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**Amati**  
Global Investors



T.BAILEY

## TB Amati Investment Funds

**Interim Report and Financial Statements (Unaudited)**  
31 July 2021

**TB Amati UK Smaller Companies Fund**  
**TB Amati Strategic Metals Fund**



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*Note: The Authorised Corporate Director's Report consists of 'Authorised Status' and 'Structure of the Company' on page 2, 'Authorised Status' and 'Investment Objective and Policy' on pages 4 and 26, 'Investment Review' as provided by the Investment Manager, on pages 9 to 13 and 29 to 33 and 'Directory' on page 41.*



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## THE AUTHORISED CORPORATE DIRECTOR AND INVESTMENT MANAGER

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The Authorised Corporate Director (the 'ACD') of TB Amati Investment Funds (the 'Company') is T. Bailey Fund Services Limited ('TBFS'). Amati Global Investors Limited is the Investment Manager (the 'Investment Manager') of the Company.

Amati Global Investors Limited and T. Bailey Fund Services Limited are authorised and regulated by the Financial Conduct Authority. Further information about Amati Global Investors Limited and the funds which it manages can be found at [www.amatiglobal.com](http://www.amatiglobal.com).

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## YOUR INVESTMENTS

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You can buy or sell shares in the Company through your Financial Advisor. Alternatively, you can telephone the dealing line; 0115 988 8275, during normal office hours. Application forms can be requested in writing from the ACD or by calling the Client Services Team on the dealing line. They can also be downloaded from [www.tbaileys.co.uk/funds/tb-amati-investment-funds](http://www.tbaileys.co.uk/funds/tb-amati-investment-funds).

The Company is eligible for ISA investments/transfers and the shares are available as part of a regular savers scheme.

Prices are published each normal business day on [www.tbaileys.co.uk/funds/tb-amati-investment-funds](http://www.tbaileys.co.uk/funds/tb-amati-investment-funds).

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## OTHER INFORMATION

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Full details of TB Amati Investment Funds are set out in the Prospectus. This document provides investors with extensive information about the Company, including risks and expenses. A copy of the Prospectus is available on request from the ACD, or can be downloaded from [www.tbaileys.co.uk/funds/tb-amati-investment-funds](http://www.tbaileys.co.uk/funds/tb-amati-investment-funds).

The Key Investor Information Documents and Supplementary Information Document are also available from [www.tbaileys.co.uk/funds/tb-amati-investment-funds](http://www.tbaileys.co.uk/funds/tb-amati-investment-funds).

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## **AUTHORISED STATUS**

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TB Amati Investment Funds (the 'Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000618 and authorised by the Financial Conduct Authority with effect from 26 March 2008. The Company has an unlimited duration.

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## **STRUCTURE OF THE COMPANY**

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The Company is a UCITS scheme.

The Company is structured as an umbrella so that the Scheme Property of the Company may be divided among one or more sub-funds. The assets of each sub-fund will generally be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. New sub-funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. If a new sub-fund is introduced, a new prospectus will be prepared to set out the required information in relation to that sub-fund.

The Company is compliant with the Protected Cell Regime for OEICs. Under the Protected Cell Regime, each sub-fund represents a segregated portfolio of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including any other sub-fund and shall not be available for any such purpose.

At the period end there were two sub-funds in existence: TB Amati UK Smaller Companies Fund and TB Amati Strategic Metals Fund.

The base currency of the Company is Pound Sterling.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the Shares.

The ACD is the sole director of the Company.

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## **CROSS HOLDINGS BETWEEN SUB-FUNDS**

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As at the period-end there were no cross holdings between the two sub-funds.

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## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

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The Authorised Corporate Director (the "ACD") of TB Amati Investment Funds (the "Company") is responsible for preparing the Report and the Financial Statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation. The OEIC Regulations and COLL require the ACD to prepare financial statements for each accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014; and
- give a true and fair view of the financial position of the Company and its sub-fund as at the end of the period and the net revenue or expense and the net capital gains or losses on the property of the Company and its sub-fund for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## DIRECTOR'S STATEMENT

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In accordance with COLL 4.5.8BR, the Report and the Financial Statements were approved by the board of directors of the ACD of the Company and authorised for issue on 29 September 2021. The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Company and its sub-fund consist predominantly of readily realisable securities and accordingly the Company has adequate resources to continue in operational existence for at least the next twelve months from the approval of the financial statements.

**Gavin Padbury, Chief Operations Officer**  
T. Bailey Fund Services Limited  
Nottingham, United Kingdom  
29 September 2021

**Rachel Elliott, Chief Financial Officer**  
T. Bailey Fund Services Limited  
Nottingham, United Kingdom  
29 September 2021

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## TB AMATI UK SMALLER COMPANIES FUND, AUTHORISED STATUS

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The Fund is a sub-fund of TB Amati Investment Funds with investment powers equivalent to those of a UCITS Scheme as defined in the Glossary to the Financial Conduct Authority ('FCA') Handbook.

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## INVESTMENT OBJECTIVE AND POLICY

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The TB Amati UK Smaller Companies Fund (the 'Fund') aims to achieve long-term capital growth over periods of 5 years or longer.

At least 80% of the Fund will typically be invested in shares, equity-related securities or bonds in or issued by UK smaller companies. For these purposes, UK companies are companies incorporated or domiciled in the UK, or companies that are listed\* in the UK and have the majority of their economic activity in the UK. Smaller companies are companies which form the bottom 10% of the UK equity market by market capitalisation.

The Fund may also invest (up to 20%) in shares, equity-related securities or bonds in or issued by companies which are not UK smaller companies, money market instruments, cash or near cash. There may be occasions when the Investment Manager chooses to hold large degrees in these asset classes in order to protect returns in certain market conditions (e.g. severe market downturns). Up to 10% of the Fund may be invested in collective investment schemes (which may include those managed or operated by the ACD and its associates).

The Fund is actively managed, taking into account the Investment Manager's views on growth opportunities and prevailing market conditions. Derivatives may be used for Efficient Portfolio Management purposes to reduce risk or cost or to generate additional capital or income.

*\* "Listed" for the purposes of the Fund's Objective and Investment Policy means listed on the Main Market of the London Stock Exchange or quoted on the Alternative Investment Market or Aquis Stock Exchange.*

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## FUND BENCHMARKS

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Shareholders may wish to compare the performance of the Fund against the Numis Smaller Companies (plus AIM, excluding Investment Companies) Index (the "Index"). 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 the Fund is not constrained by or managed to the Index.

The Numis Smaller Companies (plus AIM, excluding Investment Companies) Index is a comparator Benchmark of the Fund.

Shareholders may also wish to compare the Fund's performance against other funds within the Investment Association's UK Smaller Companies sector as that will give investors an indication of how the Fund is performing compared with others investing in a similar but not identical investment universe. As the sector aligns with the Fund's asset allocation, it is considered that this is an appropriate comparator.

The IA UK Smaller Companies sector is a comparator Benchmark of the Fund.



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## TB AMATI UK SMALLER COMPANIES FUND, RISK PROFILE

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Smaller companies' securities are often traded less frequently than those of larger companies, this means they may be more difficult to buy and sell. Their prices may also be subject to short term swings.

The value of investments may go down as well as up in response to general market conditions and the performance of the assets held. Investors may not get back the money which they invested.

There is no guarantee that the Fund will meet its stated objectives.

The movements of exchange rates may lead to further changes in the value of investments and the income from them.

There is a risk that any company providing services such as safe keeping of assets or acting as counterparty to derivatives may become insolvent, which may cause losses to the Fund.

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## SYNTHETIC RISK AND REWARD INDICATOR

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The Synthetic Risk and Reward Indicator demonstrates in a standard format where the Fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money. The lowest category does not mean a fund is a risk free investment.

The Fund is in risk category 6 because it invests in shares.

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## ONGOING CHARGES FIGURE

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The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Depositary, custody, FCA and audit fees. The OCF, as calculated in accordance with ESMA guidelines, is disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on pages 20 and 21.

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## TB AMATI UK SMALLER COMPANIES FUND, THE INVESTMENT MANAGEMENT TEAM

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The TB Amati UK Smaller Companies Fund\* has been managed by Dr Paul Jourdan since 2000, and co-managed with David Stevenson since 2012, Anna Macdonald since 2018 and Scott McKenzie since 2021. The management team believe that smaller companies are a highly attractive asset class for long-term savers, on the proviso that investors appreciate that historically, relative to larger company funds, the significant additional performance has come with some additional volatility of returns. The management team seek to manage the additional risks involved in small company investing by taking a view on the business cycle and other macro-risks in structuring the portfolio. Individual company investments are chosen on the basis of proprietary company research. Amati Global Investors Limited is a specialist investment manager, investing in small and mid-sized companies.

The Fund and management team's long-term performance record has been recognised in a number of awards and ratings. In 2019 the Fund won Investment Week's UK Smaller Companies Fund Manager of the Year Award and in February 2020, the Fund was awarded a fund rating from Square Mile Research along with an upgrade from Bronze analyst rating to Silver from Morningstar and an Elite rating from FundCalibre. Other fund ratings include Rayner Spencer Mills, FE Trustnet (4 Crowns), Citywire Group Rating (Gold). Only around 20-25% of groups in each sector are invited by Citywire to receive a rating. The team were also awarded Boutique Manager of the Year (below £1bn AUM) from Investment Week in its Specialist Investment Awards 2020.

Should you wish to receive monthly fund factsheets and updates on events by email, please contact: [info@amatiglobal.com](mailto:info@amatiglobal.com)

*\*Note: The TB Amati UK Smaller Companies Fund (formerly CF Amati UK Smaller Companies Fund) was seeded by the transfer of the First State British Smaller Companies Fund to Capita Fund Managers on 29 July 2008.*



**Dr Paul Jourdan – CEO and Fund Manager**

Dr Paul Jourdan is an award-winning fund manager, with a strong track record in small cap investment. He co-founded Amati Global Investors Limited ('Amati') following the management buyout of Noble Fund Managers from Noble Group in January 2010, having joined Noble in 2007 as Head of Equities. His fund management career began in 1998 with Stewart Ivory, where he gained experience in UK market and global equities. In 2000 Stewart Ivory was taken over by First State and Paul became manager of what is now the TB Amati

UK Smaller Companies Fund. In early 2005 he launched what became Amati VCT plc and he also commenced the management of Amati VCT 2 plc following the award of the investment management contract to Amati in 2010. In May 2018 Amati VCT plc merged with Amati VCT 2 plc which was then renamed Amati AIM VCT plc. In September 2014 Amati launched the Amati AIM IHT Portfolio Service, which Paul co-manages with David Stevenson, Anna Macdonald and Scott McKenzie. Prior to 1998 Paul worked as a professional violinist, including a four year period with the City of Birmingham Symphony Orchestra. He is CEO of Amati Global Investors Ltd, and a founding trustee of Clean Trade, a charity registered in England and Wales.



**David Stevenson – Director and Fund Manager**

David joined Amati in 2012. In 2005, he was a co-founding partner of investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies. Prior to that he was Assistant Director at SVM, where he also managed equity products including the small/midcap UK Opportunities Fund. David started his career at KPMG where he qualified as a Chartered Accountant. He latterly specialised in corporate finance, before moving into private equity with Dunedin

Fund Managers. David has co-managed the TB Amati UK Smaller Companies Fund and the Amati AIM VCT since 2012, and the Amati AIM IHT Portfolio Service since 2014.



**Anna Macdonald – Fund Manager**

Anna joined Amati in 2018. She began her career as an analyst and fund manager at Henderson Global Investors in London, where she co-managed the core enhanced UK equity product, the UK Equity Market Neutral hedge fund and researched the media sector. After some time living in Kenya, as head of research for Old Mutual Asset Management, she returned to the UK and worked at Threadneedle Investors in London before moving to Edinburgh. Anna joined Amati in 2018 from Adam & Company, where she led research for the PAM-

award winning wealth manager and ran the successful AIM-listed portfolio service. Anna also has experience of managing substantial OEICs, private client and charity portfolios and has been a CFA® Charterholder since 2003. Anna manages the TB Amati UK Smaller Companies Fund, Amati AIM VCT and the Amati AIM IHT Portfolio Service.



**Scott McKenzie - Fund Manager**

Scott joined Amati in April 2021 and has over 25 years' experience managing UK equity portfolios. His career began in Glasgow at Britannia IM in the early 90's before moving to London with Aviva Investors in 1999. He returned to Scotland in 2005, joining Martin Currie where he remained until 2009. After a period running his own private businesses, he joined Saracen Fund Managers in 2014 where he launched the TB Saracen UK Income fund and also became manager of the TB Saracen UK

Alpha fund. He left Saracen in March 2021 having led both funds to top quartile rankings in their sectors. Scott manages the TB Amati UK Smaller Companies Fund, Amati AIM VCT and the Amati AIM IHT Portfolio Service.



**Dr Gareth Blades - Analyst**

Dr Gareth Blades joined Amati in 2019 as an Analyst supporting the fund management team. Prior to Amati, Gareth worked as an independent consultant supporting early stage life science companies in their operational and strategic decision making. In 2016 he worked for the College of Medicine and Veterinary Medicine at the University of Edinburgh building and spinning-out therapeutic, med-tech, diagnostic and e-health companies. In 2015, Gareth worked in healthcare corporate finance at PharmaVentures in

Oxford. During his time at PharmaVentures he delivered expert reports, business development, licensing and due diligence projects for international clients. Prior to this he worked for White Space Strategy in Oxford, a leading market analysis and strategy consultancy serving financial services, TMT, manufacturing, energy and public sector clients. Gareth has a DPhil in Systems Biology - Biochemistry from the University of Oxford, an MPhil in Micro and Nanotechnology Enterprise from the University of Cambridge and a first in Neuroscience from Cardiff University.

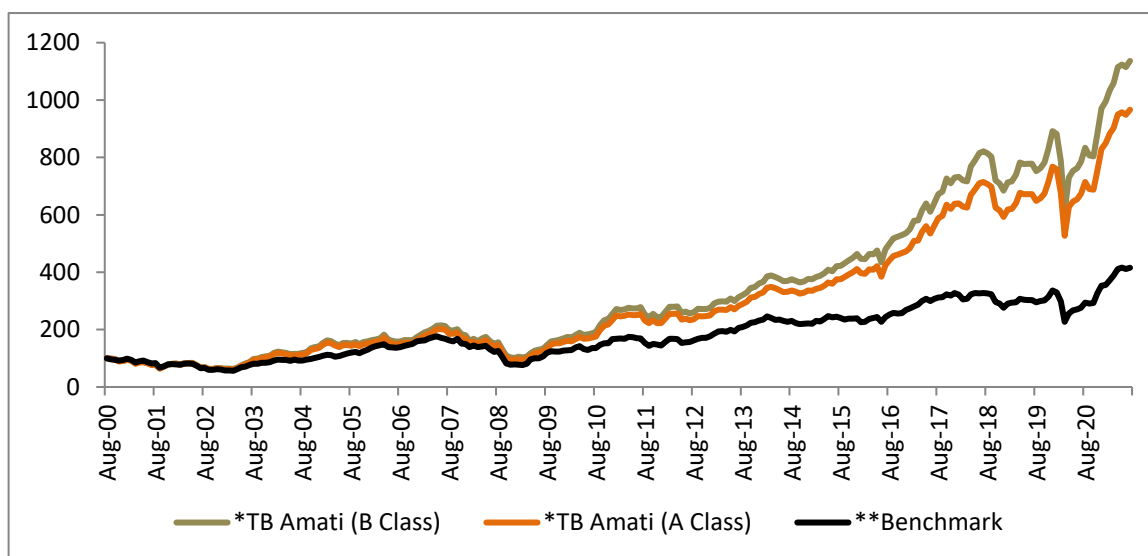
## TB AMATI UK SMALLER COMPANIES FUND, INVESTMENT REVIEW

### Performance

	Cumulative returns for the periods ended 31 July 2021 (%)					
	6 months	1 year	3 years	5 years	10 years	From PJ take on**
A Accumulation Shares	13.82	13.82	43.65	35.15	127.97	866.26
B Accumulation Shares	14.25	14.25	44.80	38.31	136.82	1,036.43
Numis Smaller Companies plus AIM (excluding Investment Companies)*	16.80	16.80	50.33	27.07	70.51	315.43
IA UK Smaller Companies Sector*	21.41	21.41	54.65	36.60	103.46	463.21

Source: Financial Express. Total return, bid to bid. Sterling terms. \*Comparator Benchmarks  
 \*\*Performance since Dr Paul Jourdan take on of the Fund on 31 August 2000. Performance prior to 29 July 2008 relates to First State British Smaller Companies Fund (see page 6).

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.



Performance since Dr Paul Jourdan take-on of Fund on 31 August 2000. Performance prior to 29 July 2008 relates to First State British Smaller Companies Fund (see page 6). \*TB Amati (B Class & A Class) Fund Total Return \*\* Comparator Benchmark Index: Numis Smaller Companies (plus AIM, excluding Investment Companies) Total Return. Source: Amati Global Investors Ltd as at 31 July 2021.

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.

### Market Review

The themes of 'opening up' and economic recovery have dominated global market returns during the period, post the main COVID lockdown restrictions having been lifted in most countries. The vaccine rollout which began last November has been a pivotal turning point, leading to strong stock market recoveries across the board.

For once, UK equities have joined the party, with our world-leading vaccine programme finally beginning to rehabilitate our markets in the eyes of global investors. For many years prior to this, sentiment towards UK shares had been dogged by the Brexit saga and our initially weak political response to the pandemic. This had left UK public companies trading on large discounts to other global markets, particularly the US. As a result, we have seen a number of opportunistic takeovers of UK businesses so far in 2021, with private equity and overseas buyers being the main beneficiaries of this value anomaly. This has been a broadly based trend across sectors, impacting large companies such as Morrisons and Meggitt as well as smaller businesses well known to us such as John Laing and Sumo.

For most of the six-month period value as a style factor has enjoyed its day in the sun, with many businesses which had suffered badly during 2020 staging dramatic share price recoveries. This change in leadership has also been supported by significant improvements in earnings from a low base as pent-up demand from the consumer came through at pace. This meant that many of the winners of 2020 in growth indices, such as AIM and Nasdaq, took something of a back seat during this time, albeit most of the higher growth sectors still posted positive returns. From a global perspective, emerging markets lost some sparkle, with increased government regulation in China causing great anxiety for investors towards the end of the period. By contrast, the US indices continued their inexorable rise, driven by the tech giants posting even more sparkling results and reaching new record highs.

From our perspective it is pleasing to note that returns from smaller companies have been at the forefront of the market rallies with the Numis Smaller Companies (plus AIM excluding Investment Companies) Index return well ahead of rises from larger indices. We have also seen almost unprecedented levels of new equity being raised, either via placings for mergers and acquisitions ("M&A") and growth capital or in new businesses coming to the market via Initial Public Offerings ("IPO"). This has broadly compensated for the businesses which have been lost to takeover activity.

### Performance Review

The unit price (B Accumulation) of the Fund rose by 14.3% during the period, compared to gains in the Numis Smaller Companies (plus AIM excluding Investment Trusts) index of 16.8% and the IA UK Smaller Companies sector of 21.4%.

The two most significant contributors to performance during the period were stocks new to the portfolio in early 2020. **MaxCyte**, the developer of cell and gene-editing tools, rose 66%. The company traded resiliently during the pandemic, continuing its record of 20% compound revenue growth, and the signing of new strategic licences.

The company completed a £40m strategic fundraising in January with US crossover investors, who built their holdings further in the market and supported the subsequent Nasdaq listing, which completed in August raising \$202m. **Renalytix AI** also performed strongly, rising 29%. The company has developed an artificial intelligence enabled blood test for the diagnosis and clinical management of chronic kidney disease. Recent key developments have included the launch of KidneyIntelX with Mount Sinai, the New York healthcare system, the submission of an FDA filing for formal review, and the signing of further commercial partners. **Sumo**, the video games developer, gained 38% with the announcement that it had received a cash offer from the Chinese technology conglomerate, Tencent. We sold the holding as the offer fully reflected the value of the business. A new holding during the period, **Auction Technology Group**, achieved a very successful IPO and more than doubled in value. The company is a world-leading operator of online auction marketplaces and followed its debut with strong interim results and a major North American acquisition. **Liontrust Asset Management**, announced that full year profits would be significantly ahead of expectations, driven by a near doubling of assets under management and advice, plus strong performance fees. The shares rose 66%. Ticketing and virtual queuing technology specialist, **Accesso Technology Group**

**“Accesso”**, rose 55% as it saw a strong recovery from pent-up visitor demand for leisure, entertainment and cultural attractions. In addition, it is seeing structural growth from the accelerating trend towards ecommerce, which includes online ticketing. It announced it was trading ahead of revenue guidance. Other contributing performers included **Draper Esprit**, the private equity technology specialist which announced a further placing and a move from AIM to the UK main list; **Gamma Communications**, the business telecom services provider, which is showing continued growth as it expands in continental Europe; electronic component manufacturer and distributor, **discoverIE**, which is similarly enjoying strong growth within its target markets (industrial, medical, renewables and transport), plus the impact of ongoing acquisitions; and specialist Buy-to-Let and residential mortgage lender, **OSB Group**, which continues to grow its loan book with an expanding net interest margin, and has been able to release impairment provisions made during last year's lockdowns.

The main detractor from performance during the period was a stock which had previously been a strong contributor in late 2020. Despite ongoing announcements about progress within its project pipeline, **Eqttec**, the developer of waste-to-energy gasification technology fell 44%. This may reflect that the shares had become over-extended, but the fund participated in a further fundraise in May which was oversubscribed. Also showing weakness were oil and gas producers, **Energiean** and **Touchstone Exploration (“Touchstone”)**, which fell 26% and 42% respectively. Energiean is a new holding, and despite announcing production rates 15% ahead of original guidance, the shares were impacted by ongoing COVID-related delays to its gas field development in Singapore, as was Touchstone with its oil and gas assets in Trinidad. Gold miner **AEX Gold**, suffered geological issues and COVID delays which disrupted development of one of its South Greenland prospects. The company initially deferred the project but has recently restarted activities, however the shares fell 41%. Precious metals miner, **Hochschild Mining**, reported a strong rebound in production with higher average gold and silver prices, which led to improved earnings. The company is on track to meet full year production guidance, but the shares have been disappointing, falling 28%. Other detractors included **SIMEC Atlantis**, a green energy generator which is involved in a project to convert a former coal fired power station in Wales to run on fuel pellets derived from paper, cardboard and hard plastic waste. Two significant headwinds emerged for the company post our investment. Firstly, the planning and environmental approval process became protracted and secondly, the company's major shareholder, SIMEC, was a part of the Gupta Family Group Alliance which got into financial difficulties. The position was sold, but the shares were heavily impacted. **HeiQ**, the market leader in speciality chemicals used within textiles and materials innovation, gave back some of its gains from an oversubscribed IPO in December, falling 20%. This reflected a combination of an in-line trading update in January at a time when the shares were arguably over-bought and some concerns about the company's exposure to slowing market demand for pandemic facemasks. However, HeiQ's growth potential from its IP-rich research activities extends well beyond one set of results and there is also the prospect that sustained levels of global infection from virus variants will necessitate ongoing mask usage. The shares remain c20% above the flotation price. Video games developer, **Frontier Developments (“Frontier”)**, reported record revenues in its full year results but the shares were impacted by issues with its latest release, *Elite Dangerous: Odyssey*, which suffered connectivity issues and a software fault on its debut. Although Frontier has worked to fix the problems, gamer complaints featured prominently on social media. Rare disease drug developer **Amryt Pharma**, was weaker despite reporting record results, a new drug application to the FDA, and an acquisition; whilst foreign exchange services provider, **Argentex Group**, reported disappointing results prompting an earnings downgrade.

#### **Portfolio Activity**

As well as the new holdings mentioned above, other material additions included two companies which are already within the Amati AIM VCT portfolio. We increased our existing position in **Accesso** which we felt would be well positioned as the consumer economy re-opened around the world, including visitors to theme parks who would demand seamless ticketing, crowd management and service delivery in a post-pandemic environment. A new position was also taken in VCT holding, **Craneware**, a provider of healthcare revenue integrity software and services in the US. We participated in a placing to fund the acquisition of a US company which sells software to retail pharmacies operating within US hospitals and providing cheap medicines under the complex Drug

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**TB AMATI UK SMALLER COMPANIES FUND, INVESTMENT REVIEW (CONTINUED)**


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Discount Program. This acquisition will add significantly to Craneware's data capability in US hospital patient administration. Other significant new positions were taken in **Alphawave IP Group** after the shares fell following a poor IPO debut- the company is a leader in high-speed connectivity for global technology infrastructure such as 5G telecoms networks and data centres; **Brickability Group**, a UK building materials distributor with market leadership in an undersupplied brick market, where we participated in a placing to fund the acquisition of a large competitor; **Wickes Group**, the DIY retailer, after its demerger from Travis Perkins, as it continues to trade strongly on a low valuation; **Dunelm Group**, the homewares retailer, which is also enjoying buoyant consumer demand; **Essensys**, a provider of software for the operational management of multi-site flexible workspace, which is clearly an emerging, post-pandemic, growth market; **Gresham House**, a specialist alternative asset manager which is focused on forestry, new energy and housing; **NCC Group**, a specialist in global cyber security software and services; and **Vistry Group**, a housebuilder with a significant presence in the growing social housing segment.

As well as the exits mentioned previously, **John Laing Group**, the global infrastructure developer and operator, was also the subject of a bid, from private equity leader KKR. **Intermediate Capital Group**, the specialist private equity and debt asset manager, was finally sold after being promoted to the large cap index in 2020. Some holdings were exited for reasons of a full valuation, and this included veterinary pharmaceuticals specialist, **Dechra Pharmaceuticals**, and online identity intelligence technology provider **GB Group**. We also locked in some gains in **MaxCyte** after a stellar run in the shares, and also in package holiday operator, **Jet2**, as question marks remain over international travel restrictions due to virus variants. A position in **RWS Group**, the IP content and translation specialist, was sold as a recent CEO change and major acquisition integration created some uncertainty.

The asset allocations as at the period end date are shown in the table below:

Sector	Asset allocation as at 31 July 2021 (%)	Asset allocation as at 31 January 2021 (%)
Aerospace & Defense	1.4	1.0
Alternative Energy	1.1	0.6
Banks	2.8	2.5
Chemicals	1.6	3.1
Electricity	0.7	1.8
Electronic & Electrical Equipment	4.3	4.8
Financial Services	12.3	14.7
General Retailers	3.7	3.2
Health Care Equipment & Services	6.1	7.6
Household Goods & Home Construction	8.8	5.4
Industrial Engineering	0.4	0.6
Leisure Goods	5.2	7.6
Media	2.4	1.8
Mining	3.3	4.7
Mobile Telecommunications	3.4	2.0
Non-Life Insurance	1.9	2.3
Oil & Gas Producers	2.8	3.5
Personal goods	2.4	3.3
Pharmaceuticals & Biotechnology	5.7	9.8
Real Estate Investment & Services	3.0	2.8
Real Estate Investment Trusts	-	0.8
Software & Computer Services	11.0	5.1
Support Services	5.6	2.0
Technology Hardware & Equipment	2.1	1.5
Travel & Leisure	2.5	1.7
Cash and Other	5.5	5.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The full list of holdings as at the period end is shown in the Portfolio Statement on pages 14 to 19.



## **Outlook**

The vaccination programme has broadly been successful in developed nations, including China, Korea and Taiwan, but many emerging economies still face significant challenges in rolling out vaccines. We are now seeing COVID outbreaks again, with further waves in many parts of Europe, Asia and the US. Although the higher level of immunity from vaccinations should see much lower rates of hospitalisation and death arising from these, they do pose further threats to already fragile global supply chains, with many businesses now reporting labour shortages, soaring raw material and freight costs and significant transport disruptions.

Therefore, inflation remains a clear risk for the remainder of 2021. Government bond yields suggest that investors still believe this will be a temporary spike but our own anecdotal evidence from a variety of sectors would suggest otherwise, with labour markets in particular set to remain tight for some time.

On a more positive note, global demand recovery continues to be strong across the board, with Europe now catching up with the rest of the world. This augurs well for ongoing profit growth and we continue to focus on businesses with potential for sustainable earnings upgrades as a key success factor for the portfolio.

The UK continues to participate strongly in the global recovery we are now seeing, and we would expect further interesting businesses to come to the markets in 2021, giving us ample opportunity for new investment. With corporate activity also set to continue at a rapid rate we see solid support for a market which remains good value, even if the leadership is now less obvious than it was. We expect M&A will continue, with valuations in the UK market proving attractive to private and listed equity acquirers.

**Paul Jourdan**  
CEO and Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
29 September 2021

**David Stevenson**  
Director and Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
29 September 2021

**Anna Macdonald**  
Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
29 September 2021

**Scott McKenzie**  
Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
29 September 2021

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**TB AMATI UK SMALLER COMPANIES FUND, PORTFOLIO STATEMENT**

 As at 31 July 2021
 

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Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Aerospace &amp; Defense</b> (1.4%; 31.01.21 - 1.0%)		
4,136,210 QinetiQ	13,616,403	1.4
	<b>13,616,403</b>	<b>1.4</b>
<b>Alternative Energy</b> (1.1%; 31.01.21 - 0.6%)		
1,647,800 Energean	10,677,744	1.1
	<b>10,677,744</b>	<b>1.1</b>
<b>Banks</b> (2.8%; 31.01.21 - 2.5%)		
5,866,663 OSB Group	28,394,649	2.8
	<b>28,394,649</b>	<b>2.8</b>
<b>Chemicals</b> (1.6%; 31.01.21 - 3.1%)		
12,104,500 HeiQ	15,977,940	1.6
	<b>15,977,940</b>	<b>1.6</b>
<b>Electricity</b> (0.7%; 31.01.21 - 1.8%)		
515,683,266 Eqtec	6,703,882	0.7
	<b>6,703,882</b>	<b>0.7</b>
<b>Electronic &amp; Electrical Equipment</b> (4.3%; 31.01.21 - 4.8%)		
1,374,425 DiscoverIE	14,266,532	1.4
25,500 Judges Scientific	1,606,500	0.2
459,476 Oxford Instruments	11,073,372	1.1
319,076 XP Power	16,240,968	1.6
	<b>43,187,372</b>	<b>4.3</b>

**TB AMATI UK SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**

As at 31 July 2021

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Financial Services</b>		
<b>(12.3%; 31.01.21 - 14.7%)</b>		
6,065,412 Argentex	5,555,917	0.6
3,523,290 CMC Markets	15,837,189	1.6
1,218,432 Draper Esprit	12,208,689	1.2
1,550,000 Gresham House	13,950,000	1.4
9,823,109 IP Group	11,316,222	1.1
697,466 Liontrust Asset Management	14,577,039	1.5
8,090,941 Moses Club	6,472,753	0.6
716,000 Mortgage Advice Bureau	9,379,600	0.9
1,779,885 Polar Capital	15,645,189	1.6
379,970 Rathbone Brothers	7,143,436	0.7
3,556,959 River & Mercantile	7,398,475	0.7
11,764,705 Trident Royalties	4,000,000	0.4
	<b>123,484,509</b>	<b>12.3</b>
<b>General Retailers</b>		
<b>(3.7%; 31.01.21 - 3.2%)</b>		
7,175,915 DFS Furniture	19,052,054	1.9
1,362,571 Dunelm	18,040,440	1.8
	<b>37,092,494</b>	<b>3.7</b>
<b>Health Care Equipment &amp; Services</b>		
<b>(6.1%; 31.01.21 - 7.6%)</b>		
2,420,000 CareTech	15,246,000	1.5
3,249,900 Creo Medical	6,499,800	0.7
2,455,247 Renalytix AI	27,007,717	2.7
8,144,847 Sensyne Health	12,135,822	1.2
206,153 Trelus Health*	138,123	0.0
	<b>61,027,462</b>	<b>6.1</b>

**TB AMATI UK SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**

As at 31 July 2021

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %	
<b>Household Goods &amp; Home Construction</b>			
<b>(8.8%; 31.01.21 - 5.4%)</b>			
12,632,000	Brickability	12,758,320	1.3
1,989,558	Countryside Properties	10,475,023	1.0
1,728,174	MJ Gleeson	14,067,336	1.4
2,343,000	Tyman	9,922,605	1.0
3,580,000	Victorian Plumbing	9,487,000	0.9
1,530,759	Vistry	18,254,301	1.8
5,800,000	Wickes	14,523,200	1.4
		<b>89,487,785</b>	<b>8.8</b>
<b>Industrial Engineering</b>			
<b>(0.4%; 31.01.21 - 0.6%)</b>			
197,695	AB Dynamics	3,598,049	0.4
		<b>3,598,049</b>	<b>0.4</b>
<b>Leisure Goods</b>			
<b>(5.2%; 31.01.21 - 7.6%)</b>			
905,200	Focusrite	12,672,800	1.3
358,064	Frontier Developments	9,488,696	0.9
1,857,289	Gear4music	17,272,788	1.7
2,755,943	Sumo	13,283,645	1.3
		<b>52,717,929</b>	<b>5.2</b>
<b>Media</b>			
<b>(2.4%; 31.01.21 - 1.8%)</b>			
2,973,626	Dianomi	9,575,076	1.0
9,956,500	The Pebble Group	14,436,925	1.4
		<b>24,012,001</b>	<b>2.4</b>

**TB AMATI UK SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**

As at 31 July 2021

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Mining</b>		
<b>(3.3%; 31.01.21 - 4.7%)</b>		
8,902,710 AEX Gold	2,581,786	0.3
9,569,399 Anglo Pacific	12,842,133	1.3
4,412,089 Atalaya Mining	13,236,267	1.3
2,847,375 Hochschild Mining	4,387,805	0.4
	<b>33,047,991</b>	<b>3.3</b>
<b>Mobile Telecommunications</b>		
<b>(3.4%; 31.01.21 - 2.0%)</b>		
3,049,289 Alphawave IP	13,002,168	1.3
1,002,219 Gamma Communications	20,796,044	2.1
	<b>33,798,212</b>	<b>3.4</b>
<b>Non-Life Insurance</b>		
<b>(1.9%; 31.01.21 - 2.3%)</b>		
1,697,163 Conduit	8,621,588	0.9
5,925,454 Randall & Quilter Investment	9,776,999	1.0
	<b>18,398,587</b>	<b>1.9</b>
<b>Oil &amp; Gas Producers</b>		
<b>(2.8%; 31.01.21 - 3.5%)</b>		
68,181,000 I3 Energy	7,295,367	0.7
11,812,336 Jadestone Energy	9,095,499	0.9
1,645,454 Jersey Oil & Gas	2,139,090	0.2
28,168,065 PetroTal	4,225,210	0.4
6,673,158 Touchstone Exploration	5,872,379	0.6
	<b>28,627,545</b>	<b>2.8</b>
<b>Personal Goods</b>		
<b>(2.4%; 31.01.21 - 3.3%)</b>		
6,579,142 Inspecc	24,342,825	2.4
	<b>24,342,825</b>	<b>2.4</b>

**TB AMATI UK SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**

As at 31 July 2021

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Pharmaceuticals &amp; Biotechnology</b>		
<b>(5.7%; 31.01.21 - 9.8%)</b>		
1,022,847 Amryt EMA CVR*	140,924	0.0
1,022,847 Amryt FDA CVR*	328,822	0.0
3,443,847 Amryt Pharma	5,337,963	0.5
400,000 Amryt Pharma Sponsored	2,920,023	0.3
1,022,847 Amryt Revenue CVR*	110,147	0.0
2,779,350 Eco Animal Health	8,615,985	0.9
165,528 Genus	9,128,869	0.9
1,035,520 MaxCyte	11,183,616	1.1
1,094,433 Oxford Biomedica	14,555,959	1.4
964,533 Verici Dx	694,464	0.1
41,544,468 Yougene Health	4,985,336	0.5
	<b>58,002,108</b>	<b>5.7</b>
<b>Real Estate Investment &amp; Services</b>		
<b>(3.0%; 31.01.21 - 2.8%)</b>		
5,901,550 CLS	14,989,937	1.5
4,941,757 Grainger	14,993,291	1.5
	<b>29,983,228</b>	<b>3.0</b>
<b>Software &amp; Computer Services</b>		
<b>(11.0%; 31.01.21 - 5.1%)</b>		
3,274,069 Accesso	19,971,821	2.0
8,000,000 AdvancedAdvT	8,800,000	0.9
1,160,832 Auction Technology Group	15,740,882	1.6
650,000 Craneware	13,975,000	1.4
3,510,000 Essensys	10,249,200	1.0
4,512,500 Gresham Technologies	7,129,750	0.7
3,843,936 Kape	12,300,595	1.2
693,087 Softcat	13,397,372	1.3
3,530,993 TT Electronics	9,410,096	0.9
	<b>110,974,716</b>	<b>11.0</b>

**TB AMATI UK SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**

As at 31 July 2021

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Support Services</b>		
<b>(5.6%; 31.01.21 - 2.0%)</b>		
8,084,950 Begbies Traynor	11,092,551	1.1
1,682,394 Electrocomponents	17,109,947	1.7
5,143,143 NCC Group	16,175,185	1.6
1,800,000 S4 Capital	12,492,000	1.2
	<b>56,869,683</b>	<b>5.6</b>
<b>Technology Hardware &amp; Equipment</b>		
<b>(2.1%; 31.01.21 - 1.5%)</b>		
4,166,666 Saietta	5,749,999	0.6
5,718,851 Spirent Communications	14,594,508	1.5
	<b>20,344,507</b>	<b>2.1</b>
<b>Travel &amp; Leisure</b>		
<b>(2.5%; 31.01.21 - 1.7%)</b>		
6,344,309 Air Partner	5,329,220	0.5
3,654,444 Cake Box	11,548,043	1.1
3,695,936 Tinybuild	8,870,246	0.9
	<b>25,747,509</b>	<b>2.5</b>
<b>Portfolio of investments</b>	<b>950,115,130</b>	<b>94.5</b>
<b>Net other assets</b>	<b>55,199,161</b>	<b>5.5</b>
<b>Total net assets</b>	<b>1,005,314,291</b>	<b>100.0</b>

\*Unquoted assets. All other holdings are in equities quoted on recognised stock exchanges.

'Real Estate Investment Trusts' sector disinvested since the beginning of the period (31 January 2021: 0.8%).

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**TB AMATI UK SMALLER COMPANIES FUND, SUMMARY OF FUND PERFORMANCE**


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<b>A Accumulation Shares</b>	<b>1 Feb 2021 to 31 July 2021</b>	<b>1 Feb 2020 to 31 Jan 2021</b>	<b>1 Feb 2019 to 31 Jan 2020</b>	<b>1 Feb 2018 to 31 Jan 2019</b>
	(Pence per Share)	(Pence per Share)	(Pence per Share)	(Pence per Share)
<b>Change in net assets per share</b>				
Opening net asset value per share	1237.24	1098.66	897.84	928.82
Return before operating charges*	175.07	154.61	217.04	(14.99)
Operating charges	(11.03)	(16.03)	(16.22)	(15.99)
Return after operating charges*	164.04	138.58	200.82	(30.98)
Distributions	0.00	0.00	(3.98)	(1.06)
Retained distributions on accumulation shares	0.00	0.00	3.98	1.06
Closing net asset value per share	1,401.28	1,237.24	1,098.66	897.84
* after direct transaction costs of:	2.28	1.68	3.51	2.57
<b>Performance</b>				
Return after charges	13.26%	12.61%	22.37%	(3.34)%
<b>Other information</b>				
Closing net asset value	£2,552,125	£2,152,457	£13,382,775	£9,489,438
Closing number of shares	182,128	173,972	1,218,096	1,056,919
Operating charges (p.a)	1.63%	1.64%	1.64%	1.67%
Direct transaction costs (p.a)	0.34%	0.17%	0.36%	0.27%
<b>Prices</b>				
Highest published share price	1,415.83	1,284.24	1131.03	1049.66
Lowest published share price	1,255.91	674.42	884.35	853.00

*Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.*



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**TB AMATI UK SMALLER COMPANIES FUND, SUMMARY OF FUND PERFORMANCE (CONTINUED)**


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<b>B Accumulation Shares</b>	<b>1 Feb 2021 to 31 July 2021</b>	<b>1 Feb 2020 to 31 Jan 2021</b>	<b>1 Feb 2019 to 31 Jan 2020</b>	<b>1 Feb 2018 to 31 Jan 2019</b>
	(Pence per Share)	(Pence per Share)	(Pence per Share)	(Pence per Share)
<b>Change in net assets per share</b>				
Opening net asset value per share	1,468.23	1,293.42	1049.11	1077.17
Return before operating charges*	208.01	185.49	254.67	(17.86)
Operating charges	(7.08)	(10.68)	(10.36)	(10.20)
Return after operating charges*	200.93	174.81	244.31	(28.06)
Distributions	(3.05)	(4.29)	(13.24)	(9.59)
Retained distributions on accumulation shares	3.05	4.29	13.24	9.59
Closing net asset value per share	1,669.16	1,468.23	1,293.42	1,049.11
* after direct transaction costs of:	2.71	2.08	4.14	2.99
<b>Performance</b>				
Return after charges	13.69%	13.52%	23.29%	(2.60)%
<b>Other information</b>				
Closing net asset value	£1,002,762,166	£629,014,736	£412,256,891	£206,319,655
Closing number of shares	60,076,003	42,841,594	31,873,323	19,666,197
Operating charges (p.a.)	0.88%	0.89%	0.89%	0.92%
Direct transaction costs (p.a.)	0.34%	0.17%	0.36%	0.27%
<b>Prices</b>				
Highest published share price	1,684.65	1,523.75	1,331.34	1221.66
Lowest published share price	1,490.47	794.77	1033.58	995.98

*Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.*

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**TB AMATI UK SMALLER COMPANIES FUND, STATEMENT OF TOTAL RETURN**For the six-month period ended 31 July 2021

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		31.07.21	31.07.20
	£	£	£
Income			
Net capital gains/(losses)		101,968,082	(47,833,870)
Revenue	5,659,540		1,997,792
Expenses	(3,929,097)		(1,779,997)
Interest payable and similar charges	-		-
Net revenue before taxation	1,730,443		217,795
Taxation	-		(23,389)
Net revenue after taxation		1,730,443	194,406
<b>Total return/(loss) before distributions</b>		<b>103,698,525</b>	<b>(47,639,464)</b>
Distributions		(1,732,975)	(225,568)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>101,965,550</b>	<b>(47,865,032)</b>

Note: All of the Company's and sub-fund's results are derived from continuing operations.

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**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**For the six-month period ended 31 July 2021

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		31.07.21	31.07.20
	£	£	£
<b>Opening net assets attributable to shareholders</b>		<b>631,167,193</b>	<b>425,639,667</b>
<i>Movements due to sales and repurchases of shares:</i>			
Amounts receivable on issue of shares	400,472,133		127,003,581
Amounts payable on cancellation of shares	(130,125,860)		(84,393,451)
		270,346,273	42,610,130
Change in net assets attributable to shareholders from investment activities		101,965,550	(47,865,032)
Retained distributions on accumulation shares		1,835,275	238,739
<b>Closing net assets attributable to shareholders</b>		<b>1,005,314,291</b>	<b>420,623,504</b>

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**TB AMATI UK SMALLER COMPANIES FUND, BALANCE SHEET**As at 31 July 2021

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	31.07.21	31.01.21
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	950,115,130	594,755,926
<b>Current Assets:</b>		
Debtors	8,681,724	9,875,936
Cash and bank balances	59,113,683	39,642,310
<b>Total assets</b>	<u>1,017,910,537</u>	<u>644,274,172</u>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Other creditors	12,596,246	13,106,979
<b>Total liabilities</b>	<u>12,596,246</u>	<u>13,106,979</u>
<b>Net assets attributable to shareholders</b>	<u>1,005,314,291</u>	<u>631,167,193</u>

**Accounting policies**

The financial statements have been prepared on the basis of the accounting policies set out in the Annual Report and Financial Statements for the year ended 31 January 2021.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014.

As described in the Statement of Authorised Corporate Director's Responsibilities, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the Fund.

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**TB AMATI UK SMALLER COMPAINIES FUND, DISTRIBUTION TABLE**For the six-month period ended 31 July 2021

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**Interim Distribution (31 July 2021)**

Group 1 - Shares purchased on or prior to 31 January 2021

Group 2 - Shares purchased after 31 January 2021

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Shares	Revenue	Equalisation <sup>1</sup>	Accumulated	Accumulated
	(pence)	(pence)	30.09.21 (pence)	30.09.20 (pence)
<b>A Accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>B Accumulation</b>				
Group 1	3.0549	-	<b>3.0549</b>	<b>0.6673</b>
Group 2	2.1977	0.8572	<b>3.0549</b>	<b>0.6673</b>

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<sup>1</sup> Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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## **TB AMATI STRATEGIC METALS FUND, AUTHORISED STATUS**

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The Fund is a sub-fund of TB Amati Investment Funds with investment powers equivalent to those of a UCITS Scheme as defined in the Glossary to the Financial Conduct Authority ('FCA') Handbook.

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## **INVESTMENT OBJECTIVE AND POLICY**

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The TB Amati Strategic Metals Fund (the 'Fund') aims to provide capital growth over the long term (periods of 5 years or more).

At least 80% of the Fund will be invested in equities issued by mining companies listed in developed markets worldwide, such as Australia, Canada, Europe, the United Kingdom and the USA, whose revenue or profits mainly come from the exploration, extraction or processing of precious metals (such as gold and silver), base metals (such as copper, lead, nickel and zinc), or speciality metals (such as neodymium, vanadium, cobalt and lithium), or of non-metal materials or elements with associated technical and industrial uses (such as lithium carbonate, zircon, graphite and graphene). The Investment Manager considers such metals, materials and elements to be strategic in character, for example due to their use in new energy technologies or potential scarcity.

From time to time, the Fund may also hold equity-like instruments (such as American depositary receipts, warrants (no more than 5%) and contingent value rights) as well as convertible loan notes and investment grade bonds issued by such companies.

The portfolio's indirect exposure to such metals, materials and elements will be managed strategically in order to take advantage of fluctuations in their respective values throughout the commodities cycle and to take account of a broad range of factors such as interest rate expectations, geopolitical developments, demand/supply dynamics, technological innovation and the rate of global decarbonisation.

The portfolio will focus on companies with a market capitalisation of between £50 million and £5 billion, but is not restricted to such companies and may also invest in smaller or larger companies. The Fund is actively managed, and in selecting investments for the Fund, the Investment Manager will take into account target companies' corporate governance, as well as broader social themes such as political freedom, democracy and civil liberties of the countries in which the companies operate.

To the extent not fully invested in such companies, up to 20% of the portfolio may be invested in other transferable securities, cash, near cash and money market instruments. Up to 10% of the portfolio may be invested in collective investment schemes (which may include funds giving exposure to underlying commodity prices or collective investment schemes managed by the ACD and its associates).

The portfolio will typically hold between 30 and 50 stocks at any given time.

The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management"). It is intended that the use of derivatives will be limited.

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## **TB AMATI STRATEGIC METALS FUND, FUND BENCHMARK**

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Shareholders may wish to compare the performance of the Fund against the EMIX Global Mining Index (GBP) (the "Index"). The Index measures the returns of companies in the metal and mineral extraction industries, and on that basis the Index is considered an appropriate performance comparator for the Fund. Please note the Fund is not constrained by or managed to the Index.

The EMIX Global Mining Index (GBP) is a comparator Benchmark of the Fund.

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## RISK PROFILE

The value of investments may go down as well as up in response to general market conditions and the performance of the assets held. Investors may not get back the money which they invested.

There is no guarantee that the Fund will meet its stated objectives. The movements of exchange rates may lead to further changes in the value of investments and the income from them.

There is a risk that any company providing services such as safe keeping of assets or acting as counterparty to derivatives may become insolvent, which may cause losses to the Fund.

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## SYNTHETIC RISK AND REWARD INDICATOR

The Synthetic Risk and Reward Indicator demonstrates in a standard format where the Fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money. The lowest category does not mean a fund is a risk free investment.

The Fund is in risk category 5 because it invests in shares.

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## ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Depositary, custody, FCA and audit fees. The OCF, as calculated in accordance with ESMA guidelines, is disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on page 36.

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## OTHER INFORMATION

From 13 September 2021 the Fund changed its Investment Association Sector from Specialist to Commodities and Natural Resources.

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## INVESTMENT MANAGEMENT TEAM

The TB Amati Strategic Metals Fund has been managed by Georges Lequime and Mark Smith since its launch in March 2021. The Fund provides an opportunity for investors to gain exposure to "strategic" metals, which are those associated with the global energy transition from fossil fuels to cleaner, more sustainable and less carbon-intensive energy sources. The aim of the managers is to provide actively managed exposure 'through the cycle', with a view to positioning the portfolio to reflect the optimal combination of precious, base and specialty metals at any given time, against the backdrop of the unfolding energy transition and in response to other long-term structural growth themes – taking into account macroeconomic and political risks, commodity price movements, as well as the specific circumstances of individual companies. Environmental, Social and Governance ("ESG") considerations, including human rights, are also integral to the investment process.

The management team of Georges Lequime and Mark Smith possess a rare combination of technical and geological knowledge, operational experience, as well as financial modelling and fund management. Their combined experience of investing in international mining companies spans more than four decades, during which time they have built a vast network of mining company executives, brokers, commodities traders, mining engineers and geologists, and from which has brought many successful investment opportunities. Georges' investment track record includes the management of the Old Mutual Gold Fund, which he managed for four years and is the largest gold fund in South Africa. Since 2008 he has managed the award-winning Earth Gold Fund UI, where he was joined by Mark as a mining analyst in 2010.



**Georges Lequime - Fund Manager**

Georges Lequime joined Amati in March 2021 as a Fund Manager for the TB Amati Strategic Metals Fund. Since 2008, Georges has been a partner at the Earth Resource Investment Group and fund adviser of the award-winning Earth Gold Fund UI, a pure precious metals fund offering exposure to precious metals stocks and the underlying metals. Prior to this he headed up equity research at RBC Capital Markets in London for five years, having moved there from New York where he managed the North American region

for HSBC Global mining. Georges is a mining engineer by qualification, and after gaining practical experience in the gold and coal mining industries with Anglo American, he went on to manage the largest gold fund in South Africa, the Old Mutual Gold Fund for four years. Georges holds a BSc in Mining Engineering from the University of the Witwatersrand in Johannesburg, South Africa and studied economics at UNISA (University of South Africa), he also holds the Mine Manager's certificate in both open pit and underground mining.



**Mark Smith - Fund Manager**

Mark Smith joined Amati in March 2021 as a Fund Manager for the TB Amati Strategic Metals Fund. Since 2010, Mark has been a partner at the Earth Resource Investment Group and a mining analyst on the award-winning Earth Gold Fund UI, a pure precious metals fund offering exposure to precious metals stocks and the underlying metals. Previously he has worked as a resource equity analyst at RBC Capital Markets and with the African mining research team at Renaissance Capital. A geologist by qualification, he worked for

four years in gold exploration prior to completion of his Masters in mineral project appraisal from the Royal School of Mines, University of London. Mark also holds a BSc. (Hons) 1st Class from the University of Bristol. His experience has enabled him to develop a substantial network in Africa, Europe, and North America.



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## TB AMATI STRATEGIC METALS FUND, INVESTMENT REVIEW

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### Performance

Cumulative returns for the periods ended 31 July 2021	
(%)	
	From Launch*
B Accumulation Shares	3.37
EMIX Global Mining Index (GBP)**	7.08

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Source: Financial Express. Total Return. Bid to Bid.

\* 15 March 2021. \*\* Comparator Benchmark.

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the income derived from them is not guaranteed and may go down as well as up.

### Market Review

The Amati Strategic Metals Fund was launched on 15 March 2021, with a small and mid-capitalised company focus invested across a broad range of metals. The Fund was constructed and launched during a time of intense market volatility driven by financial liquidity and changing risk sentiment.

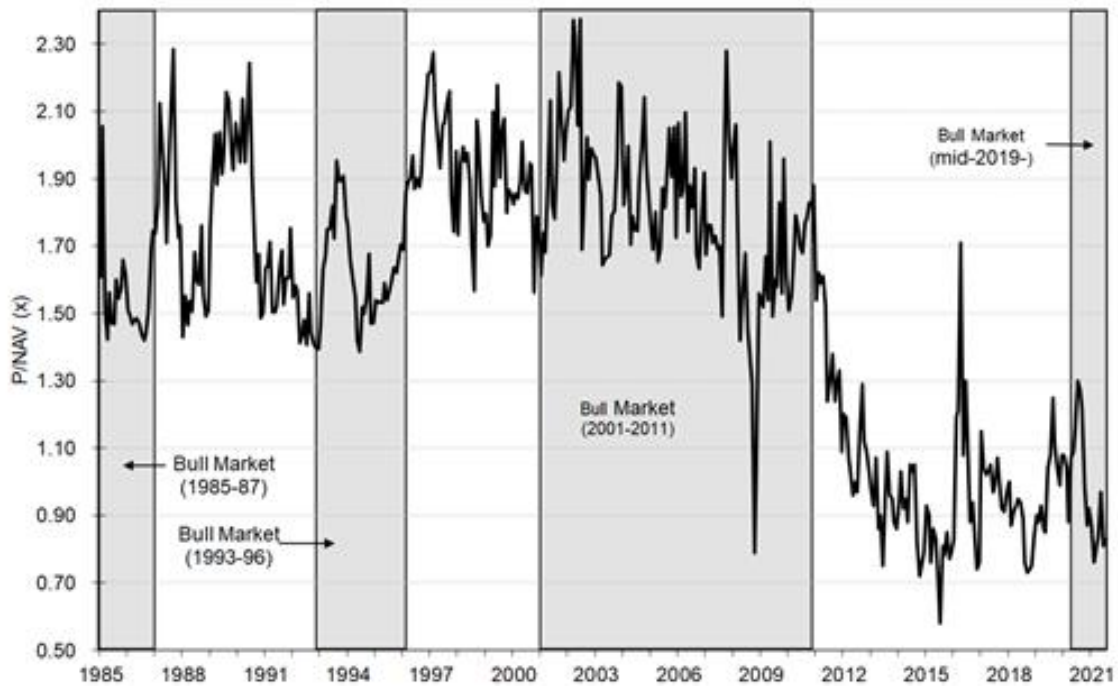
The global response to the COVID-19 pandemic saw a widespread roll-out of several vaccines and unprecedented economic stimulus which led to a significant improvement in the outlook (and sentiment) of the commodities. There is little doubt that the remarkable Chinese economic recovery beginning in Q2/20 rescued most commodity markets from complete disaster. This, coupled with the positive tailwind for the “green recovery”, resulted in a very positive response for commodities, pushing prices well above the cost structure of various markets.

During the past six months, the macroeconomic theme drove commodity prices higher, not real fundamentals, in our view. The evidence comes with all commodities rising during H1-2021, and “Doctor Copper” correlating well with real rates. Up until May/June, commodity prices have generally been lifting on rising inflation and USD weakening. More recently, commodity prices are flat/down on Fed fiscal tapering talk (first announced in mid-June); and China trying to ease inflationary pressures (credit controls, taxes, restricting overseas investment, direct market intervention) to dampen speculative commodity trading.

### Gold Equities

It has been nine months since the Federal Reserve committed not to raise short-term interest rates. The commitment was meant to be consistent with the Fed's new monetary strategy, which is based on the idea that prices should rise 2% a year on average over time. This implies inflation could rise over 3% until 2030 to make up the averaged shortfall. We still hold the view that inflation could spike higher than the Fed's own projections. Real interest rates are still making new lows while investors have largely already migrated out of gold and silver. Sentiment indicators towards gold indicate a record low level of interest and gold stocks are trading at historic lows when analysing valuation metrics at spot prices. Even some senior gold equities' valuations look attractive – P/NAV since 1985 has averaged ~1.55x -> the current P/NAV ~0.83x. Since 2011, the average has been 1.0x.

Senior Gold equity P/NAV valuations

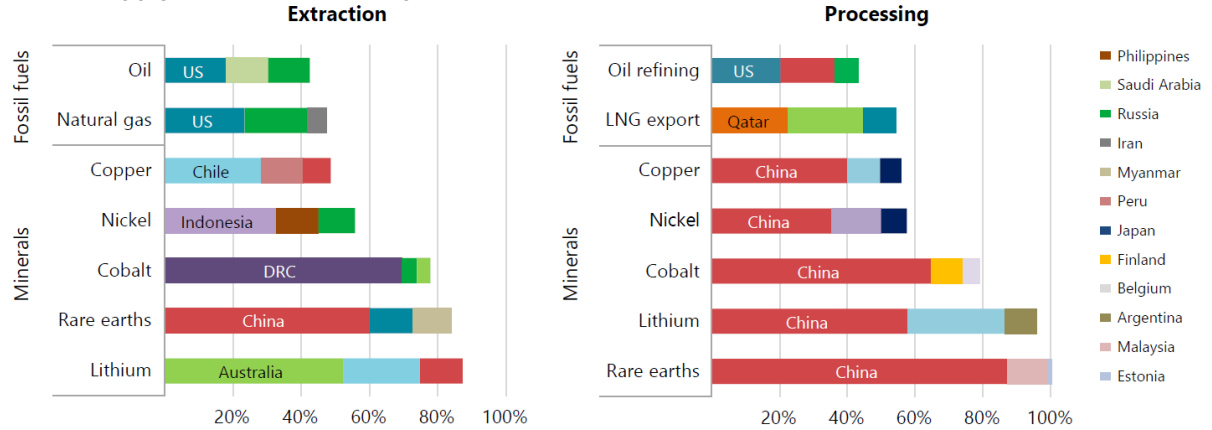


Source: Scotia Bank

Base & Critical Metals

An evolving clean energy transition calls for an evolving approach to energy security; policy makers must expand their horizons and act to reduce the risks of price volatility and supply disruptions. The demand for critical minerals is set to soar over the next two decades as the world pursues net zero goals; overall mineral requirements could rise by as much as 6 times, but individual minerals, led by lithium, graphite and nickel could rise even faster. Production and processing of many minerals such as lithium, cobalt and some rare earth elements are geographically concentrated, with the top three producers accounting for more than 75% of supplies. The geographical concentration of Chinese processing dominance is key to our investment decisions in investing in companies producing critical metals and adopting an integrated 'mine-to-market' strategy ex-China. Indeed all of our eight specialty metal equity investments have such a policy.

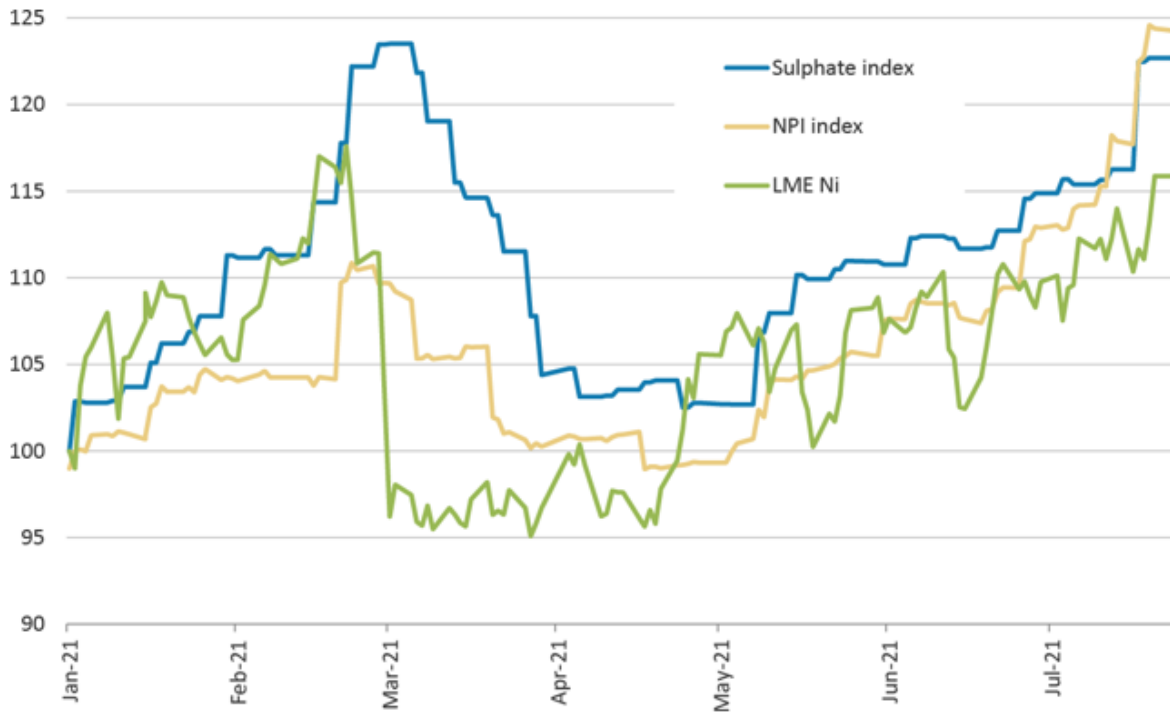
Mineral supply chains lack diversity



Source: International Energy Agency

Nickel has been on a positive price trajectory over the past six months due to a combination of strong demand from both the stainless steel and battery sectors. This has led to declining available inventory in China. Total reported refined nickel inventories are now ~30kt, equivalent to under three weeks of Chinese consumption, and around half the level seen this time last year. Despite microchip shortages, EV battery demand has also remained elevated, helping to lift nickel price to the mid-\$19k/t level. It had looked like a supply recovery would ease some market tightness into 2H21, but fresh disruptions and ongoing demand strength now look set to keep prices higher for longer.

Nickel prices (index=100)



Source: Bloomberg

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## TB AMATI STRATEGIC METALS FUND, INVESTMENT REVIEW (CONTINUED)

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While nickel prices at current strong levels will of course fluctuate, we believe that nickel 'premiums' will become a key future dynamic, with an associated focus on carbon emissions. Sector wide emissions from ferronickel and nickel pig iron, predominantly fed by laterites, dwarf those from HPAL (High Pressure Acid Leach) and nickel sulphides. Given HPAL capex requirements and technical risks rarely result in equity upside for these types of investments, this leaves nickel sulphide projects. The Fund's nickel investments are all in nickel sulphide projects.

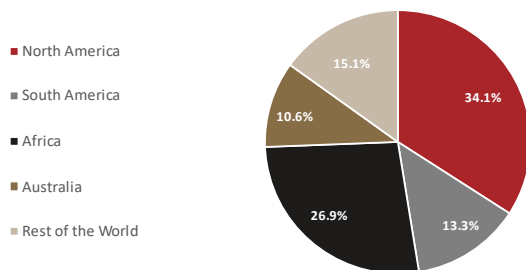
### Performance Review

The unit price of the Fund rose by 3.37% since its launch in March and during the period under review, compared to gains of 7.08% in the EMIX Global Mining Index (GBP).

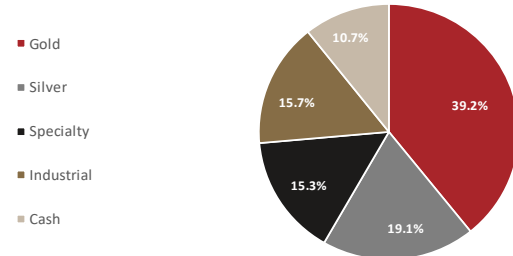
### Portfolio Activity

The portfolio is now fully populated with 37 holdings, with the cash holding now down to 10.7%.

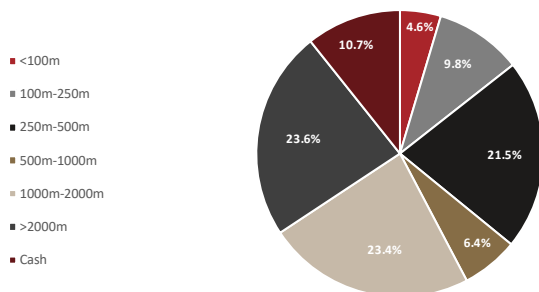
#### Geographical Distribution



#### Asset Allocation



#### Market Cap



### Outlook

#### Where are we in the short-term cycle?

With global industrial production growth rates now having peaked, the focus across base metals and bulk commodities is now shifting towards duration of prices being maintained at current elevated levels. Short term demand momentum is starting to wane, which is the dominant factor behind expected declines from spot prices by year-end. However, across supply chains a combination of pandemic-related issues and logistical constraints means that replenishing inventories at end user stage is set to take longer. Despite commodity prices remaining well above

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**TB AMATI STRATEGIC METALS FUND, INVESTMENT REVIEW (CONTINUED)**

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the incentivisation price to increase production from existing mines and new projects, mining companies are hesitant to increase the supply of metal to the market given the uncertain global economic environment, as well as intense pressure from shareholders. This suggests that commodity prices could remain elevated for years to come.

History dictates that commodity prices tend toward the 90<sup>th</sup> percentile of the cost curve over time. Most commodities are well above this level, in particular copper, where we anticipate some further weakness in the copper price and equities in the short-term given how overheated that particular market is at the moment. Inflation and US dollar weakness have the potential to raise the cost curve significantly higher over the coming years, which supports our attractive viewpoint on the commodity sector over the next five to ten years. Ultimately, exploration expenditure will need to increase significantly and new projects will need to be built. The Fund is biased towards growth companies and opportunistic in the timing of its investment in the sector – often, opportunities come along where the market is pricing in commodity prices below longer-term incentivisation prices.

Precious metals form an integral part of the Fund both as a portfolio diversifier and a currency diversifier. Gold and silver prices have significantly underperformed industrial metal prices since the start of the vaccine rollout in September 2020 and investor's great tolerance for risk in their portfolios. Long positions were unwound and new buyers were hard to come by as the broader equity market and the US dollar rallied strongly. It is our view that the current macroeconomic environment remains very supportive to having exposure to gold and silver, given the uncertainty surrounding the changes to central bank policies over the coming months and years. Central bankers are expecting to reduce monetary stimulus at the time of high debt levels, with the hope that the global growth trend will not be interrupted and that inflation will indeed be transitory. Since the gold price is already currently reflecting the best case scenario for the envisaged central bank policies over the coming months and years, the increase in any associated risk to central bank policy is expected to result in a strong recovery in gold and silver prices.

With the \$150-200/oz retracement in the gold price since September 2020, sentiment towards precious metals stocks collapsed completely (10-year low) despite the strong financial health of the companies and strong free cash flow generation. It is our view that the sell off in gold and silver equity prices is overdone, with many company valuations reflecting gold prices some \$400-\$500/oz below spot prices. This is a very unusual situation, which in our opinion, justifies a high weighting in gold and silver companies in the portfolio.

**Georges Lequime**  
Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
29 September 2021

**Mark Smith**  
Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
29 September 2021

**TB AMATI STRATEGIC METALS FUND, PORTFOLIO STATEMENT**

As at 31 July 2021

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
<b>Gold</b>			
92,450	AngloGold Ashanti	1,331,828	3.7
675,000	Bonterra Resources	509,919	1.4
190,000	Eldorado Gold	1,276,455	3.6
70,750	Endeavour Mining	1,211,738	3.4
150,000	GoGold Resources	250,851	0.7
198,500	Gold Fields	1,399,094	3.9
462,000	Golden Star	880,538	2.5
469,000	Imangold	920,864	2.6
122,000	K92 Mining	619,814	1.7
271,550	Kinross Gold	1,281,191	3.6
753,000	OceanaGold	1,050,839	3.0
1,246,412	OreCorp	493,720	1.4
1,100,000	Perseus Mining	958,593	2.7
275,000	Sabina Gold & Silver	299,723	0.8
1,126,000	West African Resources	624,432	1.8
315,000	Yamana Gold	1,017,225	2.9
		<b>14,126,824</b>	<b>39.7</b>
<b>Silver</b>			
85,000	Coeur Mining	460,335	1.3
442,000	Fortuna Silver Mines	1,506,384	4.2
193,700	Fresnillo	1,584,466	4.5
46,000	Gatos Silver	445,649	1.3
636,000	Hochschild Mining	980,076	2.8
672,900	Kuya Silver	605,342	1.7
34,500	MAG Silver	493,531	1.4
55,000	SSR Mining	643,196	1.8
		<b>6,718,979</b>	<b>19.0</b>
<b>Speciality</b>			
501,250	Anglo Pacific Group	672,678	1.9
682,000	Bacanora Lithium	395,560	1.1
4,700,000	Black Rock Mining	347,523	1.0
2,845,000	IronRidge	574,690	1.6
13,585,220	Peak Resources	789,254	2.2
225,000	Sigma Lithium	962,747	2.7
1,420,000	Talga Group	1,012,464	2.8
1,832,353	Trident Royalties	623,000	1.7
		<b>5,377,916</b>	<b>15.0</b>

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**TB AMATI STRATEGIC METALS FUND, PORTFOLIO STATEMENT (CONTINUED)**As at 31 July 2021

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<b>Holding or nominal value of positions</b>	<b>Bid market value £</b>	<b>Percentage of total net assets %</b>
<b>Industrial</b>		
720,000 Adriatic Metals	1,156,016	3.3
2,220,000 Centaurus Metals	1,055,245	3.0
1,595,000 Mincor Resources	1,036,152	2.9
11,500,000 Panoramic Resources	1,062,903	3.0
3,750,000 Talon Metals	1,211,003	3.4
	<hr/> <b>5,521,318</b>	<hr/> <b>15.6</b>
<b>Portfolio of investments</b>	<b>31,745,037</b>	<b>89.3</b>
<b>Net other assets</b>	<b>3,819,923</b>	<b>10.7</b>
<b>Total net assets</b>	<hr/> <b>35,564,960</b>	<hr/> <b>100.0</b>

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**TB AMATI STRATEGIC METALS FUND, SUMMARY OF FUND PERFORMANCE**


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<b>B Accumulation Shares</b>	<b>15 March 2021</b>
	<b>31 July 2021</b>
	<b>(Pence per Share)</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges*	3.24
Operating charges	(0.42)
Return after operating charges*	2.82
Distributions	0.00
Retained distributions on accumulation shares	0.00
Closing net asset value per share	102.82
* after direct transaction costs of:	0.25
<b>Performance</b>	
Return after charges	2.82%
<b>Other information</b>	
Closing net asset value	£35,564,960
Closing number of shares	34,588,405
Operating charges (p.a.)	1.04%
Direct transaction costs (p.a.)	0.49%
<b>Prices</b>	
Highest published share price	110.86
Lowest published share price	94.82

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**TB AMATI STRATEGIC METALS FUND, STATEMENT OF TOTAL RETURN**For the period ended 31 July 2021

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		15.03.21 to 31.07.21
	£	£
Income		
Net capital (losses)/gains		(80,007)
Revenue	34,629	
Expenses	(90,473)	
Interest payable and similar charges	(1,067)	
Net (expense)/revenue before taxation	<u>(56,911)</u>	
Taxation	(2,248)	
Net (expense)/revenue after taxation		<u>(59,159)</u>
<b>Total (loss)/return before distributions</b>		<b>(139,166)</b>
Distributions		-
<b>Change in net assets attributable to shareholders from investment activities</b>		<b><u>(139,166)</u></b>

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**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**For the period ended 31 July 2021

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		15.03.21 to 31.07.21
	£	£
<b>Opening net assets attributable to shareholders</b>		-
<i>Movements due to sales and repurchases of shares:</i>		
Amounts receivable on issue of shares	37,703,218	
Amounts payable on cancellation of shares	<u>(1,999,092)</u>	
		35,704,126
Change in net assets attributable to shareholders from investment activities		(139,166)
Retained distributions on accumulation shares		-
<b>Closing net assets attributable to shareholders</b>		<b><u>35,564,960</u></b>

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**TB AMATI STRATEGIC METALS FUND, BALANCE SHEET**  
As at 31 July 2021

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	<b>31.07.21</b>
	<b>£</b>
<b>Assets:</b>	
<b>Fixed Assets:</b>	
Investments	31,745,037
<b>Current Assets:</b>	
Debtors	1,066,793
Cash and bank balances	2,947,512
<b>Total assets</b>	<b>35,759,342</b>
<b>Liabilities:</b>	
<b>Creditors:</b>	
Other creditors	194,382
<b>Total liabilities</b>	<b>194,382</b>
<b>Net assets attributable to shareholders</b>	<b>35,564,960</b>

**Accounting policies**

The financial statements have been prepared on the basis of the accounting policies set out in the Annual Report and Financial Statements for the year ended 31 January 2021.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

As described in the Statement of the Authorised Corporate Director's Responsibilities, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the Fund.

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**TB AMATI STRATEGIC METALS FUND, DISTRIBUTION TABLE**For the period ended 31 July 2021

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**Interim Distribution (31 July 2021)**

Group 1 - Shares purchased on or prior to 15 March 2021

Group 2 - Shares purchased after 15 March 2021

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<b>Shares</b>	<b>Revenue</b>	<b>Equalisation<sup>1</sup></b>	<b>Accumulated</b>
	<b>(pence)</b>	<b>(pence)</b>	<b>30.09.21</b>
			<b>(pence)</b>
<hr/> <b>B Accumulation</b>			
Group 1	-	-	-
Group 2	-	-	-

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<sup>1</sup> Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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## DIRECTORY

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### The Company

TB Amati Investment Funds  
64 St. James's Street  
Nottingham  
NG1 6FJ

### Authorised Corporate Director (ACD)

T. Bailey Fund Services Limited  
64 St. James's Street  
Nottingham  
NG1 6FJ

Tel: 0115 988 8200  
Website: [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk)

Authorised and regulated by the Financial Conduct Authority.

### Directors of the ACD

Miss J L Kirk  
Mr G M J Padbury  
Mrs R E Elliott  
Mrs A Troup (Non-executive)  
Mr A Kerneis (Non-executive)

### Investment Manager

Amati Global Investors Limited  
8 Coates Crescent  
Edinburgh  
EH3 7AL

Tel: 0131 503 9100  
Email: [info@amatiglobal.com](mailto:info@amatiglobal.com)  
Website: [www.amatiglobal.com](http://www.amatiglobal.com)

Authorised and regulated by the Financial Conduct Authority.

### Depository

NatWest Trustee & Depository Services Limited  
135 Bishopsgate  
London  
EC2M 3UR

Authorised and regulated by the Financial Conduct Authority and by the Prudential Regulation Authority.

### Registrar and Share Dealing

T. Bailey Fund Services Limited  
64 St. James's Street  
Nottingham  
NG1 6FJ

Tel: 0115 988 8200  
Dealing Line: 0115 988 8275  
Website: [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk)

Authorised and regulated by the Financial Conduct Authority.

### Auditor

Deloitte LLP  
Statutory Auditor  
4 Brindleyplace  
Birmingham  
United Kingdom  
B1 2HZ

Registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

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