

FINELY CRAFTED INVESTMENTS



**Amati**  
Global Investors

## TB Amati Investment Funds

Interim Report & Financial Statements (Unaudited)  
31 July 2022

TB Amati UK Listed Smaller Companies Fund  
TB Amati Strategic Metals Fund  
TB Amati Strategic Innovation 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, 27 and 40, ‘Investment Review’ as provided by the Investment Manager, on pages 9 to 14, 30 to 32 and 43 to 45 and ‘Directory’ on page 53.*



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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.tbaileyfs.co.uk/funds/tb-amati-investment-funds](http://www.tbaileyfs.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.

The most recent price of shares in issue can be found at [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk), or by phone using the contact details set out in the prospectus.

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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.tbaileyfs.co.uk/funds/tb-amati-investment-funds](http://www.tbaileyfs.co.uk/funds/tb-amati-investment-funds).

The Key Investor Information documents, Supplementary Information document and Value Assessments are also available from [www.tbaileyfs.co.uk/funds/tb-amati-investment-funds](http://www.tbaileyfs.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 UK UCITS and is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. On the introduction of any new sub-fund or shareclass, a revised prospectus will be prepared setting out the relevant details of each sub-fund or shareclass.

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.

As at the balance sheet date, there were three sub-funds in existence: TB Amati UK Listed Smaller Companies Fund\*, TB Amati Strategic Metals Fund and TB Amati Strategic Innovation Fund\*\*.

\*TB Amati UK Smaller Companies Fund changed its name to TB Amati UK Listed Smaller Companies Fund on 30 August 2022.

\*\* TB Amati Strategic Innovation Fund was launched on 23 May 2022.

The base currency of the Company is Pound Sterling.

The assets of the sub-funds have been invested in accordance with the investment objectives and investment policy of the sub-funds. Investment of the assets must comply with the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

Subject to the above, the liabilities, expenses, costs and charges of the Company will be allocated between classes in accordance with the terms of shares of those classes.

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 three 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 amended in June 2017; 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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## DIRECTORS' 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 30 September 2022.

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-funds 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**  
**30 September 2022**

**Rachel Elliott**  
**Chief Financial Officer**  
**T. Bailey Fund Services Limited**  
**Nottingham, United Kingdom**  
**30 September 2022**

# TB AMATI UK LISTED SMALLER COMPANIES FUND

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## TB AMATI UK LISTED 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 UK UCITS 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 Listed Smaller Companies 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 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, quoted or admitted in the UK.

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. In selecting investments for the Fund, the Investment Manager will consider target companies' corporate governance, as well as broader environmental and social considerations, including human rights. While these factors alone do not ultimately determine the selection of investments made within the Fund, they do form an integral part of the process of identifying the risks and opportunities associated with such investments.

Derivatives may be used for Efficient Portfolio Management purposes to reduce risk or cost or to generate additional capital or income.

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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 (IA) 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 LISTED 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 one to seven. 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 six 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 21 and 22.

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## **OTHER INFORMATION**

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TB Amati UK Smaller Companies Fund changed its name to TB Amati UK Listed Smaller Companies Fund on 30 August 2022. The Fund objective and policy were updated on the same date. The new objective and policy are detailed on page 4.

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**TB AMATI UK LISTED SMALLER COMPANIES FUND, INVESTMENT MANAGEMENT TEAM**

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The TB Amati UK Listed 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. Dr Gareth Blades has supported the management team as an Analyst since 2019. 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 is award winning. In February 2020, the Fund was awarded a fund rating from Square Mile Research along with a Silver analyst rating 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 Listed Smaller Companies Fund (formerly TB Amati UK Smaller Companies Fund and 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 Listed 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 Listed

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 Listed 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 Listed 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.

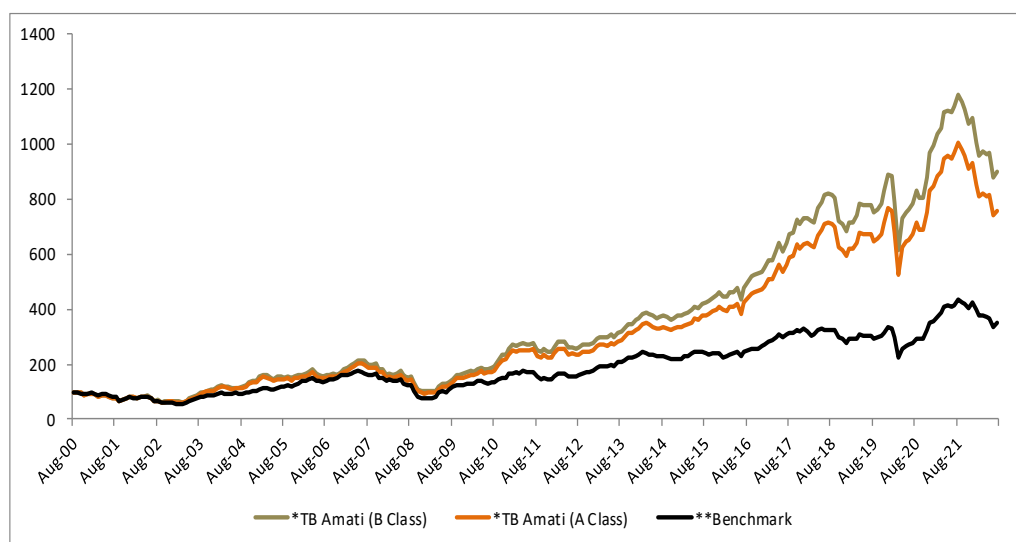
## TB AMATI UK LISTED SMALLER COMPANIES FUND, INVESTMENT REVIEW

### Performance

	Cumulative returns for the periods ended 31 July 2022 (%)					
	6 months	1 year	3 years	5 years	10 years	From PJ take on**
A Accumulation Shares	(10.57)	(21.34)	13.14	35.14	226.64	660.05
B Accumulation Shares	(10.25)	(20.75)	15.77	40.37	251.70	800.58
Numis Smaller Companies plus AIM (excluding Investment Companies)*	(12.04)	(15.97)	15.29	13.47	122.32	249.09
IA UK Smaller Companies Sector*	(13.79)	(19.91)	16.49	24.23	173.77	351.07

Source: Financial Express. Total return, bid to bid. Sterling terms. \*Comparator Benchmarks \*\*Performance since Dr Paul Jourdan (PJ) 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 2022.

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**

During the past six months market concerns have moved firmly from COVID restrictions onto the impact of war, surging global inflation, and the possibility of recession. The defining event of 2022 so far has been the Russian invasion of Ukraine and the subsequent humanitarian devastation and economic upheaval this has caused. As a result of these appalling developments, we now live in a world where geopolitical divisions have become a chasm and the inflationary impacts on the global population profound. The immediate impact has been increased insecurity of supply in key global commodities such as oil, gas and agricultural products. This has led to almost unparalleled price increases, particularly in gas, where Europe's dependence on Russia has been exposed to brutal effect. There appears no obvious end in sight to the conflict in Ukraine and therefore investors have had to attune quickly to a world which may be quite different in the future.

These alarming geo-political and economic factors have led to meaningful declines in asset values, with both equities and bonds falling simultaneously in most key markets. The trends which began in late 2021 have continued with high growth, highly valued sectors such as healthcare and technology seeing material deratings whilst deeper value and more defensive sectors including energy, mining and utilities have enjoyed a return to form. This has come at a time when equity valuations had looked stretched compared to history, especially in the US. China's complicated uncoupling from COVID and dire economic situation have slowed global economic growth, and the continued deterioration of Sino-Western relations is a cause of ongoing concern, especially fears over the security of Taiwan, heightened by the precedent set by Russia's invasion of Ukraine.

We are in an era of rising interest rates, with inflation across the US, the EU and the UK recently reaching multi-decade highs. There is considerable debate about how persistent this will be, but investors are increasingly of the view that inflation may be with us for some time particularly as the energy crisis drives higher costs especially in Europe and Asia. Corporate profits will be under pressure, and we have seen some initial rounds of earnings downgrades, led initially by companies highly exposed to consumer spending. Recession appears highly likely across most of the major economies as we progress towards 2023, with the US set to pull through faster than Europe, given it has experienced much less of an energy price spike.

It has been a disappointing period for investors in smaller companies with the Numis Smaller Companies (plus AIM excluding Investment Companies) Index falling by 12.0%. This decline was in sharp contrast to the Numis Large Cap index, which managed a small gain of 0.8%. The increases we have seen in bond yields and interest rates combined with fears of recession have led to a more difficult backdrop for the valuation of smaller companies in general. However, UK asset prices remain modest by international standards, and we are now seeing meaningful takeover activity in quoted companies which should provide some overall support for company valuations.

### **Performance Review**

The unit price (B Accumulation) of the Fund fell by 10.25% during the period, compared to falls in the Numis Smaller Companies (plus AIM excluding Investment Companies) index of 12.04% and the IA UK Smaller Companies Sector of 13.79%.

The portfolio outperformed the index in part owing to its holdings in energy stocks, and in part from bid situations which boosted performance. Russia's invasion of Ukraine in February caused dramatic market falls, and then some consolidation, as Ukraine's defence proved more resilient than expected. However, the long-term ramifications of the situation are yet to become fully appreciated. The crisis for Europe has in some ways only just begun as winter approaches and Putin's stranglehold on energy markets becomes ever clearer. Whilst the global demand for oil has weakened as macroeconomic growth slowed, investing in companies that produce oil and gas in countries not controlled by dictators remains compelling. Capital expenditure in the publicly listed oil and gas companies peaked in 2014 and has been low since, as investors and banks have continued to expect companies to de-lever and return cash to shareholders. A windfall tax on North Sea generation was announced and further tax penalties in the UK and elsewhere, but this is offset by the level of under-investment in the West. Russia's invasion of Ukraine has served as a reminder of just how dependent

on oil and gas we still are, and this has discredited the idea of disinvesting from the sector on ethical grounds, as became fashionable over the last few years. The pathway to net zero needs to be focused on reducing demand for fossil fuels, rather than simply destroying supply in Western economies. **I3 Energy** has been the standout oil and gas stock in the portfolio benefiting sharply increasing oil and natural gas prices and a huge shift in investor thinking about Europe's reliance on Russia for its energy needs. The stock, which produces oil and gas in Canada, has doubled since the end of January and yet is still modestly valued and yields over 3%. **Trident Royalties** and **Energean** have also delivered strong performance. **Energean's** newly built FPSO (floating production storage and offloading vessel), having been delayed by COVID, arrived in the eastern Mediterranean in June, much to investors' relief. **Serica Energy**, which provides 5% of the UK's natural gas needs from its fields north of Scotland, returned 46% over the period as it benefited from the high gas price.

Three portfolio holdings, **CareTech**, **EMIS** and **HomeServe**, received bid approaches over the period under review. UK PLC is attractive after years of underperformance against European and US markets, resulting in a valuation mismatch. Weak sterling also helps, as UK assets are cheaper for overseas acquirers, particularly if they are generating non-domestic revenues. **HomeServe** was bid for by Brookfield Asset Management, a Canadian Private Equity house, at a 71% premium. EMIS received a bid from United Health, a large, listed US healthcare operator, interested in acquiring the healthcare software and IT services that EMIS provides to the NHS. **CareTech's** founder managers formed a consortium to take the company private. What is common to all these names is the high level of repeat or recurring revenues. The geopolitical situation has understandably increased enthusiasm for defence stocks and **QinetiQ** shares have risen over 43%. QinetiQ provides defence services to the UK and selected overseas governments including the US and Australia. It is well placed, as we believe that defence budgets will rise significantly in the West in response to China's actions in Taiwan and the war in Ukraine. This is leading to a heightening of global divisions, as witnessed by Finland's and Sweden's applications to join NATO, Germany's decision to send lethal weapons to Ukraine in a historic shift on military aid, and Biden's CHIPS Act to boost semiconductor production in the US in the event of disruption in Taiwan, the producer of 80% of the world's most advanced chips.

The sharply rising cost of energy and food means that households are feeling a severe squeeze on discretionary income levels. After a strong post COVID recovery the shares of many retailers have been marked down heavily, and some of the biggest detractors to performance were those exposed to the consumer, such as **Gear4Music** and **Halfords**. In both cases recent profits have proven to be unsustainable. Some other 'pandemic winners' have come back to earth with a savage bump. Most notable was **S4 Capital** which was one of our strongest risers in 2021. The shares started to fall after the company guided to operating margin pressure as salaries increased in the technology space, including their area of digital advertising expertise. A sharp fall in US tech company share prices also led to further investor caution which was compounded by an unwelcome delay to the auditors signing off the 2021 accounts, which alarmed the market and brought management's credibility into question. Operating margins are now further under pressure as revenues face a deterioration in the macro environment, and costs increase further as more internal controls are brought in. We have exited the position. Higher rated growth companies such as **Gamma Communications**, **Kape Technologies**, **Accesso**, **tinyBuild** and **GB Group** also struggled as inflation and interest rate fears kept buyers on the sidelines. Low levels of liquidity added to the risk aversion, and a clear valuation discount has opened up between mid and small market capitalisations.

Stocks that are reasonably valued and uncorrelated, or negatively correlated, to macroeconomic conditions have performed well for the Fund. **Indivior** provides treatments to a million opioid addicts in the US, which is still just a small fraction of the afflicted population who have progressed from Oxycontin addiction to, in some cases, illegal street drugs such as heroin and fentanyl. This crisis has costly human and social impacts and resolving it is a challenge receiving bi-partisan support, and therefore efforts will persist even if economic weakness continues. Shares are up 43% over the period. **Begbies Traynor** and **FRP Advisory** provide professional services to companies facing liquidation and administration actions, and shares are up 17% and 12% respectively. Everything suggests that demand for their services is set to rise sharply in tougher times. **Spirent** provides products and services that enable testing of global wireless and cloud networks and is benefiting from the roll-out of 5G networks which, given the multi-year nature of the capex, is unlikely to be

derailed by geopolitics or GDP weakness. The guidance for the full year seems restrained despite a healthy order book, and any upgrades will support the shares which are up nearly 16% over the period under review.

### **Portfolio Activity**

Reflecting the huge economic and geo-political change we have recently seen there was more activity than usual during the period. Our main objective in doing so was to ensure that the portfolio is robust enough to cope with the various challenges ahead. We therefore sold a number of holdings which were either loss making or vulnerable to valuation risks. These included **Amryt Pharma** (pharmaceuticals), **Molten Ventures** (private equity), **Focusrite** (consumer electronics) and **Eqtec** (new energy). Other sales were made in businesses such as **S4 Capital** and **Morses Club** where our investment case had deteriorated substantially. On a more positive note, we sold two larger companies which had been successful investments for the Fund in recent years – **Electrocomponents** (which had reached the FTSE100 index) and **Dunelm**, which has been one of the more resilient retailers over a long period. Our other key sales were made in companies which had attracted takeover bids at substantial premiums. We sold our position in **Air Partner** and **Homeserve** and reduced **CareTech** ahead of the pending takeover being completed. Given the significant gains made post the dramatic spike in energy prices, towards the end of the period we realised some profits in several holdings in the oil and gas sector.

We opened new positions in companies that we felt had robust earnings, strong balance sheets and high barriers to entry. In the technology sector we invested in leading software reseller **Bytes Technology**, which has a strong position within the public sector, as well as being a key Microsoft partner. **Tracsis** was also added, a software business specialising in the rail sector. Other purchases included digital publisher **Future** and a developer of student and social housing, **Watkin Jones**. Both businesses continue to deliver solid earnings growth and their valuations had become attractive after the market falls. Two new holdings were subject to takeover bids very shortly after purchase. These were B2B information provider **Euromoney Institutional Investor** and healthcare software specialist **EMIS**. Both attracted sizeable premiums to our purchase. We took advantage of large price falls to add to some existing holdings in the technology sector, including **Gamma Communications**, **GB Group** and **Craneware**. We also added to positions in the fund managers **Polar Capital** and **Rathbones**.



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

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

<b>Sector</b>	<b>Asset allocation as at 31 July 2022 (%)</b>	<b>Asset allocation as at 31 January 2022 (%)</b>
Aerospace & Defence	2.9	1.9
Alternative Energy	1.5	2.1
Banks	3.2	3.9
Chemicals	1.1	1.2
Electricity	-	0.6
Electronic & Electrical Equipment	2.6	3.0
Financial Services	10.5	8.2
General Retailers	2.5	5.0
Health Care Equipment & Services	3.4	3.2
Household Goods & Home Construction	10.3	10.4
Leisure Goods	0.4	1.6
Media	3.0	2.6
Mining	3.5	4.9
Mobile Telecommunications	2.9	2.6
Non-Life Insurance	0.7	1.1
Oil & Gas Producers	7.0	4.5
Personal goods	1.8	2.7
Pharmaceuticals & Biotechnology	6.4	4.9
Real Estate Investment & Services	4.5	3.4
Software & Computer Services	16.3	12.9
Support Services	4.4	5.6
Technology Hardware & Equipment	4.9	3.7
Travel & Leisure	1.4	2.5
Cash and Other	4.8	7.5
<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 15 to 20.

## **Outlook**

The price of natural gas in Europe (including the UK, as its gas market is interlinked) has become a disproportionately large factor in the economic outlook for the region. The Russian Government has exploited and probably encouraged the vulnerability created by the drive to reduce domestic supply and starving Europe of gas supply has now become a weapon of war. A rise in US Liquid Natural Gas (LNG) exports and a surprise drop in Chinese LNG imports so far in 2022 has allowed breathing space for European countries to refill their gas storage to around 80% ahead of winter, albeit at expensive prices. A mild winter has rarely been more hoped for.

If we can look beyond the weaponisation of gas supplies, it is likely that other inflationary factors are looking like they should ease in the near term, as quantitative tightening takes the heat out of the excessive money supply growth from 2020, and the global supply chain bottlenecks begin to ease. Overstocking then becomes a deflationary factor, as firms have spent years building higher inventory levels in response to supply problems, leaving them vulnerable to any unexpected drop in demand. However, the new UK Chancellor's mini-budget, delivered on 23 September, has left UK markets reeling, potentially requiring the Bank of England to lift interest rates much higher than previously expected, sending gilt markets into a tailspin, and causing the currency to fall to new lows. The Chancellor now urgently needs to produce a credible plan to reduce the budget deficit over the coming years. This has been promised for November. It may feel like a long wait.

With valuations for growth companies having taken a big set-back over the last 9 months, much bad news is already priced in, although clearly further shocks cannot be ruled out after the events of the last few days. It is no coincidence that bid approaches for UK quoted companies are ongoing, with deals totalling close to £50bn so far in calendar year 2022. Most of these bids have come from private equity, which is targeting attractively valued companies from an international perspective. The Fund has participated well in this activity, which we feel is indicative of the quality contained within our portfolio holdings. Near term prospects for capital markets may remain highly uncertain, but our investment approach will continue to target quality growth companies.

**Paul Jourdan**  
**CEO and Fund Manager**  
**Amati Global Investors Ltd**  
**Edinburgh, United Kingdom**  
**30 September 2022**

**David Stevenson**  
**Director and Fund Manager**  
**Amati Global Investors Ltd**  
**Edinburgh, United Kingdom**  
**30 September 2022**

**Anna Macdonald**  
**Fund Manager**  
**Amati Global Investors Ltd**  
**Edinburgh, United Kingdom**  
**30 September 2022**

**Scott McKenzie**  
**Fund Manager**  
**Amati Global Investors Ltd**  
**Edinburgh, United Kingdom**  
**30 September 2022**

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

 As at 31 July 2022
 

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Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Aerospace &amp; Defence</b>		
<b>(2.9%; 31.01.22 - 1.9%)</b>		
5,772,931 QinetiQ	21,983,321	2.9
	<b>21,983,321</b>	<b>2.9</b>
<b>Alternative Energy</b>		
<b>(1.5%; 31.01.22 - 2.1%)</b>		
755,096 Energean	8,660,951	1.2
3,400,000 Invinity Ener L/T Warrant	3,400	0.0
3,400,000 Invinity Ener S/T Warrant	3,400	0.0
6,649,065 Invinity Energy	2,460,154	0.3
	<b>11,127,905</b>	<b>1.5</b>
<b>Banks</b>		
<b>(3.2%; 31.01.22 - 3.9%)</b>		
4,672,870 OSB Group	24,602,661	3.2
	<b>24,602,661</b>	<b>3.2</b>
<b>Chemicals</b>		
<b>(1.1%; 31.01.22 - 1.2%)</b>		
12,104,500 HeiQ	8,594,195	1.1
	<b>8,594,195</b>	<b>1.1</b>
<b>Electronic &amp; Electrical Equipment</b>		
<b>(2.6%; 31.01.22 - 3.0%)</b>		
1,324,757 DiscoverIE	10,028,410	1.3
319,076 XP Power	9,668,003	1.3
	<b>19,696,413</b>	<b>2.6</b>

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**TB AMATI UK LISTED SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**As at 31 July 2022

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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>Financial Services</b> <b>(10.5%; 31.01.22 - 8.2%)</b>		
4,777,816 CMC Markets	12,278,987	1.6
396,716 Euromoney Institutional Investor	5,752,382	0.8
1,550,000 Gresham House	13,237,000	1.7
767,466 Liontrust Asset Management	7,966,297	1.1
750,958 Mortgage Advice Bureau	6,758,622	0.9
2,506,557 Polar Capital	12,219,465	1.6
893,352 Rathbones	16,169,671	2.1
11,007,873 Trident Royalties	5,063,622	0.7
	<b>79,446,046</b>	<b>10.5</b>
<b>General Retailers</b> <b>(2.5%; 31.01.22 - 5.0%)</b>		
6,686,097 DFS Furniture	9,601,235	1.3
5,243,700 Halfords	9,019,164	1.2
	<b>18,620,399</b>	<b>2.5</b>
<b>Health Care Equipment &amp; Services</b> <b>(3.4%; 31.01.22 - 3.2%)</b>		
1,510,339 CareTech	11,282,232	1.5
3,797,844 Creo Medical	2,772,426	0.4
620,885 EMIS	11,349,778	1.5
	<b>25,404,436</b>	<b>3.4</b>

**TB AMATI UK LISTED SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**  
As at 31 July 2022

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %	
<b>Household Goods &amp; Home Construction</b> (10.3%; 31.01.22 - 10.4%)			
12,632,000	Brickability	10,737,200	1.4
2,059,140	MJ Gleeson	10,913,442	1.4
3,143,000	Tyman	8,281,805	1.1
7,080,000	Victorian Plumbing	3,540,000	0.5
2,250,000	Vistry	20,722,500	2.7
7,175,000	Watkin Jones	15,785,000	2.1
5,800,000	Wickes	7,905,400	1.1
		<b>77,885,347</b>	<b>10.3</b>
<b>Leisure Goods</b> (0.4%; 31.01.22 - 1.6%)			
1,911,289	Gear4music	3,249,191	0.4
		<b>3,249,191</b>	<b>0.4</b>
<b>Media</b> (3.0%; 31.01.22 - 2.6%)			
2,973,626	Dianomi	5,352,527	0.7
438,992	Future	8,024,774	1.0
10,712,614	The Pebble Group	9,641,353	1.3
		<b>23,018,654</b>	<b>3.0</b>
<b>Mining</b> (3.5%; 31.01.22 - 4.9%)			
8,902,710	Amaroq Minerals	3,650,111	0.5
6,621,659	Anglo Pacific	10,422,491	1.4
3,081,992	Atalaya Mining	8,475,478	1.1
5,347,375	Hochschild Mining	4,309,984	0.5
		<b>26,858,064</b>	<b>3.5</b>

**TB AMATI UK LISTED SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**  
As at 31 July 2022

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Mobile Telecommunications</b> (2.9%; 31.01.22 - 2.6%)		
5,299,289 Alphawave IP	7,122,244	0.9
1,337,472 Gamma Communications	14,792,440	2.0
	<b>21,914,684</b>	<b>2.9</b>
<b>Non-Life Insurance</b> (0.7%; 31.01.22 - 1.1%)		
5,523,241 Randall & Quilter Investment	5,247,079	0.7
	<b>5,247,079</b>	<b>0.7</b>
<b>Oil &amp; Gas Producers</b> (7.0%; 31.01.22 - 4.5%)		
91,481,000 I3 Energy	26,712,452	3.5
10,836,686 Jadestone Energy	10,728,319	1.4
1,359,249 Jersey Oil & Gas	3,398,123	0.5
11,284,515 PetroTal	4,626,651	0.6
1,245,239 Serica Energy	4,707,004	0.6
4,660,219 Touchstone Exploration	2,702,927	0.4
	<b>52,875,476</b>	<b>7.0</b>
<b>Personal Goods</b> (1.8%; 31.01.22 - 2.7%)		
5,679,142 Inspecc	13,289,192	1.8
	<b>13,289,192</b>	<b>1.8</b>

**TB AMATI UK LISTED SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**  
As at 31 July 2022

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Pharmaceuticals &amp; Biotechnology</b> (6.4%; 31.01.22 - 4.9%)		
1,022,847 Amryt EMA CVR*	83,620	0.0
1,580,494 Ergomed	19,060,758	2.5
8,114,749 Indivior	26,048,344	3.5
42,223,347 Yourgene Health	2,955,634	0.4
	<b>48,148,356</b>	<b>6.4</b>
<b>Real Estate Investment &amp; Services</b> (4.5%; 31.01.22 - 3.4%)		
8,536,432 CLS	17,286,275	2.3
5,691,757 Grainger	16,858,984	2.2
	<b>34,145,259</b>	<b>4.5</b>
<b>Software &amp; Computer Services</b> (16.3%; 31.01.22 - 12.9%)		
3,274,069 Accesso Technology	19,906,340	2.6
8,000,000 AdvancedAdvT	6,080,000	0.8
1,254,801 Auction Technology	12,460,174	1.6
2,001,146 Bytes Technology	9,029,171	1.2
1,202,370 Craneware	22,243,845	2.9
4,102,000 Essensys	2,666,300	0.4
2,480,485 GB Group	12,501,644	1.7
5,789,500 Gresham Technologies	8,221,090	1.1
3,848,233 Kape Technologies	10,775,053	1.4
615,000 Tracsis	5,412,000	0.7
7,303,952 TT Electronics	14,023,588	1.9
	<b>123,319,205</b>	<b>16.3</b>

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**TB AMATI UK LISTED SMALLER COMPANIES FUND, PORTFOLIO STATEMENT (CONTINUED)**As at 31 July 2022

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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>Support Services (4.4%; 31.01.22 - 5.6%)</b>		
8,084,950 Begbies Traynor	11,270,420	1.5
7,443,600 FRP Advisory	10,272,168	1.4
5,143,143 NCC	11,443,493	1.5
	<b>32,986,081</b>	<b>4.4</b>
<b>Technology Hardware &amp; Equipment (4.9%; 31.01.22 - 3.7%)</b>		
3,750,000 Ashtead Technology	8,175,000	1.1
4,166,666 Saietta	5,833,333	0.8
8,171,851 Spirent Communications	23,028,276	3.0
	<b>37,036,609</b>	<b>4.9</b>
<b>Travel &amp; Leisure (1.4%; 31.01.22 - 2.5%)</b>		
3,100,725 Cake Box	5,767,349	0.8
4,435,936 tinyBuild	4,968,248	0.6
	<b>10,735,597</b>	<b>1.4</b>
<b>Portfolio of investments</b>	<b>720,184,170</b>	<b>95.2</b>
<b>Net other assets</b>	<b>36,129,310</b>	<b>4.8</b>
<b>Total net assets</b>	<b>756,313,480</b>	<b>100.0</b>

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

*'Electricity' sector disinvested since the beginning of the period (31 January 2022: 0.6%).*



## TB AMATI UK LISTED SMALLER COMPANIES FUND, SUMMARY OF FUND PERFORMANCE

<b>A Accumulation Shares</b>	<b>1 Feb 2022 to 31 Jul 2022</b>	<b>1 Feb 2021 to 31 Jan 2022</b>	<b>1 Feb 2020 to 31 Jan 2021</b>	<b>1 Feb 2019 to 31 Jan 2020</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	1,231.59	1,237.24	1,098.66	897.84
Return before operating charges*	(118.21)	16.29	154.61	217.04
Operating charges	(9.38)	(21.94)	(16.03)	(16.22)
Return after operating charges*	(127.59)	(5.65)	138.58	200.82
Distributions	(5.80)	(0.04)	0.00	(3.98)
Retained distributions on accumulation shares	5.80	0.04	0.00	3.98
Closing net asset value per share	1,104.00	1,231.59	1,237.24	1,098.66
* after direct transaction costs of:	1.01	3.41	1.68	3.51
<b>Performance</b>				
Return after charges	(10.36)%	(0.46)%	12.61%	22.37%
<b>Other information</b>				
Closing net asset value	£1,339,492	£1,664,115	£2,152,457	£13,382,775
Closing number of shares	121,331	135,119	173,972	1,218,096
Operating charges (p.a)	1.64%	1.59%	1.64%	1.64%
Direct transaction costs (p.a)	0.17%	0.25%	0.17%	0.36%
<b>Prices</b>				
Highest published share price	1,257.44	1,484.01	1,284.24	1,131.03
Lowest published share price	1,055.08	1,238.76	674.42	884.35

*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.*

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

<b>B Accumulation Shares</b>	<b>1 Feb 2022 to 31 Jul 2022</b>	<b>1 Feb 2021 to 31 Jan 2022</b>	<b>1 Feb 2020 to 31 Jan 2021</b>	<b>1 Feb 2019 to 31 Jan 2020</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	1,472.57	1,468.23	1,293.42	1,049.11
Return before operating charges*	(141.62)	18.16	185.49	254.67
Operating charges	(6.09)	(13.82)	(10.68)	(10.36)
Return after operating charges*	(147.71)	4.34	174.81	244.31
Distributions	(12.04)	(12.50)	(4.29)	(13.24)
Retained distributions on accumulation shares	12.04	12.50	4.29	13.24
Closing net asset value per share	1,324.86	1,472.57	1,468.23	1,293.42
* after direct transaction costs of:	1.21	4.06	2.08	4.14
<b>Performance</b>				
Return after charges	(10.03)%	0.30%	13.52%	23.29%
<b>Other information</b>				
Closing net asset value	£754,973,988	£894,875,035	£629,014,736	£412,256,891
Closing number of shares	56,985,362	60,769,656	42,841,594	31,873,323
Operating charges (p.a.)	0.89%	0.84%	0.89%	0.89%
Direct transaction costs (p.a)	0.17%	0.25%	0.17%	0.36%
<b>Prices</b>				
Highest published share price	1,503.54	1,769.15	1,523.75	1,331.34
Lowest published share price	1,265.80	1,481.12	794.77	1,033.58

*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.*

**TB AMATI UK LISTED SMALLER COMPANIES FUND, STATEMENT OF TOTAL RETURN**  
For the six-month period ended 31 July 2022

	31.07.22	31.07.21
	£	£
Income		
Net capital (losses)/gains	(94,592,161)	101,968,082
Revenue	10,709,104	5,659,540
Expenses	(3,602,104)	(3,929,097)
Interest payable and similar charges	(6)	-
Net revenue before taxation	<u>7,106,994</u>	<u>1,730,443</u>
Taxation	-	-
Net revenue after taxation	<u>7,106,994</u>	<u>1,730,443</u>
<b>Total (loss)/return before distributions</b>	<b>(87,485,167)</b>	<b>103,698,525</b>
Distributions	(7,106,994)	(1,732,975)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b><u>(94,592,161)</u></b>	<b><u>101,965,550</u></b>

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

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
For the six-month period ended 31 July 2022

	31.07.22	31.07.21
	£	£
<b>Opening net assets attributable to shareholders</b>	<b>896,539,150</b>	<b>631,167,193</b>
<i>Movements due to sales and repurchases of shares:</i>		
Amounts receivable on issue of shares	91,151,070	400,472,133
Amounts payable on cancellation of shares	<u>(143,653,055)</u>	<u>(130,125,860)</u>
	(52,501,985)	270,346,273
Change in net assets attributable to shareholders from investment activities	(94,592,161)	101,965,550
Retained distributions on accumulation shares	6,868,476	1,835,275
<b>Closing net assets attributable to shareholders</b>	<b><u>756,313,480</u></b>	<b><u>1,005,314,291</u></b>

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**TB AMATI UK LISTED SMALLER COMPANIES FUND, BALANCE SHEET**As at 31 July 2022

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	31.07.22	31.01.22
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	720,184,170	829,654,999
<b>Current Assets:</b>		
Debtors	4,007,089	10,667,850
Cash and bank balances	35,449,257	68,663,446
<b>Total assets</b>	<u><b>759,640,516</b></u>	<u><b>908,986,295</b></u>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Other creditors	3,327,036	12,447,145
<b>Total liabilities</b>	<u><b>3,327,036</b></u>	<u><b>12,447,145</b></u>
<b>Net assets attributable to shareholders</b>	<u><b>756,313,480</b></u>	<u><b>896,539,150</b></u>

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**TB AMATI UK LISTED SMALLER COMPANIES FUND, NOTES TO THE FINANCIAL STATEMENTS**

As at 31 July 2022

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**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 2022.

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 and amended in June 2017.

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 LISTED SMALLER COMPAINIES FUND, DISTRIBUTION TABLE**For the six-month period ended 31 July 2022

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**Interim Distribution (31 July 2022)**

Group 1 - Shares purchased on or prior to 31 January 2022

Group 2 - Shares purchased after 31 January 2022

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<b>Shares</b>	<b>Revenue</b>	<b>Equalisation<sup>1</sup></b>	<b>Accumulated</b>	<b>Accumulated</b>
			<b>30.09.22</b>	<b>30.09.21</b>
	<b>(pence)</b>	<b>(pence)</b>	<b>(pence)</b>	<b>(pence)</b>
<b>A Accumulation</b>				
Group 1	5.8041	-	<b>5.8041</b>	-
Group 2	2.9912	2.8129	<b>5.8041</b>	-
<b>B Accumulation</b>				
Group 1	12.0406	-	<b>12.0406</b>	<b>3.0549</b>
Group 2	7.4805	4.5601	<b>12.0406</b>	<b>3.0549</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.

# TB AMATI STRATEGIC METALS FUND

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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 UK UCITS 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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## 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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## **TB AMATI STRATEGIC METALS FUND, RISK PROFILE**

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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 one to seven. 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 six 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 page 35.

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## **INVESTMENT MANAGEMENT TEAM**

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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 between 2010 and 2021.



**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. Mark was formerly 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.

## TB AMATI STRATEGIC METALS FUND, INVESTMENT REVIEW

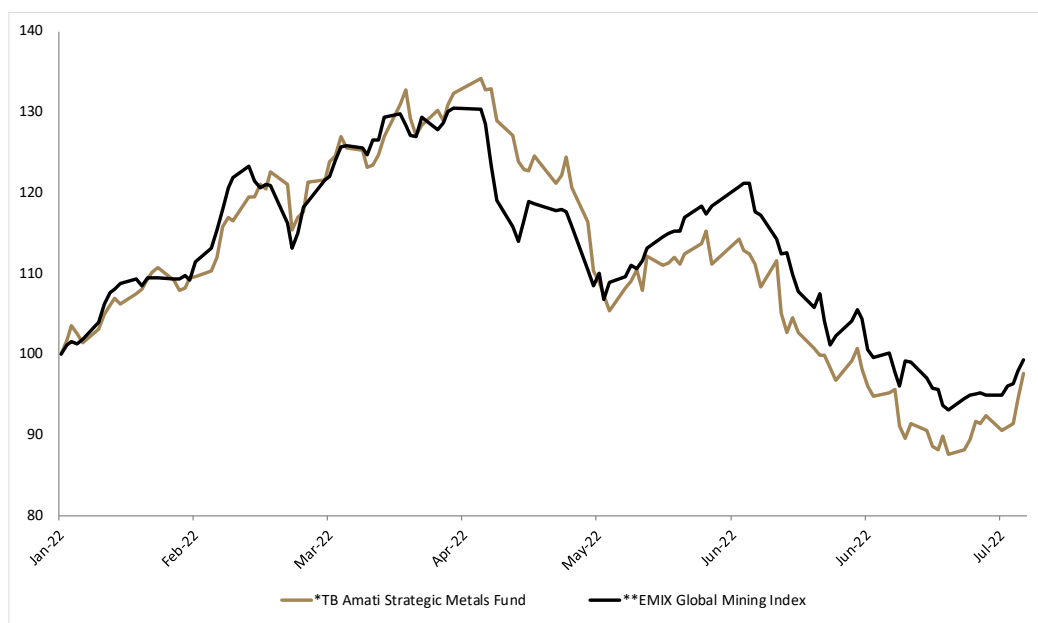
### Performance

Cumulative returns for the periods ended 31 July 2022 (%)			
	6 months	1 year	From Launch*
B Accumulation Shares	(2.44)	(2.72)	0.56
EMIX Global Mining Index (GBP)**	(0.64)	(3.44)	3.39

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.



\* TB Amati Strategic Metals Fund Total Return

\*\* Comparator Benchmark Index: EMIX Global Mining Index GBP Total Return

Source: Amati Global Investors Ltd as at 31 July 2022

Past performance is not a reliable indicator of future performance. 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 metals market was thrown into complete disarray when Russia invaded Ukraine in late February 2022. The immediate reaction of the market was to scramble for precious metals (as a safe haven) and base metals in general (supply concerns), given Russia's importance to the global supply of many industrial metals and in particular platinum group metals, nickel and copper.

About a month into the conflict in Ukraine, it became clear that the supply of metals from Russia would continue, albeit through China and other non-Western countries, as opposed to the West. Western sanctions on Russian oil and gas supply had a more profound impact on the oil and gas market fuelling inflation in Europe and the USA.

With inflation soaring, central bankers in the West had no other option but to aggressively raise interest rates. This led to a sell-off in precious metals, which typically underperform in rising interest rate cycles. It also, eventually, led to the sell-off in metals sensitive to global economic activity, such as copper and aluminium, as well as a sell-off in broader equity markets, as market fears about a slowdown in global economic activity intensified. Although speciality metals, which are subject to significant supply deficit concerns over the coming years, should have been protected in the sell-off, the related equities also came under severe pressure during May, June and July, as they were seen as a source of liquidity in a falling market.

By the end of the reporting period, fears of a severe downturn in global economic activity subsided somewhat and metal prices stabilised. Lithium-related shares, which were clearly oversold given that the lithium carbonate price was actually holding up very well, corrected sharply in July and August. Takeover speculation emanating from heightened concerns about surety of supply from auto manufacturers in the West, helped improve sentiment towards lithium stocks.

The Ukrainian conflict threatens the globalisation of the construction and supply chain of metal intensive production of goods. It is our belief that resource nationalism will become a dominant theme in the market in the coming years with premiums being paid for metal production in the West.

### Performance Review

The share price of the Fund fell by 2.44% during the period under review, compared to a fall of 0.64% in the EMIX Global Mining Index (GBP).

### Portfolio Activity

We reduced the portfolio's weighting in copper shares in April following concerns about a slowdown in global economic activity while taking advantage of the sell-off in lithium shares over the summer months to increase our weighting in the lithium sector.

The Fund's weighting in precious metals stocks fell from ~55% to around 50% by the end of the reporting period, mainly due to the relative underperformance of the sector and the allocation of net inflows into the Fund to the speciality sector rather than the precious metals sector. While we believe that the precious metals sector is clearly oversold given the current gold and silver price, sentiment towards the sector remains very weak and it is not clear when we will see a change in sentiment at this stage. One of our gold investments, **Yamana Gold**, was subject to a takeover bid during the reporting period and we chose not to reinvest the proceeds back into the sector at this stage.

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

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

<b>Sector</b>	<b>Asset allocation as at 31 July 2022 (%)</b>	<b>Asset allocation as at 31 January 2022 (%)</b>
Gold	29.1	36.9
Silver	21.0	13.6
Speciality	32.5	27.5
Industrial	14.6	17.1
Cash and Other	2.8	4.9
<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 33 to 34.

### **Outlook**

The outlook for the next twelve to twenty-four months remains very uncertain and subject to the decisions that will be taken in the West with regards to monetary and fiscal policy, as well as in China. The US and Europe are expected to continue to raise interest rates in an effort to bring inflation under control. It is the first time that interest rates are being raised, as the world's major economies are in the midst or on the brink of a recession, and also the third time that China is cutting its interest rates while the West is raising rates. In our opinion, raising rates much further than already indicated to the market, significantly increases the risk of a deep recession in the West, which would be negative for demand for all metals - not only the economically sensitive metals such as copper and aluminium. It would also lead to widespread debt defaults, in Europe as well as across emerging markets.

The more likely scenario, in our view, is that the West will choose to accept higher inflation in the short-to-medium term and will revert to lowering interest rates over the course of the next twelve months in order to stimulate economic growth.

Unless the Western World and China do indeed slip into a deep recession (which we believe would in any case be short-lived), we see a positive outlook for metal prices going forward, given the structural imbalances between demand and supply across most metals, especially speciality metals (lithium, graphite and nickel). Using previous metal cycles as a guide, we expect gold and silver to outperform strongly at the onset of looser monetary policy, followed by the economically sensitive base metals some twelve to twenty-four months later. Even among these metals, the supply deficits suggest that prices will remain well above incentive pricing over the short-to-medium term.

**Georges Lequime**  
Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
30 September 2022

**Mark Smith**  
Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
30 September 2022

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**TB AMATI STRATEGIC METALS FUND, PORTFOLIO STATEMENT**As at 31 July 2022

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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>Gold</b>		
<b>(29.1%; 31.01.22 - 36.9%)</b>		
251,550 AngloGold Ashanti	3,040,260	4.6
1,675,000 Bonterra Resources	817,073	1.2
183,000 Centerra Gold	933,793	1.4
290,000 Eldorado Gold	1,416,496	2.2
1,750,000 G Mining Ventures	864,891	1.3
1,100,000 I-80 Gold	1,673,299	2.5
979,000 Iamgold	1,327,212	2.0
452,000 K92 Mining	2,306,418	3.5
753,000 OceanaGold	1,106,784	1.7
3,701,412 OreCorp	934,754	1.4
1,100,000 Perseus Mining	1,060,667	1.6
1,175,000 Sabina Gold & Silver	859,756	1.3
180,000 Torex Gold Resources	1,119,512	1.7
2,486,000 West African Resources	1,783,562	2.7
	<b>19,244,477</b>	<b>29.1</b>
<b>Silver</b>		
<b>(21.0%; 31.01.22 - 13.6%)</b>		
1,107,000 Coeur Mining	2,910,525	4.4
1,152,000 Fortuna Silver Mines	2,691,450	4.1
424,700 Fresnillo	3,131,738	4.8
1,376,000 Hochschild Mining	1,109,056	1.7
735,600 Kuya Silver	259,679	0.4
137,500 MAG Silver	1,571,461	2.4
127,000 Pan American Silver	2,121,362	3.2
	<b>13,795,271</b>	<b>21.0</b>

**TB AMATI STRATEGIC METALS FUND, PORTFOLIO STATEMENT (CONTINUED)**

As at 31 July 2022

<b>Holding or nominal value of positions</b>		<b>Bid market value £</b>	<b>Percentage of total net assets %</b>
<b>Speciality</b> <b>(32.5%; 31.01.22 - 27.5%)</b>			
2,768,486	Aclara Resources	488,661	0.7
5,462,000	Arena Minerals	1,700,302	2.6
7,155,523	Atlantic Lithium	2,218,212	3.4
10,300,000	Black Rock Mining	1,004,993	1.5
5,000,000	Euro Manganese	961,373	1.5
1,300,000	Frontier Lithium	1,827,343	2.8
4,270,000	Lake Resources	1,972,881	3.0
385,000	Nouveau Monde Graphite	1,477,241	2.2
3,874,077	Peak Rare Earths	1,011,712	1.5
202,000	Sigma Lithium	2,917,201	4.4
256,554	Solstice Mineral	25,769	0.1
1,950,000	Talga Group	1,538,914	2.3
3,962,582	Trident Royalties	1,822,788	2.8
556,000	Vulcan Energy Resources	2,450,829	3.7
		<b>21,418,219</b>	<b>32.5</b>
<b>Industrial</b> <b>(14.6%; 31.01.22 - 17.1%)</b>			
930,507	Adriatic Metals	1,062,796	1.6
3,466,552	Centaurus Metals	1,969,745	3.0
6,700,000	Evolution Energy	1,538,197	2.3
1,095,000	Mincor Resources	1,206,681	1.8
16,800,000	Panoramic Resources	1,832,062	2.8
5,750,000	Talon Metals	2,029,845	3.1
		<b>9,639,326</b>	<b>14.6</b>
	<b>Portfolio of investments</b>	<b>64,097,293</b>	<b>97.2</b>
	<b>Net other assets</b>	<b>1,831,861</b>	<b>2.8</b>
	<b>Total net assets</b>	<b>65,929,154</b>	<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>1 Feb 2022 to 31 Jul 2022</b>	<b>15 Mar 2021 to 31 Jan 2022</b>
	(Pence per Share)	(Pence per Share)
<b>Change in net assets per share</b>		
Opening net asset value per share	103.39	100.00
Return before operating charges*	(1.87)	4.37
Operating charges	(0.59)	(0.98)
Return after operating charges*	(2.46)	3.39
Distributions	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00
Closing net asset value per share	100.93	103.39
* after direct transaction costs of:	0.12	0.25
<b>Performance</b>		
Return after charges	(2.38)%	3.39%
<b>Other information</b>		
Closing net asset value	£65,929,154	£50,612,382
Closing number of shares	65,319,748	48,951,650
Operating charges (p.a.)	1.00%	1.00%
Direct transaction costs (p.a)	0.21%	0.27%
<b>Prices</b>		
Highest published share price	138.25	117.95
Lowest published share price	90.35	94.35

*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 STRATEGIC METALS FUND, STATEMENT OF TOTAL RETURN**For the period ended 31 July 2022

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	01.02.22	15.03.21
	31.07.22	31.07.21
	£	£
Income		
Net capital losses	(5,481,232)	(80,007)
Revenue	190,894	34,629
Expenses	(345,811)	(90,473)
Interest payable and similar charges	(826)	(1,067)
Net expense before taxation	<u>(155,743)</u>	<u>(56,911)</u>
Taxation	<u>(19,685)</u>	<u>(2,248)</u>
Net expense after taxation	<u>(175,428)</u>	<u>(59,159)</u>
<b>Total loss before distributions</b>	<b>(5,656,660)</b>	<b>(139,166)</b>
Distributions	7	-
<b>Change in net assets attributable to shareholders from investment activities</b>	<b><u>(5,656,653)</u></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 2022

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	01.02.22	15.03.21
	31.07.22	31.07.21
	£	£
<b>Opening net assets attributable to shareholders</b>	<b>50,612,382</b>	<b>-</b>
<i>Movements due to sales and repurchases of shares:</i>		
Amounts receivable on issue of shares	38,510,523	37,703,218
Amounts payable on cancellation of shares	<u>(17,537,098)</u>	<u>(1,999,092)</u>
	20,973,425	35,704,126
Change in net assets attributable to shareholders from investment activities	(5,656,653)	(139,166)
<b>Closing net assets attributable to shareholders</b>	<b><u>65,929,154</u></b>	<b><u>35,564,960</u></b>



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**TB AMATI STRATEGIC METALS FUND, BALANCE SHEET**As at 31 July 2022

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	31.07.22	31.01.22
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	64,097,293	48,145,426
<b>Current Assets:</b>		
Debtors	603,275	1,534,302
Cash and bank balances	3,272,889	1,431,123
<b>Total assets</b>	<u><b>67,973,457</b></u>	<u><b>51,110,851</b></u>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Other creditors	2,044,303	498,469
<b>Total liabilities</b>	<u><b>2,044,303</b></u>	<u><b>498,469</b></u>
<b>Net assets attributable to shareholders</b>	<u><b>65,929,154</b></u>	<u><b>50,612,382</b></u>

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**TB AMATI STRATEGIC METALS FUND, NOTES TO THE FINANCIAL STATEMENTS**

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For the period ended 31 July 2022

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**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 2022.

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 and amended in June 2017.

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**

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For the period ended 31 July 2022

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**Interim Distribution (31 July 2022)**

Group 1 - Shares purchased on or prior to 31 January 2022

Group 2 - Shares purchased after 31 January 2022

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<b>Shares</b>	<b>Revenue</b>	<b>Equalisation<sup>1</sup></b>	<b>Accumulated 30.09.22</b>	<b>Accumulated 30.09.21</b>
	<b>(pence)</b>	<b>(pence)</b>	<b>(pence)</b>	<b>(pence)</b>

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**B Accumulation**

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.

# TB AMATI STRATEGIC INNOVATION FUND

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## TB AMATI STRATEGIC INNOVATION 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 UK UCITS as defined in the Glossary to the Financial Conduct Authority ('FCA') Handbook.

TB Amati Strategic Innovation Fund launched on 23 May 2022.

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## INVESTMENT OBJECTIVE AND POLICY

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The TB Amati Strategic Innovation 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 shares or equity related securities issued by companies listed on global equity markets (including emerging markets) that create value from innovative products, services and business models that address key challenges facing businesses, consumers and societies at large. These will include traditional areas of innovation such as information technology, communication, healthcare and industrials as well as new areas of innovation addressing incremental business and societal development challenges, which the Investment Manager considers to be strategic in character, given the transformative opportunities. The Investment Manager may invest in companies of any size, however, it expects that the implications of innovation may result in the Fund's portfolio having a mid-cap bias.

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 environmental and social considerations, including human rights. While these factors alone do not ultimately determine the selection of investments made within the Fund, they do form an integral part of the process of identifying the risks and opportunities associated with such investments.

There may be occasions where the Investment Manager chooses to hold a proportion of the Fund (up to 20%) in other transferable securities, collective investment schemes, exchange traded products, money market instruments, cash and near cash to protect returns in certain market conditions (e.g. severe market downturns). No more than 10% of the Fund will however be invested in collective investment schemes.

The Fund may at times be concentrated by industry sector. The Fund's 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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## FUND BENCHMARK

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Shareholders may wish to compare the performance of the Fund against the MSCI All Country World Index (the "Index"). The Index tracks nearly 3,000 stocks in 48 developed and emerging market countries. The Index is used as a benchmark for global equity funds and as a guide to asset allocation, 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 MSCI All Country World Index is a Comparator Benchmark of the Fund.

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## **TB AMATI STRATEGIC INNOVATION FUND, RISK PROFILE**

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A limited number of investments may be held which has the potential to increase the volatile performance over shorter time periods.

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 one to seven. 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 five 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 table on page 48.

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## **OTHER INFORMATION**

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The Fund launched on 23 May 2022.

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## **INVESTMENT MANAGEMENT TEAM**

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The TB Amati Strategic Innovation Fund has been managed by Mikhail Zverev and Graeme Bencke, and supported by Dr Gareth Blades, since the Fund's launch on 23 May 2022. Both Mikhail and Graeme have track records of long-term, top quartile outperformance in global equity and ran successful multibillion-dollar global equity franchises for major international investment firms. They bring valuable first-hand insights into the dynamics of innovative companies, acquired in previous roles advising and raising capital for high growth businesses in technology, healthcare and engineering sectors.

The management team have collective investment experience spanning more than 50 years and have diverse academic and research backgrounds covering semiconductors, pharmaceuticals, neuroscience, nanotechnology, accounting and finance. This brings with it the knowledge of complex and highly technical industries at the forefront of innovation as well as sound judgment of the business and financial models and valuation discipline. The team share a history of an investment approach focused on technological change and innovation in global companies, backed by rigorous fundamental research and disciplined stock-picking. Mikhail has a long-standing association with Amati founder and CEO Paul Jourdan, having known each other professionally for more than two decades and worked together for five years earlier in their careers.

**Mikhail Zverev - Fund Manager**

Mikhail joined Amati in February 2022 as a fund manager to work on the TB Amati Strategic Innovation Fund. Between 2007 and 2021 Mikhail managed high conviction global funds and ran global equities teams at Standard Life Investments (now Abrdn) and Aviva Investors. Mikhail started his career in finance in 1998 with boutique investment bank Trigon Capital, helping to raise growth capital for Eastern European technology companies. Following a spell with Citigroup, where he was a Mergers & Acquisitions analyst, he joined First State Investments as a Senior Equity Analyst, working alongside Paul Jourdan on the FSI British Smaller Companies

Fund and FSI AIM VCT. Mikhail holds a BSc in Semiconductor Physics from St Petersburg State Technical University and an MSc in Accounting and Finance from the London School of Economics.

**Graeme Bencke - Fund Manager**

Graeme joined Amati in May 2022 as a Fund Manager for the TB Amati Strategic Innovation Fund. Graeme began his career as an equity analyst at F&C Investments before going on to manage the European Smaller Companies fund for 5 years. He then spent 12 years with AIG (later renamed PineBridge Investments) where he led the European and then Global equity teams, combining this with his role as Equity Strategist for the Group. Graeme has always managed concentrated, high conviction equity portfolios from across the full market cap spectrum, and with a focus on strong businesses with longer term growth potential. His interest in

innovation extends beyond the fund through his non-executive role at Torvius where he helps to mentor start-up companies. Graeme holds a first-class BSc in Business Management from Royal Holloway University of London and is an associate member of the Society of Investment Professionals (ASIP).

**Dr Gareth Blades - Analyst**

Gareth joined Amati in 2019 as an Analyst supporting the fund management team of TB Amati UK Smaller Companies Fund and Amati AIM VCT plc. 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.

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## TB AMATI STRATEGIC INNOVATION FUND, INVESTMENT REVIEW

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### Performance

	Cumulative returns for the period ended 31 July 2022 (%)
	From Launch*
B Accumulation Shares	4.11
MSCI All Country World Index (GBP)**	4.70

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

\* 23 May 2022. \*\* 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 TB Amati Strategic Innovation Fund was launched on 23 May 2022, with the aim of capitalising on the under-appreciated growth potential of companies benefitting from innovation. Aligned with strong academic research, the team has conviction that investors have traditionally been poor at appreciating the value generated through innovation. Developments in areas such as life sciences, technology, transportation, and power generation, to name only a few, are advancing at a pace never seen before. The breakthroughs made by companies in these sectors can now have an impact on a global scale and the speed of transition can be breathtaking. By understanding the industry dynamics surrounding some of these innovation frontiers the team aims to find the businesses offering the optimum trade-off between risk and reward. Investments are focussed on a 3-5 year horizon in order to allow the underlying fundamentals to play out and the value to be appreciated.

In the period since the Fund's launch, financial markets have been buffeted by the dramatic rise in energy prices and the knock-on impacts of inflation across much of the world. Despite a benign mid-year reporting season, equity markets have followed a relatively volatile course since May, with the sharp sell-off in June being followed by a similarly strong rebound in July as opinions fluctuated about the likely interest rate responses from central banks and the potential duration of the inflation shock. No doubt this will continue to fluctuate for several months at least. At the core of the inflation concerns is the elevated price of energy, and in particular oil and natural gas. In Europe in particular the dramatic increase in natural gas prices has raised serious concerns about the impact on households through the coming winter. Beyond the obvious potential for human suffering, the increased burden on family finances is likely to lead to a marked reduction in spending in other areas. Combining this with rising mortgage costs, as interest rates move up, provides a significant headwind for sectors such as retail, travel and leisure.

In the short term, all equity markets are subject to similar levels of gyrations and uncertainty. However, our intention has always been to look through this to isolate a small number of companies which are structurally well positioned to benefit over the mid-term, almost regardless of the underlying economic cycle.

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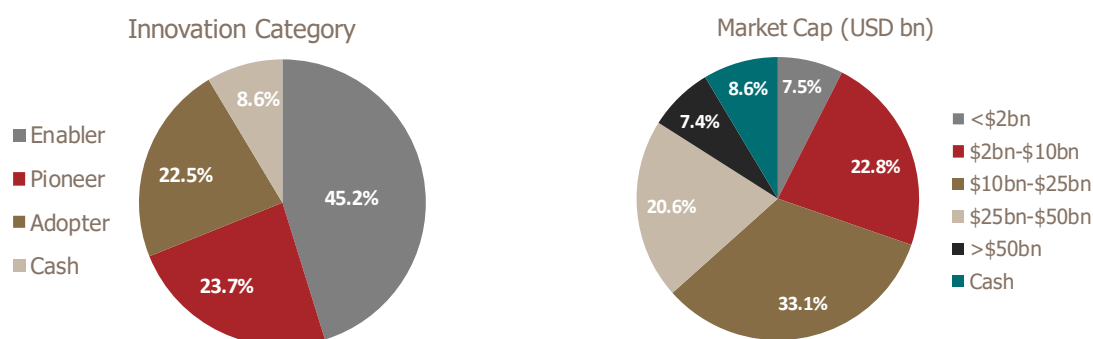
## TB AMATI STRATEGIC INNOVATION FUND, INVESTMENT REVIEW (CONTINUED)

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### Performance Review

The share price of the Fund rose by 4.11% since its launch on 23 May and during the period under review, compared to gains of 4.70% in the MSCI All Country World Index, Total Return (GBP).

The portfolio has been constructed using a spread of investments across our proprietary 'Innovation Categories' of Pioneers, Enablers and Adopters. This approach provides the Fund with a differentiated balance of risk and allows us to benefit from innovation driven growth without the typical focus on very early stage, often unproven business models. As can be seen from the Innovation Category Chart below the Enabler category is the most dominant at present, but we expect this to change somewhat over time. Our investment process seeks to identify the companies offering the most attractive combination of risk and reward. At the time of launch valuations of many interesting pioneer companies were too high in our view, reflecting the past decade of almost free capital and unrealistic growth assumptions. By contrast companies in the Enabler category, those which typically support the development of the innovation process, offered much more compelling investment opportunities, particularly towards the mid-cap region of the market. The Market Cap Chart below shows the significant weighting in the Fund of companies spanning the \$10-50 bn market cap range.

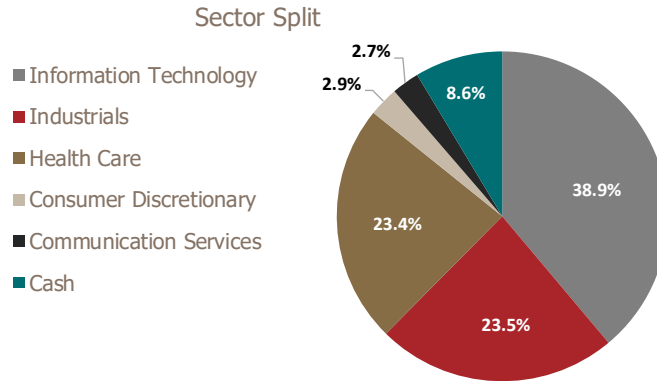


Source: Amati Global Investors as at 31 July 2022

The portfolio is exposed to a range of innovation frontiers, including advancement in laser photonics through our holding in the US company, **Lumentum**, which is growing rapidly across a number of markets such as LiDAR sensors, telecoms infrastructure and industrial cutting tools. Specialist semiconductors is another key area of interest and includes our investment in US listed, **Ambarella**, a provider of video compression and image processing chips which are set to show rapid growth with the explosion of applications for visual sensors in areas such as automotive, drones and surveillance.

While the Information Technology sector is an important source of innovation and captures many of the headlines, it by no means holds a monopoly on creativity. Indeed, many interesting investment opportunities lie away from Silicon Valley in the more 'prosaic' Health Care, Industrial and Consumer sectors. Companies such as French listed **Edenred** or Netherlands based **Wolters Kluwer** which provides digital based services to traditional industries including the legal profession; or German listed **Qiagen** providing kits for molecular diagnostic testing. In many cases these industries are in the early stages of multi-year developments as innovative new products and techniques change working patterns and improve productivity. The Sector Split Chart below displays the current sector breakdown across the Fund.





Source: Amati Global Investors as at 31 July 2022

## Outlook

*"The future is already here – it's just not very evenly distributed."* (William Gibson)

The purpose of the Fund is to identify significant investment opportunities arising from innovation, and to invest in the beneficiaries of the change which offer the most attractive combination of risk and reward. The full impact of innovation often takes years to play out, as the benefits are progressively understood and experienced. Significant innovations can alter industries and behaviours, with dramatic changes of fortune for those on the right and the wrong side of the development. Life changed forever with the advent of the internet and then the smartphone; GPS spawned new industries and changed business and consumer behaviours; drones are impacting industries from defence to food delivery. Most innovations don't change the world but they do typically all require patience for the full benefits to be revealed. For this reason we try to keep our focus on the 3-5 year outlook and away from the shorter term noise of the investment community in general.

Most outlook discussions you read will doubtless focus on the near-term concerns surrounding inflationary pressures, tightening monetary conditions and what feels like rising geopolitical instability. These issues cannot be ignored, and we attempt to make allowances for them when reviewing and valuing investment ideas. However, we believe that our investment advantage comes from looking through them. 5G investment is happening and the accompanying devices and services are coming. A weaker economy may slow the process but will not prevent it. Electric vehicles, autonomous machines, artificial intelligence, virtual and augmented reality, lower carbon building practices, miniature radar, metaverse, and many more innovations will be adopted. These changes are happening because they improve our lives or our work practices and so will not be forgotten because of a cyclical drop in consumer demand or a spike in interest rates. If share prices fall over the coming months it will increase the range of attractive investment opportunities for those prepared to be patient and let the future that is already here become more evenly distributed.

**Mikhail Zverev**  
Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
30 September 2022

**Graeme Bencke**  
Fund Manager  
Amati Global Investors Ltd  
Edinburgh, United Kingdom  
30 September 2022

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**TB AMATI STRATEGIC INNOVATION FUND, PORTFOLIO STATEMENT**As at 31 July 2022

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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>Communication Services</b>		
3,840 Future	70,195	2.6
	<b>70,195</b>	<b>2.6</b>
<b>Consumer Discretionary</b>		
674 Volkswagen	77,753	2.9
	<b>77,753</b>	<b>2.9</b>
<b>Health Care</b>		
34,854 Indivior	111,882	4.2
664 Iqvia Holdings	131,207	4.9
507 Laboratory Corporation of America	109,294	4.1
6,544 Peptidream	66,733	2.5
2,158 Polypeptide Group	83,795	3.1
3,059 Qiagen	125,220	4.7
	<b>628,131</b>	<b>23.5</b>
<b>Industrial</b>		
1,086 Booz Allen Hamilton	85,552	3.2
492 Hubbell	88,577	3.3
1,028 Jacobs Engineering	116,019	4.3
2,972 Prysmian Spa	77,156	2.9
5,961 Rada Electronic Industries	49,418	1.9
806 Trane Technologies	97,341	3.6
1,281 Wolters Kluwer	113,918	4.3
	<b>627,981</b>	<b>23.5</b>

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**TB AMATI STRATEGIC INNOVATION FUND, PORTFOLIO STATEMENT (CONTINUED)**

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As at 31 July 2022

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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>Information Technology</b>		
214 Accenture	53,849	2.0
1,150 Ambarella	81,721	3.1
1,096 Amdocs	78,362	2.9
895 Amphenol	56,725	2.1
1,252 Ciena	53,121	2.0
1,933 Edenred	81,253	3.0
3,084 Infineon Technologies	68,364	2.6
725 Lumentum	53,885	2.0
430 Motorola Solutions	84,297	3.2
3,804 Nordic Semiconductor	54,275	2.0
812 PTC	82,274	3.1
570 Qorvo	48,734	1.8
481 Reply Spa	51,677	1.9
1,061 Sk Hynix	65,561	2.5
6,000 Yageo	56,341	2.1
234 Zebra Technologies	68,727	2.6
	<b>1,039,166</b>	<b>38.9</b>
<b>Portfolio of investments</b>	<b>2,443,226</b>	<b>91.4</b>
<b>Net other assets</b>	<b>231,297</b>	<b>8.6</b>
<b>Total net assets</b>	<b>2,674,523</b>	<b>100.0</b>

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

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<b>B Accumulation Shares</b>	<b>23 May 2022 to 31 Jul 2022</b> (Pence per Share)
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges*	4.84
Operating charges	(0.18)
Return after operating charges*	4.66
Distributions	0.00
Retained distributions on accumulation shares	0.00
Closing net asset value per share	104.66
* after direct transaction costs of:	0.14
<b>Performance</b>	
Return after charges	4.66%
<b>Other information</b>	
Closing net asset value	£2,674,523
Closing number of shares	2,555,448
Operating charges (p.a.)	1.00%
Direct transaction costs (p.a)	0.77%
<b>Prices</b>	
Highest published share price	104.11
Lowest published share price	91.82

*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 STRATEGIC INNOVATION FUND, STATEMENT OF TOTAL RETURN**For the period ended 31 July 2022

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	23.05.22 to	
	31.07.22	
	£	£
Income		
Net capital gains		102,976
Revenue	4,185	
Expenses	(3,766)	
Interest payable and similar charges	(22)	
Net revenue before taxation	<u>397</u>	
Taxation	(553)	
Net expense after taxation		<u>(156)</u>
<b>Total return before distributions</b>		<b>102,820</b>
Distributions		156
<b>Change in net assets attributable to shareholders from investment activities</b>		<b><u>102,976</u></b>

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**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**For the period ended 31 July 2022

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	23.05.22 to	
	31.07.22	
	£	£
<b>Opening net assets attributable to shareholders</b>		-
<i>Movements due to sales and repurchases of shares:</i>		
Amounts receivable on issue of shares	2,580,439	
Amounts payable on cancellation of shares	<u>(8,971)</u>	
		2,571,468
Change in net assets attributable to shareholders from investment activities		102,976
Retained distributions on accumulation shares		79
<b>Closing net assets attributable to shareholders</b>		<b><u>2,674,523</u></b>

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**TB AMATI STRATEGIC INNOVATION FUND, BALANCE SHEET**As at 31 July 2022

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	<b>31.07.22</b>
	<b>£</b>
<b>Assets:</b>	
<b>Fixed Assets:</b>	
Investments	2,443,226
<b>Current Assets:</b>	
Debtors	69,423
Cash and bank balances	165,098
<b>Total assets</b>	<u><b>2,677,747</b></u>
<b>Liabilities:</b>	
<b>Creditors:</b>	
Other creditors	3,224
<b>Total liabilities</b>	<u><b>3,224</b></u>
<b>Net assets attributable to shareholders</b>	<u><b>2,674,523</b></u>

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**TB AMATI STRATEGIC INNOVATION FUND, NOTES TO THE FINANCIAL STATEMENTS**

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For the period ended 31 July 2022

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**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 2022.

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 and amended in June 2017.

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 INNOVATION FUND, DISTRIBUTION TABLE**

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For the period ended 31 July 2022

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**Interim Distribution (31 July 2022)**

Group 1 - Shares purchased on or prior to 23 May 2022

Group 2 - Shares purchased after 23 May 2022

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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>30.09.22</b>
			<b>(pence)</b>
<hr/> <b>B Accumulation</b>			
Group 1	0.0030	-	<b>0.0030</b>
Group 2	-	0.0030	<b>0.0030</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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## 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  
Mr M Hand  
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  
Four 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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