to add to its official gold reserves, gold-backed exchange-traded funds attracted inflows during price weakness, and physical demand in China and India remained healthy. Precious metals equities experienced larger price swings than the underlying metals, with junior companies underperforming during weaker periods.

Figure 1: Gold Backed ETFs accumulations



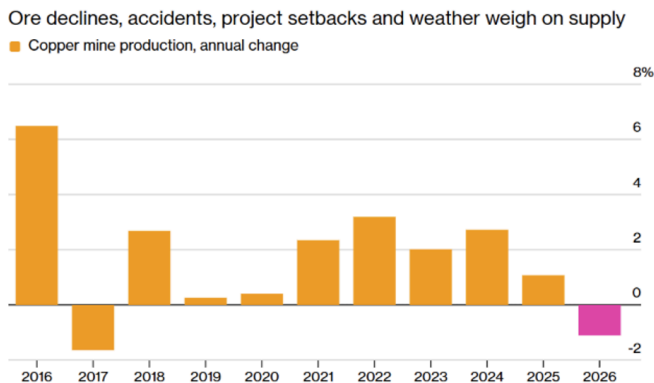
Source: Bloomberg

Copper remained supported by a tightening global supply outlook. Strong shipments into the US ahead of a potential tariff decision, weaker production in Chile, project delays and other supply disruptions reinforced



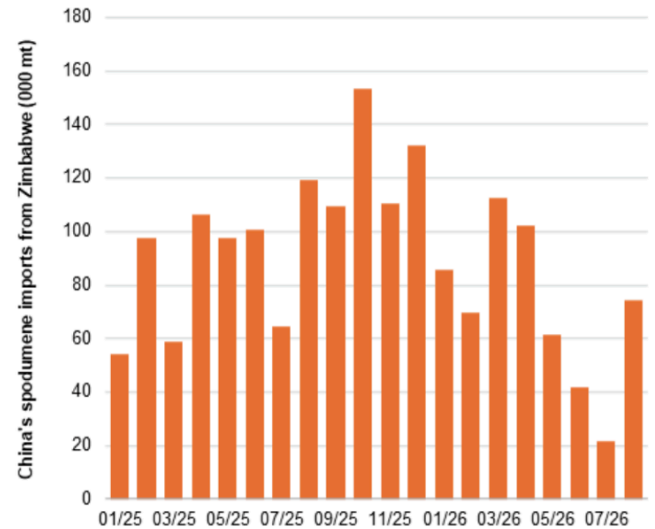
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concerns over future availability. By August, copper equities were trading at valuations close to those implied by spot prices, prompting the Fund to add to its copper exposure.

Figure 2: Global Copper Supply

Source: ICSG

Lithium was the most inconsistent market over the quarter. Prices fell sharply in July as expectations of renewed supply and changes to Chinese battery taxation affected sentiment, before recovering in August as energy storage demand strengthened and CATL's Jianxiawo mine returned to care and maintenance. Momentum faded again in September as exchange inventories and spodumene imports increased and investors questioned whether recent high growth in battery energy storage shipments could be sustained. The emergence of sodium-ion technology and China's greater focus on profitability and quality also became more prominent considerations for the sector.

Figure 3: China's spodumene imports from Zimbabwe recovered in August as quota-approved cargoes arrived.

Source: Bloomberg, BMO Capital Markets.

Portfolio Activity

The Fund maintained a high exposure to precious metals equities throughout the quarter, reflecting attractive valuations, the prospect of strong financial results through the remainder of 2026 and into 2027, and expectations of increased merger and acquisition activity. Precious metals represented approximately 66% of the portfolio at the end of September. Over the quarter, gold exposure declined from 48% to 46%, while silver increased from 19% to 20%. Lithium remained at 9%, nickel increased from 9% to 10%, and copper increased from 6% to 9%.

The increase in copper exposure reflected a more attractive valuation backdrop and growing evidence of a tightening market,



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including weaker production from major suppliers and delays to new projects. Elsewhere, the Fund continued to favour well-capitalised mid-cap growth companies and quality development projects, primarily with mining exposure outside China. This positioning is intended to provide participation in longer-term supply-driven opportunities while retaining a focus on balance-sheet strength and project quality during periods of elevated volatility.

Outlook

Although the near-term environment remains uncertain, the longer-term outlook for the metals sector remains encouraging. Geopolitical tensions, deglobalisation, constrained capital investment and years of underinvestment in new supply are contributing to prospective structural deficits across many metals from 2028–2029 onwards. Bringing new mines into production requires long lead times, significant capital and regulatory approvals, yet projects are not currently being developed at the scale required to meet expected demand. This imbalance is likely to remain an important source of both volatility and opportunity.

Generalist and institutional exposure to mining equities also remains close to historic lows, creating the potential for a strong re-rating if capital returns to the sector. In the short term, precious metals appear particularly attractive. Gold and silver prices have already adjusted to higher yields and expectations of further monetary tightening, while equity valuations imply a substantially weaker commodity-price environment.

Supportive physical demand, continued central-bank purchases and ongoing ETF inflows provide a counterweight to macroeconomic pressure.

The Fund is therefore maintaining its high exposure to precious metals while retaining selective positions in lithium, nickel, copper and other materials that may benefit from tightening supply-demand balances over the medium to long term. Near-term market movements are likely to remain sensitive to interest-rate expectations, currency movements and geopolitical developments, but the underlying need for investment in new supply continues to support the sector's longer-term investment case.

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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 investments associated with this Fund are concentrated in natural resources companies, which means that the Fund is subject to greater risk and volatility than other funds with investments across a range of industry sectors. The Fund invests in companies that have operations in developing markets and which therefore may be subject to higher volatility due to political, economic and currency instability. Shares in some of the underlying companies in the Fund may be difficult to sell at a desired time and price. A dilution adjustment 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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