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WS Amati Strategic Metals Fund

Quarterly Review

December 2025



By

Mark Smith, Fund Manager



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Commodity markets continued to go on a tear in Q4 2025, as industrial metals and battery metals joined in the party. We believe this is part of a broader macro move into physical assets following the US\$ debasement trend. The Bloomberg Commodity Total Return Index, which trades a basket of 24 energy, metal and agricultural futures, is headed for its strongest year since 2021, being up by 16%.

In Q4 2025, gold's performance was eclipsed by silver, which rose by almost 100% over the three months, driven by extreme physical shortages, safe-haven demand amid geopolitical tensions, strong industrial needs (EVs, solar, AI), and a weaker US dollar. The spot silver price ended the year at \$71/oz, just off its all-time closing high of \$83.90/oz. Silver's breakout reflects rare alignment between industrial and investment demand. Industrial use is up 38% since 2021 on electrification, EVs, solar, and AI growth, while ETF inflows have resumed after many years of selling. With mine supply flat and a 117Moz deficit projected for 2025, and every year thereafter, above-ground inventories are tightening.

Annual recap – a brief summary:

GOLD up +66%: the best year since 1979, benefitting from the weaker USD dollar, geopolitical tensions, tariff uncertainties, strong central bank demand, inflows into gold Exchange Traded Funds (ETFs) (this being the strongest year to date), and Federal Reserve rate cuts. There were notable merger and acquisitions (M&A) including the Coeur Mining's acquisition of New Gold; Anglogold Ashanti acquired Centamin; DPM Metals acquired Adriatic Metals; Northern Star acquired De Grey Mining; and Gold Fields acquired Gold Road Resources.

SILVER up +148%: benefited from a lot of the same themes as gold, and then saw outperformance in Q4 2025, helped by the official inclusion on the US critical minerals list. The paper market is now c. 350x that of the physical market/liquidity! So clearly silver has become a rampant traders/speculators market (eyes on whether the Q4 squeeze is set to unwind). Notable 2025 M&A activity included the PAAS acquisition of MAG Silver.

COPPER up +40%: The impact from supply disruptions is expected to have lingering impacts which may counteract any demand weakness. Supply issues/operational challenges affected many major copper mines in 2025. For example, Ivanhoe Mines (IVN) at the Kamoak-Kakula copper complex, Freeport (FCX) at the Grasberg mine and Codelco at the El Teniente mine, all reported reduced production output. Many commodity participants continued to call for sizeable supply deficits, even in a world of 2% GDP growth. Notable M&A activity included the still to be finalised merger of equals between Teck Resources and Anglo American.

URANIUM: Term price ended at a 17 year high – bulls focussed on energy security and growing energy demand, now accelerated by ambitious data center rollout plans. Despite a forecasted supply/demand deficit projected over the years ahead, there hasn't been much in terms of new supply coming to the market. During the most recent earnings calls, Cameco



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pointed to production shortfalls from its Canadian mines while Kazatomprom maintained its lowered long term guide. 2026 will be a transformational year as major new Canadian Mines from both Denison Mines (DNN) and NexGen Energy (NXE) are set for the final Canadian Nuclear Safety Commission review. If approved, both mines are expected to impact global supply in a meaningful way.

LITHIUM up 130%: Lithium prices continued to fall in the first half of 2025, hitting a low for 2025 of 58,400 yuan by June, squeezing margins and share prices for miners globally and forcing some to curb output. However, Beijing's pledge in July, to crack down on overcapacity across several sectors including lithium, together with the August production halt at Chinese battery giant CATL's Jianxiawo mine (which accounts for around 3% of global supply), sparked a global price surge.

Lithium carbonate prices on the Guangzhou Futures Exchange (GFEX) soared by 130% from this year's low to their highest since November 2023 at 134,500 yuan per ton, on December 29.

Outlook at Portfolio activity

Precious metal equities were again up strongly in the quarter and we are starting to see fund flows from the large cap miners into the small and intermediate producers, which directly benefited the WS Amati Strategic Metals Fund. Interestingly, the performance of precious metals equities lagged the performance of the underlying metal prices – silver and gold – suggesting a high degree of scepticism in the sustainability of the strong rally in the metal price.

It is becoming clear that there is an increase in the hoarding of metals by end consumers and investors taking place, both in the West and in the East – either as a response to the ongoing deglobalisation of the global economy and/or a shift of capital into hard assets. This makes it difficult to ascertain which metal will move up most in 2026, as traditional supply and demand analysis becomes increasingly ineffective. What is clear is that the broader commodities sector is attracting more interest from governments and investors alike. We expect greater volatility in 2026 around the development of trade deals between the US and China, and around tariff policies in the US.

That said, the exposure of generalist and institutional investors to the mining sector still remains near all-time lows, which suggests that mining-related equities could rally much further, should commodity prices remain at current levels, or should they continue to move higher. At the end of January 2026, precious metals companies will start reporting their financial results, which are expected to be very strong, given the rally in precious metal prices in Q4 2025. The same is expected for copper and lithium producers.



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We made minor changes to the Fund during December. We maintained the Fund's exposure to lithium to 13% while increasing the copper exposure slightly. We are keeping a high exposure to precious metals (~50%), given the relative valuations and the fact that current gold and silver prices are some 29% and 102% higher, respectively, than the average prices that the mining companies received in Q3. We continue to prefer the mid-caps that are still trading at 50-70% discounts to the large liquid names.

While the near-term outlook for the battery metals sector continues to remain uncertain, investor interest is growing as lithium prices recover strongly. In the medium-to-longer term, we remain very constructive on the lithium sector, where an expected 30% growth in demand year-on-year will rebalance the market by 2027/28. After increasing our exposure in October, we are maintaining our exposure to lithium to 13%, and 17% to the battery sector, including graphite and rare earths.

Industrial metal prices remain strong, especially copper, where supply disruptions at Grasberg, Kakula and El Teniente have driven copper prices towards US\$6/lb. Significant hoarding of copper by financial institutions and end users in the US are of concern, and it suggests that prices are very vulnerable to a pullback in the short-term should we not see a significant improvement in economic activity in China and the West. Hence, we remain cautious and prefer exposure through large, diversified mining companies for now.

At month-end, the Fund's exposure to gold equities stood at 37% of the Fund, with 18% in silver equities, 11% in diversified miners, 13% in lithium equities, 8% in nickel equities, 5% in copper equities, 2% in graphite equities, 2% in rutile equities and 1% in rare earths equities, with around 4% in cash. We hold solid investments with exposure to mining activities ex-China (mostly North America and Australia), which are well capitalised, as well as quality development projects which are gaining increased investor interest relative to other sectors in the market.

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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 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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