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Amati
Global Investors



T.BAILEY

TB Amati Investment Funds

(Formerly CF Amati Investment Funds)

Annual Audited Report and Financial Statements
31 January 2013

TB Amati UK Smaller Companies Fund
(formerly CF Amati UK Smaller Companies Fund)

THE MANAGER

Amati Global Investors Ltd is the investment manager (the 'Manager') of TB Amati Investment Funds (the 'Company'). The Authorised Corporate Director (the 'ACD'), from 1 August 2012, is T. Bailey Fund Managers Limited. Prior to this, the ACD was Capita Financial Managers Limited (see note below – Change of ACD). The day to day administration of the Company is delegated to T. Bailey Asset Management Limited.

Amati Global Investors Ltd, T. Bailey Fund Managers Limited and T. Bailey Asset Management Limited are authorised and regulated by the Financial Conduct Authority. Further information about Amati Global Investors Ltd and the funds which it manages can be found at www.amatiglobal.com.

YOUR INVESTMENTS

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.tbailey.co.uk/amati.

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

Prices are published each normal business day on www.tbailey.co.uk/amati and also on www.fundlistings.co.uk.

RISK PROFILE

Please remember that both the price of shares and the revenue derived from them may go down as well as up and that you may not get back the money you invested. Furthermore, changes in foreign currency exchange rates may cause the value of your investment to increase or diminish. Capital appreciation in the early years will be adversely affected by the impact of any initial charges which by their nature are not levied uniformly throughout the life of the investment. You should, therefore, regard your investment as medium to long term. Past performance is not a reliable indicator of future results.

OTHER INFORMATION

Full details of TB Amati Investments Funds are set out in the Prospectus. This document provides investors with extensive information about the fund including risks and expenses. A copy of the Prospectus is available on request from the ACD, or can be downloaded from www.tbailey.co.uk/amati.

The Key Investor Information document and Supplementary Information document are also available from www.tbailey.co.uk/amati.

CHANGE OF AUTHORISED CORPORATE DIRECTOR (ACD)

From 1 August 2012 the Authorised Corporate Director (ACD) of the Fund changed from Capita Financial Managers Limited to T. Bailey Fund Managers Limited. As a result the name of the Company changed from CF Amati Investment Funds to TB Amati Investment Funds. Also on this date the Depositary of the Fund changed from BNY Mellon Trust & Depositary (UK) Limited to National Westminster Bank Plc and the Auditors changed from Kinetic Partners Audit LLP to Deloitte LLP.

The above changes were classified as a significant change under the FCA Handbook and were therefore notified to shareholders in advance.

AUTHORISED STATUS

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. It is a UCITS scheme as detailed in the Collective Investment Schemes Sourcebook (COLL) and also an umbrella company for the purposes of the OEIC regulations.

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the Shares.

STRUCTURE OF THE COMPANY

The Company 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 Class, a revised prospectus will be prepared setting out the relevant details of each Sub-fund or Class.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of each of the Sub-funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Sub-fund.

However, please note, on 21 December 2011, the Open Ended Investment Companies Regulations were amended to introduce a Protected Cell Regime for OEICS. Under the protected cell regime, each sub-fund represents a segregated portfolio of assets and accordingly, the assets of the 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. The regulations allow a transitional period for implementation of the Protected Cell Regime, but it must be in place before 20 December 2013.

At the date of these accounts the Protected Cell Regime has not been implemented for TB Amati Investment Funds.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the TB Amati UK Smaller Companies Fund is to achieve long-term capital growth.

Asset Allocation

The Fund primarily invests in UK smaller companies though there may be occasions when the Investment Manager chooses to hold large degrees of cash or money market instruments. The Fund will primarily invest in companies which are either incorporated in the UK or are listed in the UK and have the majority of their economic activity in the UK. The Fund may also invest in companies which are listed in the UK but are not incorporated and do not have the majority of their economic activity in the UK.

The Fund may invest up to 10% of its assets in collective investment schemes and over 35% of its assets in certain government and public securities.

The benchmark of the Fund is the Numis Smaller Companies (inc AIM ex investment trusts) index.

ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') includes the Annual Management Charge ('AMC') and other operating expenses (Depositary's fees, audit fee etc). The OCFs, as calculated in accordance with the FCA Handbook COLL 4, Annex 1, are as follows:

	31.01.13 % p.a.	31.01.12 % p.a.
TB Amati UK Smaller Companies - B Shares	1.24	1.20
TB Amati UK Smaller Companies - A Shares	1.89	1.85

SYNTHETIC RISK AND REWARD INDICATOR

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

The Fund's ranking is 6.

STATEMENT OF ACD'S RESPONSIBILITIES

The ACD of 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") and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association ("IMA SORP") in October 2010; and
- give a true and fair view of the financial position of the Company as at the end of that period and the net revenue and the net capital gains or losses on the property of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the IMA 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 them to ensure that the financial statements comply with the applicable IMA 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.

DIRECTORS' STATEMENT

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, I hereby certify the report on behalf of the Directors of T. Bailey Fund Managers Limited.

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 consists of predominantly securities readily realisable and, accordingly the Company has adequate resources to continue in operational existence in the foreseeable future.

Peter Letley
Director
14 May 2013

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the FCA's COLL sourcebook, the OEIC Regulations 2001 and the Company's Instrument of Incorporation and prospectus in relation to; the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

DEPOSITARY'S REPORT TO THE SHAREHOLDERS OF TB AMATI INVESTMENT FUNDS

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects, the Company, acting through the ACD;

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook and, where applicable, the Open-Ended Investment Companies Regulations 2001, the Instrument of Incorporation and prospectus of the Company; and,
- has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc
Trustee & Depositary Services
London
14 May 2013

INVESTMENT REVIEW

Performance

	Cumulative returns for the periods ended 31 January 2013 (%)		
	1 year	3 years	From launch ¹
A Accumulation Shares	10.90	64.20	88.59
Numis Smaller Companies Index (inc AIM, ex Inv Trusts)	18.44	45.14	54.20

¹ 29 July 2008.

Source: Financial Express. Total return, bid to bid.

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

Note: The TB Amati UK Smaller Companies Fund (formerly CF Amati UK Smaller Companies Fund) was seeded by the transfer of the First State British Smaller Companies Fund to CFM on 29 July 2008. Those investors who held shares in First State British Smaller Companies Fund and transferred their holdings to the CF Amati UK Smaller Companies Fund at this date should refer to the additional performance data shown on page 31.

Market review

The first half of the year was dominated by the Eurozone sovereign debt crisis, the US budget negotiations, and concerns over a slowdown in growth in China. After a positive start, stock markets fell sharply in May after an inconclusive election in Greece, and the resurfacing of concerns about the Spanish banking system. In response Eurozone leaders agreed in June to recapitalise the banks directly and in July ECB President, Mario Draghi, said: "Within our mandate, the ECB is ready to do whatever it takes to preserve the Euro. And believe me, it will be enough". This was a "shock and awe" statement, based on the theory that betting against the promise of unlimited liquidity would be seen as pointless and so in practice little actual market support would be needed. It turned out to be a big enough gesture to change the underlying tone of both equity and bond markets, which, from that point on have been in a rising trend. Markets were given further impetus following the US Presidential election as a consensus formed around the likelihood of an agreement to avert the fiscal cliff. In addition there has been a smooth transition of power in China through the change of leadership, and there is a growing expectation that a 'hard landing' has been avoided in the Chinese economy.

So far stock market sentiment has been improving faster than average earnings have been rising, so a significant portion of gains have come from upwards re-rating of share prices. In this sense the stock market appears to be forecasting a successful "muddle-through" for the sovereign debt crisis, and a resumption of normal growth conditions over the next few years. During the second half of the year it became evident that the US economy is showing a much stronger return to growth than that of Europe. In addition to having a more flexible economy, the benefit of cheap energy from shale gas and shale oil is now really starting to show for the US. From a European (including the UK) point of view this is disconcerting as it is hard to see how this balance can be redressed and with such high levels of government debt and intractable budget deficits, Europe is sorely in need of some good news.

INVESTMENT REVIEW (CONTINUED)

Performance

The fund rose by 10.9% during the year as a whole, after falling by 2.3% in the first half. However, the benchmark index rose more strongly, rising by 18.4%, nearly all of which was also in the second half. The cautious stance we adopted during the year proved unhelpful, particularly in the strongly rising markets towards the end of the period. In addition, the resources sector, in which we maintained some exposure, continued to come under pressure throughout the period. The only two significant contributors from this sector during the year were oil companies which were subject to takeovers, namely Cove Energy, and Nautical Petroleum.

The biggest contributions to performance came from a diverse mix of stocks. Idox, a software company, in which we purchased a holding during the first half then added in the second half, rose strongly, becoming the largest holding in the fund. The performance reflected both underlying growth in the business, and an element of catch-up in the rating, which was at a substantial discount to larger peers. Vectura, a drug-delivery company focussed on inhaler devices and dry-powder drug formulations, also rose strongly as its lead products passed certain key milestones. The fund has gained exposure to a number of companies involved in the rapidly developing arena of payment processing, and several of these performed strongly during the period, including Paypoint, Earthport and Optimal Payments. Two gaming stocks, Sportech and Sportingbet, also performed particularly well for the fund, and both have now been sold.

The biggest disappointment of the year was Hargreaves Services, a vertically integrated coal company, whose largest mine was forced into closure during the year due to disruption caused by the presence of oil and gas in a structure above one of the work areas. In addition the company discovered fraud at one of its subsidiaries, which caused us to exit the position. Asian Citrus was also disappointing, with a second half rally being cut short due to a badly timed sale of stock by the CEO, and poor results caused by the incessantly wet weather last year in China, which pushed up costs and lowered yields. Most resources stocks that we held also fared poorly, including New Britain Palm Oil, Kenmare Resources and Petra Diamonds, all of which we exited.

Activity

During the year we have focussed on companies which we believe can grow through the current tough economic conditions, which results in a bias towards companies which own and develop valuable intellectual property and technology. Significant new purchases in the first half included Idox, the software company; Dignity, the funeral provider and operator of crematoria; and Victrex, the pre-eminent manufacturer of PEAK (a high-performance polymer). Sales have generally been motivated by valuations looking too full, or specific economic concerns. In the first half sales included Advanced Medical Solutions, GB Group, Kenmare Resources and RPC.

During the second half significant new purchases included Zotefoams, a specialist in cellular material technology; Paragon, a buy-to-let mortgage specialist finance company; Tribal Group, a provider of student records management software and services, focussed principally on the UK and Australia; Anite, a provider of software internationally to the mobile phone network and leisure travel industries; Lo-Q, a company which specialises in electronic queuing devices; and Blinkx, which operates an internet media platform offering advanced video search and categorisation technology. Sales during this period included a number of natural resource and related companies, as well as some holdings which we saw as fully valued, such as Oxford Instruments.

One theme that has emerged in the fund during the year is that of payment processing, a market where we see significant developments arising from new technologies. We hold an investment in EservGlobal, which we added to during the year, and which is developing a platform suitable for cost-effective small international remittance payments to be made using the transfer of mobile phone top up payments. During the year we also purchased holdings in Earthport, which has some unique infrastructure for enabling banks to facilitate international payment services in compliance with the new Dodd Frank regulations in the US; and Optimal Payments, which specialises in processing online payments.

INVESTMENT REVIEW (CONTINUED)

The asset allocation at the balance sheet date was as follows:

Sector	Asset allocation as at 31 January 2013 (%)	Asset allocation as at 31 January 2012 (%)
Beverages	1.5	-
Chemicals	7.2	-
Electricity	-	0.8
Electronic & Electrical Equipment	5.9	9.2
Equity Investment Instruments	1.3	0.8
Financial Services	5.1	6.3
Food Producers	5.0	7.1
General Industrials	-	3.2
General Retailers	3.2	-
Health Care Equipment & Services	1.4	1.6
Industrial Engineering	-	0.5
Industrial Mining & Metals	1.1	1.0
Industrial Transportation	0.8	0.6
Media	5.8	7.8
Mining	7.9	11.1
Oil & Gas Producers	8.1	8.7
Personal Goods	0.6	-
Pharmaceuticals & Biotechnology	5.3	3.5
Real Estate Investment & Services	2.7	0.1
Real Estate Investment Trusts	0.9	1.2
Software & Computer Services	16.8	2.9
Support Services	8.1	10.9
Technology Hardware & Equipment	3.4	1.8
Travel & Leisure	3.3	7.9
Cash and Other	4.6	13.0
Total	100.0	100.0

The list of holdings at the balance sheet date is shown on pages 10 to 14.

Outlook

The strong momentum in the market during late 2012 and early 2013 has resulted in many stocks appearing fairly fully priced, albeit that this is less true further down towards the micro-cap end of the market. There has been a strong sense that investors who have been sitting on cash or very low yielding bonds, waiting for safer times before investing in equities have given up waiting, attracted by the sustained rally and the revival of growth, albeit tentative, in the US. This momentum has the attraction of offering quick rewards, but it also presents the danger of some sudden setbacks, for which there are plenty of potential triggers. Amongst these, however, it is difficult to guess which might have the weight to significantly damage sentiment. What the central bankers probably worry about the most remains deflation. What would probably be the most hazardous development for investors would be a significant rise in core-Eurozone, UK, or US bond rates, and it is noteworthy that the twenty-year-plus bull market in these government bonds looks like it has finally peaked, or is in the process of peaking.

INVESTMENT REVIEW (CONTINUED)

In the UK it appears that, for all the political rhetoric over austerity and growth, there is in reality very little room for manoeuvre. Any Chancellor must appear to be prudent, because if bond rates rise sharply a destructive and self-feeding crisis would rapidly ensue, which would then lead to enforced spending cuts. However, he or she will also be well-briefed on the so-called "Paradox of Thrift", which is the phenomenon whereby spending cuts reduce overall income in the economy, and therefore don't generally cause the budget deficit to shrink, as government revenues fall at least as fast as the spending does. The tightrope being walked requires there to be a convincing impression of austerity and budgetary responsibility, whilst at the same time minimising cuts in reality. Because this leaves inflation as the only reliable tool for dealing with the high level of debt and the budget deficit, it also requires a delicate balancing of public policy statements aimed at keeping inflation low (and therefore not causing bond yields to rise), whilst all the time hoping inflation will in fact come out as much above target as possible. We therefore expect UK fiscal policy to remain broadly unchanged from its current course, and inflation to remain above expectations.



Paul Jourdan
Fund Manager
Amati Global Investors Ltd
14 May 2013



Douglas Lawson
Fund Manager
Amati Global Investors Ltd
14 May 2013



David Stevenson
Fund Manager
Amati Global Investors Ltd
14 May 2013

PORTFOLIO STATEMENTAs at 31 January 2013

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Beverages (1.5%; 31.01.12 - 0.0%)		
22,500 Nichols Group	192,937	1.5
	192,937	1.5
Chemicals (7.2%; 31.01.12 - 0.0%)		
44,232 Carclo	210,102	1.6
60,000 Elementis	129,780	1.0
100,000 Oxford Catalysts	180,000	1.4
17,500 Victrex	273,700	2.1
70,000 Zotefoams	138,600	1.1
	932,182	7.2
Electronic & Electrical Equipment (5.9%; 31.01.12 - 9.2%)		
1,034,660 Sabien Technology	372,478	2.9
141,500 Xaar	396,200	3.0
	768,678	5.9
Equity Investment Instruments (1.3%; 31.01.12 - 0.8%)		
148,820 Juridica	133,938	1.0
980,000 London Asia	38,514	0.3
	172,452	1.3
Financial Services (5.1%; 31.01.12 - 6.3%)		
17,446 Brooks	225,577	1.7
58,000 International Personal Finance	242,440	1.8
152,600 London Capital	50,358	0.4
53,000 Paragon	151,050	1.2
	669,425	5.1

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2013

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Food Producers (5.0%; 31.01.12 - 7.1%)		
1,384,834 Asian Citrus	394,678	3.0
74,452 Devro	256,487	2.0
	651,165	5.0
General Retailers (3.2%; 31.01.12 - 0.0%)		
17,500 Dignity	205,625	1.6
120,000 CVS Group	207,000	1.6
	412,625	3.2
Health Care Equipment & Services (1.4%; 31.01.12 - 1.6%)		
17,080 Synergy Health	186,343	1.4
	186,343	1.4
Industrial Mining & Metals (1.1%; 31.01.12 - 1.0%)		
1,120,000 International Ferro Metals	148,400	1.1
	148,400	1.1
Industrial Transportation (0.8%; 31.01.12 - 0.6%)		
83,444 Skil Ports & Logistics	108,477	0.8
	108,477	0.8
Media (5.8%; 31.01.12 - 7.8%)		
200,982 Entertainment One	361,768	2.8
57,000 Perform Group	208,278	1.6
559,867 Progressive Digital	181,957	1.4
	752,003	5.8

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2013

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Mining (7.9%; 31.01.12 - 11.1%)		
240,000 Aureus Mining	112,800	0.8
60,000 Aureus Mining Warrants	-	-
600,000 Fox Marble	120,000	0.9
563,898 Gemfields	152,252	1.2
485,000 Goldplat	54,563	0.4
500,000 Griffin Mining	180,000	1.4
125,000 Highland Gold	140,625	1.1
400,000 Rambler Metals & Mining	140,000	1.1
1,200,000 Sable Mining Africa	135,000	1.0
	<hr/> 1,035,240	<hr/> 7.9
Oil & Gas Producers (8.1%; 31.01.12 - 8.7%)		
395,000 Amerisur	183,675	1.4
94,000 Bayfield Energy	112,800	0.9
10,000 Coastal Energy	132,000	1.0
30,000 Genel Energy	235,500	1.8
625,000 Mediterranean Oil	64,062	0.5
1,955,556 New World Oil and Gas	83,111	0.6
925,580 Parkmead Group	138,837	1.1
16,756 Providence Resources	100,871	0.8
	<hr/> 1,050,856	<hr/> 8.1
Personal Goods (0.6%; 31.01.12 - 0.0%)		
7,000 Ted Baker	82,250	0.6
	<hr/> 82,250	<hr/> 0.6

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2013

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Pharmaceuticals & Biotechnology (5.3%; 31.01.12 - 3.5%)		
75,000 Eco Animal	180,000	1.4
31,500 Dechra Pharmaceuticals	195,772	1.5
340,000 Vectura	315,350	2.4
	691,122	5.3
Real Estate Investment & Services (2.7%; 31.01.12 - 0.1%)		
307,276 Puma Brandenburg	15,887	0.1
270,000 Quintain	166,725	1.3
60,000 Unite Group	172,020	1.3
	354,632	2.7
Real Estate Investment Trusts (0.9%; 31.01.12 - 1.2%)		
58,000 Newriver Retail	116,000	0.9
	116,000	0.9
Software & Computer Services (16.8%; 31.01.12 - 2.9%)		
196,000 Anite	280,672	2.1
345,000 Blinkx	208,725	1.6
1,353,008 Earthport	304,427	2.3
715,000 Eservglobal	200,200	1.5
1,100,000 Idox	627,000	4.8
50,000 InternetQ	112,500	0.9
126,000 Iomart Group	296,100	2.3
42,000 LO-Q	169,680	1.3
	2,199,304	16.8

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2013

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Support Services (8.1%; 31.01.12 - 10.9%)		
48,359 Brammer	158,013	1.2
125,550 Optimal Payments	160,704	1.2
1,500,000 Silverdell	266,250	2.0
105,912 Smart Metering Group	244,657	1.9
186,000 Tribal Group	233,895	1.8
	1,063,519	8.1
Technology Hardware & Equipment (3.4%; 31.01.12 - 1.8%)		
555,000 Software	120,712	0.9
275,000 Telit Communications	206,250	1.6
55,000 Ubisense	112,750	0.9
	439,712	3.4
Travel & Leisure (3.3%; 31.01.12 - 7.9%)		
133,222 Cupid	243,796	1.9
240,000 Sportech	179,400	1.4
	423,196	3.3
Portfolio of investments	12,450,518	95.4
Net other assets	605,129	4.6
Total net assets	13,055,647	100.0

SUMMARY OF FUND PERFORMANCE

Share Prices and Revenue

Calendar year	A Accumulation shares			B Accumulation shares		
	Highest price (pence)	Lowest price (pence)	Net revenue accumulated per share (pence)	Highest price (pence)	Lowest price (pence)	Net revenue accumulated per share (pence)
2008 ¹	248.74	135.16	-	268.67	147.08	-
2009	228.55	135.80	1.3007	250.43	148.03	2.5679
2010	339.82	229.96	-	374.79	252.16	-
2011	377.03	313.84	-	417.28	347.89	-
2012	386.10	325.32	0.3894	429.23	361.24	3.1523
2013 ²	388.95	367.76	-	436.25	411.02	0.6495

¹ From 29 July.

² Prices to 31 January and net revenue to 31 March.

Net Asset Values

Date	A Accumulation shares			B Accumulation shares		
	Total shares in issue	NAV per share (pence)	NAV (£)	Total shares in issue	NAV per share (pence)	NAV (£)
31 Jan 2011	2,533,094	359.99	9,118,760	105,866	397.26	420,562
31 Jan 2012	2,672,491	343.63	9,183,434	358,587	381.71	1,368,778
31 Jan 2013	2,359,334	381.40	8,998,429	951,283	426.50	4,057,218

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

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF TB AMATI INVESTMENT FUNDS (FORMERLY CF AMATI INVESTMENT FUNDS)

We have audited the financial statements of TB Amati Investment Funds (“the Company”) for the year ended 31 January 2013 which comprise Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes 1 to 15, and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: “Financial Statements of Authorised Funds” issued by the Investment Management Association in October 2010, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

This report is made solely to the Company’s shareholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company’s shareholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Depositary, the ACD and the Auditor

As explained more fully in the Depositary’s Responsibilities Statement and the Statement of ACD’s Responsibilities, the Depositary is responsible for safeguarding the property of the Company and the ACD is responsible for the preparation of the financial statements. Our responsibility is to audit and express an opinion on the financial statements in accordance with the requirements of the Collective Investment Schemes Sourcebook, applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the ACD; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company as at 31 January 2013 and of the net expense and the net capital gains on the property of the Company for the year ended 31 January 2013; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice “Financial Statements of Authorised Funds”, the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF TB AMATI INVESTMENT FUNDS (FORMERLY CF AMATI INVESTMENT FUNDS) (CONTINUED)

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the Company have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the Annual Report for the year ended 31 January 2013 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
14 May 2013

STATEMENT OF TOTAL RETURNFor the year ended 31 January 2013

	Notes	£	31.01.13 £	31.01.12 £
Income				
Net capital gains/(losses)	2		1,262,075	(585,858)
Revenue	3	167,240		217,488
Expenses	4	(208,468)		(196,189)
Finance costs: Interest	6	(2)		(11)
Net (expense)/revenue before taxation		(41,230)		21,288
Taxation	5	(413)		(415)
Net (expense)/revenue after taxation			(41,643)	20,873
Total return/(loss) before distributions			1,220,432	(564,985)
Finance costs: Distributions	6		(5,180)	(20,871)
Change in net assets attributable to shareholders from investment activities			1,215,252	(585,856)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERSFor the year ended 31 January 2013

	Notes	£	31.01.13 £	31.01.12 £
Opening net assets attributable to shareholders			10,552,212	9,539,322
<i>Movements due to sales and repurchases of shares:</i>				
Amounts receivable on issue of shares		3,546,020		5,610,411
Amounts payable on cancellation of shares		(2,256,416)		(4,018,782)
			1,289,604	1,591,629
Stamp duty reserve tax			(7,600)	(14,593)
Change in net assets attributable to shareholders from investment activities			1,215,252	(585,856)
Retained distributions on accumulation shares	6		6,179	21,710
Closing net assets attributable to shareholders			13,055,647	10,552,212

BALANCE SHEET
As at 31 January 2013

	Notes	31.01.13 £	31.01.12 £
Assets:			
Investment assets		12,450,518	9,175,963
Debtors	7	49,345	246,748
Cash and bank balances	8	831,342	1,282,410
Total other assets		880,687	1,529,158
Total assets		13,331,205	10,705,121
Liabilities:			
Creditors	9	275,558	152,909
Total liabilities		275,558	152,909
Net assets attributable to shareholders		13,055,647	10,552,212

NOTES TO THE FINANCIAL STATEMENTS

As at 31 January 2013

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

As described in the ACD's responsibilities, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the Company.

(b) Recognition of revenue

Dividends on holdings, net of any irrecoverable tax credits, are recognised when the underlying transferable security is quoted ex-dividend. Bank interest is accounted for on an accruals basis.

(c) Treatment of stock dividends

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue.

The allocation of special dividends is considered on a case-by-case basis.

(d) Treatment of expenses

All expenses, except those relating to the purchase and sale of investments and Stamp Duty Reserve Tax are charged to the revenue account.

(e) Allocation of revenue and expenses to multiple unit classes

Any assets or liabilities not attributable to a particular unit class are allocated by the Manager in a manner which is considered fair to shareholders in general, usually pro-rata based on the net asset values of the relevant unit classes.

(f) Taxation/deferred taxation

Corporation tax is provided for on revenue, other than UK dividends and overseas dividends, less deductible expenses at a rate of 20%.

Deferred tax is provided for in respect of all items that have been included in these financial statements that will be included in future periods for taxation purposes, other than those timing differences regarded as permanent. Any liability to deferred tax is provided for at the rate of tax expected to apply.

Stamp Duty Reserve Tax incurred on the cancellation of shares is charged to the capital account.

(g) Distribution policy

Revenue produced by the Fund's investments is distributed six-monthly. At the end of each period, the revenue, less the expenses allocated to the revenue account, is accumulated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2013

1. Accounting policies (continued)**(h) Exchange rates**

Assets and liabilities in overseas currencies at the year end are translated into Sterling at the latest available rates of exchange on the balance sheet date.

(i) Basis of valuation of investments

The investments are valued at closing prices on the balance sheet date. If closing prices are not available, the latest available prices are used.

If separate offer and bid prices are quoted for shares or units, then the bid price is used.

If no price or recent available price exists, the investment is valued at a price which, in the opinion of the ACD, reflects the fair value of the asset.

Unlisted investments are valued by the ACD taking into account, where appropriate, dealing prices, valuations from reliable sources, financial performance and other relevant factors.

2. Net capital gains/(losses)

	31.01.13	31.01.12
	£	£
Non-derivative securities	1,259,125	(578,845)
Currency gains/(losses)	3,730	(4,288)
Transaction charges	(780)	(2,725)
Net capital gains/(losses)	1,262,075	(585,858)

3. Revenue

	31.01.13	31.01.12
	£	£
UK franked dividends	93,020	213,515
UK unfranked dividends	8,700	3,480
Overseas dividends	64,368	-
Bank interest	1,152	493
Total revenue	167,240	217,488

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2013

4. Expenses

	31.01.13	31.01.12
	£	£
Payable to the ACD, associates of the ACD and agents of either:		
Annual management charge (previous ACD)	80,247	157,670
Annual management charge (current ACD)	81,801	-
Registration fees	8,141	13,719
Administration fees	15,175	9,955
	<u>185,364</u>	<u>181,344</u>
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fees	6,044	6,001
Safe custody fees	5,346	2,842
	<u>11,390</u>	<u>8,843</u>
Other expenses:		
Audit fee	6,175	5,946
Tax fee	2,280	-
FSA fee	429	56
Other expenses	2,830	-
	<u>11,714</u>	<u>6,002</u>
Total expenses	<u>208,468</u>	<u>196,189</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2013

5. Taxation**(a) Analysis of the charge in the year**

	31.01.13	31.01.12
	£	£
Analysis of charge in the year		
Overseas tax	413	415
Total current tax for the year (see note 5(b))	413	415
Deferred tax (see note 5(c))	-	-
Total taxation for the year	413	415

Corporation tax has been provided at a rate of 20%.

(b) Factors affecting the current taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised Open-Ended Investment Company (20%). The differences are explained below:

	31.01.13	31.01.12
	£	£
Net (expense)/revenue before taxation	(41,230)	21,288
Corporation tax at 20%	(8,246)	4,258
Effects of:		
Revenue not subject to taxation	(31,477)	(42,703)
Excess expenses for which no relief taken	39,723	38,445
Overseas taxation	413	415
Current tax charge for the year (see note 5(a))	413	415

(c) Provision for deferred tax

At 31 January 2013 the Fund had surplus management expenses of £602,154 (31 January 2012: £403,537). The deferred tax in respect of this would be £120,431 (31 January 2012: £80,707). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised at year end, or at the previous period end (see note 5(a)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2013

6. Finance costs**Distributions and interest**

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

Distributions

	31.01.13	31.01.12
	£	£
Final - Accumulation (31 Jan)	6,179	21,710
	<u>6,179</u>	<u>21,710</u>
Add: Revenue deducted on cancellation of shares	179	3,265
Deduct: Revenue received on issue of shares	<u>(1,178)</u>	<u>(4,104)</u>
Net distribution for the year	<u>5,180</u>	<u>20,871</u>
Interest	2	11
Total finance costs	<u>5,182</u>	<u>20,882</u>
Reconciliation to net distribution for the year		
Net (expense)/revenue after taxation for the year	(41,643)	20,873
Realised income currency losses	(71)	-
Losses transferred to capital	46,894	-
Prior undistributed revenue brought forward	-	<u>(2)</u>
Net distribution for the year	<u>5,180</u>	<u>20,871</u>

Details of the distribution per unit are set out on page 30.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2013

7. Debtors

	31.01.13	31.01.12
	£	£
Amounts receivable for issue of shares	-	16,017
Sales awaiting settlement	45,137	218,243
Accrued revenue	3,512	8,687
Prepayments	-	3,801
Income tax recoverable	696	-
Total debtors	49,345	246,748

8. Cash and bank balances

	31.01.13	31.01.12
	£	£
Cash and bank balances	831,342	1,282,410
Total cash and bank balances	831,342	1,282,410

9. Creditors

	31.01.13	31.01.12
	£	£
Amounts payable for cancellation of shares	40,141	1,755
Purchases awaiting settlement	209,097	126,150
Accrued annual management charge	14,840	12,341
Accrued registration fees	1,165	781
Accrued administration fees	690	3,088
Accrued depositary fees	546	510
Accrued custody fees	109	1,452
Accrued audit fees	6,331	-
Accrued tax fees	2,280	-
Accrued FSA fees	359	-
Accrued other expenses	-	6,581
Stamp Duty Reserve Tax payable	-	251
Total creditors	275,558	152,909

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 January 2013

10. Related party transactions

The ACD and the Depositary are regarded as controlling parties as defined by Financial Reporting Standard 8, Related Party Transactions. The ACD acts as either agent or principal for the Depositary in respect of all transactions of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the statement of change in net assets attributable to shareholders.

As at the balance sheet date, Associates of the ACD (including other authorised funds managed by the ACD) held the following shareholdings in the Fund on behalf of other parties:

A Accumulation Shares	NIL
B Accumulation Shares	479,042

Details of transactions occurring during the accounting period with the ACD and the Depositary, and any balances due at the period end, are fully disclosed in the notes to the Financial Statement

11. Share classes

The Fund has two share classes. The annual management charge of each share class is as follows:

A Accumulation Shares	1.50% p.a.
B Accumulation Shares	0.85% p.a.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 15. The distribution per share class is given in the distribution table on page 30. All share classes have the same rights on winding up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2013

12. Derivatives and other financial instruments

In pursuing the investment objectives financial instruments are held which may expose the Fund to various types of risk. The main risks inherent in the investment portfolios, and the ACD's policies for managing these risks, which were applied consistently throughout the period, are set out below:

(a) Currency exposures

The Fund's financial assets are mainly invested in equities and other transferrable securities whose prices are generally quoted in Sterling. The fund may also invest in other securities whose prices are quoted in other currencies. This gives rise to a direct currency exposure, details of which are shown in the following table.

	Net foreign currency assets at 31 January 2013			Net foreign currency assets at 31 January 2012		
	Monetary exposures	Non- monetary exposures	Total	Monetary exposures	Non- monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	103	16	119	99	15	114
US Dollar	5	-	5	3	-	3

(b) Cash flow risk and interest rate risk profile of financial assets and liabilities

The Fund's revenue is mainly received from holdings in equities. The Fund does not have any long term financial liabilities. The Fund is affected by the impact of movements in interest rates on its own cash balances.

The direct exposure of the Fund to interest rate risk as at the balance sheet date is shown in the following table:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not interest bearing	Floating rate financial liabilities	Financial liabilities not interest bearing	Total
	£'000	£'000	£'000	£'000	£'000	£'000
31.01.13						
Euro	103	-	16	-	-	119
Sterling	724	-	12,484	-	(276)	12,932
US Dollar	5	-	-	-	-	5
31.01.12						
Euro	99	-	15	-	-	114
Sterling	1,181	-	9,407	-	(153)	10,435
US Dollar	3	-	-	-	-	3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 January 2013

12. Derivatives and other financial instruments (continued)

Short term debtors and creditors are included as financial assets/(liabilities) not interest bearing in the above table.

The floating rate financial assets and liabilities comprise: Sterling denominated bank account balances that bear interest at the Bank of England base rate less 75 basis points (to a minimum of NIL) and overdrafts that bear interest at the Bank of England base rate plus 100 basis points. Financial assets and liabilities not interest bearing mainly comprise investments that do not have a maturity date.

(c) Liquidity risk

The majority of the Fund's underlying financial assets are considered to be readily realisable. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement. All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) Market price risk and fair value of financial assets and liabilities

The Fund's underlying investments are equities mainly quoted on recognised stock exchanges. However, at the balance sheet date the Fund held unquoted equities amounting in 0.4% of the Fund's Net Asset Value.

The value of shares is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual share/unit held within an underlying scheme or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

The Manager seeks to minimise these risks by holding diversified portfolios of equities in line with the investment objectives. In addition, the management of the Fund complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook, which includes rules prohibiting a holding greater than 20% of the assets of the Fund in any one underlying investment.

(e) Fair value of financial assets and liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

(f) Commitments on derivatives

No derivatives were held at the balance sheet date (31 January 2012: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2013

13. Portfolio transaction costs

	31.01.13	31.01.12
	£	£
Analysis of total purchase costs		
Net purchases before transaction costs	12,549,189	12,043,190
Commissions and Taxes	80,106	72,564
Total purchase costs	<u>80,106</u>	<u>72,564</u>
Gross purchases total	<u>12,629,295</u>	<u>12,115,754</u>
Analysis of total sale costs		
Gross sales before transaction costs	10,643,435	10,392,741
Commissions and Taxes	<u>(29,582)</u>	<u>(28,893)</u>
Total sale costs	<u>(29,582)</u>	<u>(28,893)</u>
Net sales total	<u>10,613,853</u>	<u>10,363,848</u>

14. Capital commitments and contingent liabilities

The Fund had no capital commitments or contingent liabilities at the balance sheet date (31 January 2012: £nil).

15. Post balance sheet events

Subsequent to the year end, the net asset value per share of the A Accumulation shares has increased from 385.58p to 398.26p as at 9 May 2013. This movement takes into account routine transactions but also reflects the market movements of recent months. There are no post balance sheet events which require adjustments at the year end.

DISTRIBUTION TABLEAs at 31 January 2013

Interim Distribution (31 July 2012)

Group 1 - Shares purchased on or prior to 31 January 2012

Group 2 - Shares purchased after 31 January 2012

Shares	Gross revenue	Tax credit at 10%	Net revenue	Equal -isation ¹	Paid/Acc -umulated 30.09.12	Paid/Acc -umulated 30.09.11
	(pence)	(pence)	(pence)	(pence)	(pence)	(pence)

A Accumulation

Group 1	-	-	-	-	-	-
Group 2	-	-	-	-	-	-

B Accumulation

Group 1	-	-	-	-	-	-
Group 2	-	-	-	-	-	-

Final Distribution (31 January 2013)

Group 1 - Shares purchased on or prior to 31 July 2012

Group 2 - Shares purchased after 31 July 2012

Shares	Gross revenue	Tax credit at 10%	Net revenue	Equal -isation ¹	Paid/Acc -umulated 31.03.13	Paid/Acc -umulated 31.03.12
	(pence)	(pence)	(pence)	(pence)	(pence)	(pence)

A Accumulation

Group 1	-	-	-	-	-	0.3894
Group 2	-	-	-	-	-	0.3894

B Accumulation

Group 1	0.7217	0.0722	0.6495	-	0.6495	3.1523
Group 2	0.4423	0.0442	0.3981	0.2514	0.6495	3.1523

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

APPENDIX

Additional Performance Data

	Cumulative returns for the periods ended 31 January 2013 (%)			
	1 year	3 years	5 years	10 years
A Accumulation Shares	10.90	64.20	74.48	325.98
Numis Smaller Companies Index (Inc AIM, ex Inv Trust)	18.44	45.14	33.62	222.90

Source: Financial Express. Total return, bid to bid.

Note: The TB Amati UK Smaller Companies Fund (formerly CF Amati UK Smaller Companies Fund) was seeded by the transfer of the First State British Smaller Companies Fund to CFM on 29 July 2008. The above performance data is relevant for those investors who held shares in First State British Smaller Companies Fund and transferred their holdings to the CF Amati UK Smaller Companies Fund at this date.

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

DIRECTORY

The Company

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64 St. James's Street
Nottingham NG1 6FJ

ACD (prior to 1 August 2012)

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Authorised and regulated by the Financial Conduct Authority.

ACD (from 1 August 2012)

T. Bailey Fund Managers Limited
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Website: www.tbailey.co.uk

Authorised and regulated by the Financial Conduct Authority.

Directors of the ACD

Mr Q F Baer
Mr P A Letley
Mr N J Forman Hardy
Mr M Hughes

Investment Manager

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Edinburgh EH2 4DF

Tel: 0131 503 9100
Email: info@amatiglobal.com
Website: www.amatiglobal.com

Authorised and regulated by the Financial Conduct Authority.

Depositary (prior to 1 August 2012)

BNY Mellon Trust & Depositary (UK) Limited
The Bank of New York Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

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

Depositary (from 1 August 2012)

National Westminster Bank Plc
Trustee & Depositary Services
7th Floor, 135 Bishopsgate
London EC2M 2UR

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

Registrar and Share Dealing

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

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