FACTSHEET • SEPTEMBER 2024



# WS Amati Strategic Metals Fund



#### Fund Objective

The Fund aims to provide capital growth over the long term (periods of 5 years or more). The Fund invests in mining companies listed in developed markets worldwide.

For further information on our objectives and policy, please view the Key Investor Information Document (KIID) here.



#### **Contact Details**

#### Investment Manager

Amati Global Investors Ltd 8 Coates Crescent Edinburgh EH3 7AL

T: +44 (0) 131 503 9115

F: +44 (0) 131 503 9110

E: info@amatiglobal.com W:\_www.amatiglobal.com ACD of the Fund

Waystone Management UK 29 Wellington Street Central Square Leeds, LSİ 4DL

T: 0345 922 0044

E: wtas-investorservices @waystone.com

W: Waystone Management (UK) Limited



#### Key Information

Launch Date	March 2021
Fund Size	£63.2m
B Share Class	82.85p
Dealing Line	+44(0)115 988 8275
IA Sector	Commodities and Natural Resources
No. of Holdings	43
Minimum Investment	£1,000
Min Lump Sum Regula	£50/month
Share Type	Accumulation
Scheme Type	UK UCITS
ISIN	GB00BMD8NV62
Benchmark	MSCI World Metals and Mining Index (GBP)
Charges (no initial)	0.75% Annual Mgt Charge plus research charge of up to 0.10%

Investment Team





(OCF capped at 1%)

# Ratings, Awards & Signatories









10 Largest Holdings	% OF TOTAL ASSETS
G Mining Ventures	6.5%
Fresnillo	5.8%
Pan American Silver	5.1%
Greatland Gold	5.0%
K92 Mining	4.0%
Eldorado Gold	3.9%
I-80 Gold	3.7%
Vizsla Silver	3.6%
Contango Ore	3.4%
Sovergeign Metals	3.4%

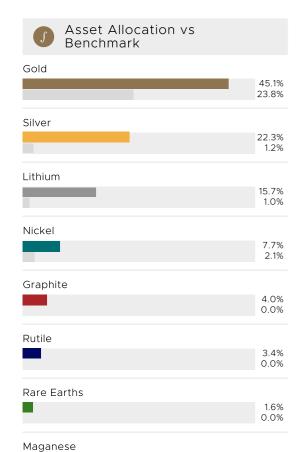
Cumulative Performance		(B CLASS)
	Fund Return (%)#	Benchmark Return (%)##
1 month	4.77	7.10
3 months	1.54	3.54
6 months	13.56	4.30
1 year	-4.59	9.59
3 year	-13.90	39.55
Since Launch*	-17.15	34.57

#WS Amati Strategic Metals Fund, Total Retur ##MSCI World Metals and Mining Index (GBP), Total Return

Past performance is not a reliable indicator of future performance.

Discrete Annual Performance		
	Fund Return (%)	Benchmark Return (%)
30/09/2024	-4.59	9.59
29/09/2023	-13.72	11.11
30/09/2022	4.59	14.60

# FINELY CRAFTED INVESTMENTS



Benchmark weightings (in dark grey) only shown for asset classes in which the Fund has an allocation.

30%

40%

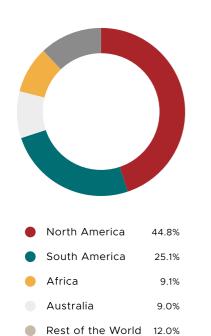
Source: Amati Global Investors as at 30/09/2024

20%

10%

0%

# Geographical Distribution by Revenue



Source: Amati Global Investors as at 30/09/2024



## Fund vs Benchmark Market Cap

10%

	WS Amati Strategic Metals Fund	MSCI World Metals and Mining Index		
Number of Constitutents	43	35		
Market Cap (USD Millions)				
Median	306	20,116		
Average	857	32,734		
WAMC	1,406	69,868		

15%

20%

25%

Source: Amati Global Investors as at 30/09/2024

Source: Amati Global Investors as at 30/09/2024

0.2% 0.2%

50%



Source: Amati Global Investors as at 30/09/2024

\*WS Amati Strategic Metals Fund, Total Return.

\*\*MSCI World Metals and Mining Index (GBP), Total Return. The stocks comprising the index are aligned with the Fund's objectives, and on that basis the index is considered an appropriate performance comparator for the Fund. Please note that the Fund is not constrained by or managed to the index.

Sources: Waystone Management (UK) Limited, Financial Express Analytics and MSCI. Information in this factsheet is at the last valuation point of the month, except where indicated.



## Investment Report

The Fund performance in September was much-improved, recovering the performance lost during the summer months, as most commodity prices were higher month-on-month.

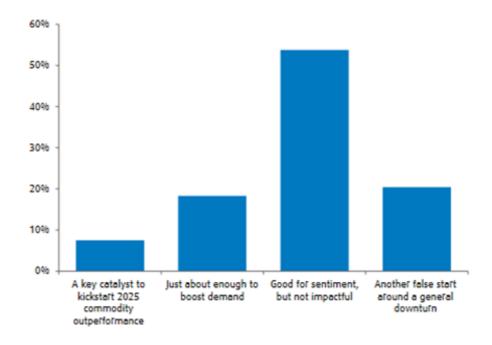
It turned out to be an eventful month for metals. On 18 September, the U.S. Federal Reserve announced an aggressive 50 bp interest rate cut (to 4.9%), in an attempt to prevent the job market from softening further. This sent gold to a fresh all-time high of US\$2,591/oz before it fell back to US\$2,550/oz as Fed Chair Jerome Powell indicated that there would be "small steps" ahead for interest rate cuts. With the rising tension in the Middle East and the momentum gained from expectation of further rate cuts, the gold price rose above the US\$2,600/oz level for the first time ever, reaching US\$2,683/oz in late September.

Base metal prices surged higher on the back of the dual stimulus packages announced by China, the world's largest metal consumer, on 23 September. Measures included rate cuts and reductions to lenders' reserve requirement ratios alongside reducing down payment requirements for property purchases. Additional stimulus is widely anticipated before year-end. Zinc and copper prices led the pack, while nickel lagged as exchange inventories continued to reach new three-year highs.

Hopes for stimulus measures to boost consumer confidence and support China's struggling property market had faded since July when the CCP's third plenum, a series of major economic and social policy meetings, failed to deliver any meaningful measures. Last month's announcements were reportedly timed to enable the country to meet its 2024 GDP growth target of 5%.

Interestingly, a poll conducted by BMO Capital Markets following the announcement by China found that less than 10% of fund managers believe the measures to be the key catalysts to kickstart a sustained recovery in commodity prices (figure 1). However, it does seem to have had a profound impact on sentiment towards the sector, given the recovery in share prices that we have witnessed of late.

Figure 1 Webcast Poll Result: How do You View China's Recent Stimulus?



Source: BMO Capital Markets

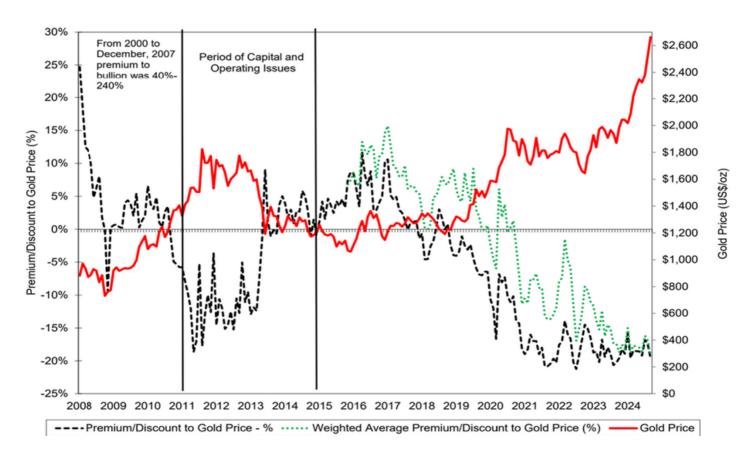


#### Investment Report

While the gold price is hitting new highs on almost a daily basis (and silver is threatening to breakthough the US\$32/oz) ceiling, investor appetite for gold shares remains fairly muted, especially, when we look at the shares not included in the major gold indices. Even then, the GDX (VanEck Vectors Gold Miners ETF1 and a proxy for large cap gold mining shares) has increased 28.41% year-to-date, only slightly more than the metal's year-to-date gain of 27.71%. Looking at the five-year total return comparison (10/1/2019 to 9/30/2024), mining stocks gained 58.71%, distantly lagging gold's 78.92% rise. Yet, the investment fundamentals for miners have rarely been so favourable against a backdrop of such disinterest. The Q3 2024 average gold price (the most important single variable for miners' earnings and cash flow) will exceed Q2 by 5.2% sequentially, and Q3 2023 by 18.8%. For many companies, production is weighted toward the second half; leading us to believe that we may see record Q3 earnings reports later in October and early November.

According to our financial models, and those of most brokers (figure 2), the shares are still reflecting a gold price close to US\$1,800/oz, suggesting a catch-up trade in the future, should the gold price hold anywhere near current levels.

Figure 2 What Are Gold Equities Reflecting? Premium/Discount to Gold Price



Source: Scotiabank

In September, we attended a couple of important conferences for developers and mid-cap mining companies. The frustration on the part of fund managers and company executives alike was very clear as the sector remains starved of capital despite the abundance of world class projects waiting to be developed. Developers have never been this cheap on any multiple, including enterprise value per resource ounces (figure 23 below), with many companies vulnerable to M&A should their ratings not improve.



Figure 3 EV per ounce of resource divided by the gold price: North American Gold Developers



Source: Scotiabank

Indeed, we witnessed a couple of high-profile M&A deals in September with AngloGold submitting a US\$2,500m bid for Centamin Egypt, and Coeur Mining submitting a C\$1,700m bid for SilverCrest Metals. We believe that M&A activity is likely to significantly increase over the coming months if gold and silver prices remain around current levels.

We made minor adjustments to the portfolio in September. We participated in the **Greatland Gold** fund-raising to purchase the Telfer Mine and 70% stake in the Havieron gold-copper mine that it did not yet own, along with other assorted assets, from Newmont. Despite the Chinese stimulus packages, we are maintaining a slightly defensive bias around industrial commodity positioning with a higher weighting towards the battery sector, which is starting to recover. The copper sector remains extremely hot at the moment, with valuations so stretched that it is very difficult to find any value in the sector at present.

During these volatile markets and low trading volumes, we are not changing the portfolio much. We hold solid investments which are well capitalized, developing quality mining projects, which are gaining increased investor interest relative to other sectors in the market.







#### 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 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 factsheet 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 Key Investor Information Document (KIID) and associated Fund documentation. If you are in any doubt as to how to proceed you should consult an authorised intermediary. Fund documentation can be requested from Waystone or Amati and is available to download from our website.

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