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**Amati**  
Global Investors



T.BAILEY

## TB Amati Investment Funds

**Annual Report and Audited Financial Statements**  
31 January 2015

**TB Amati UK Smaller Companies Fund**



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*Note: The Authorised Corporate Director's Report consists of 'Authorised Status', 'Structure of the Company' and 'Investment Objective and Policy' on page 2, 'Investment Review' as provided by the Investment Manager, on pages 10 to 13 and 'Directory' on page 38.*



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## **THE AUTHORISED CORPORATE DIRECTOR**

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The Authorised Corporate Director (the 'ACD') of TB Amati Investment Funds (the 'Company') is T. Bailey Fund Managers Limited. The day to day administration of the Company is delegated to T. Bailey Asset Management Limited. Amati Global Investors Ltd is the Investment Manager (the 'Investment Manager') of the Company.

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](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.tbailey.co.uk/amati](http://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](http://www.tbailey.co.uk/amati) and also on [www.fundlistings.co.uk](http://www.fundlistings.co.uk).

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## **RISK PROFILE**

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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.

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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.tbailey.co.uk/amati](http://www.tbailey.co.uk/amati).

The Key Investor Information document and Supplementary Information document are also available from [www.tbailey.co.uk/amati](http://www.tbailey.co.uk/amati).

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

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## **STRUCTURE OF THE COMPANY**

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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 share class, a revised prospectus will be prepared setting out the relevant details of each sub-fund or share class.

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 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.

Currently, there is one sub-fund; TB Amati UK Smaller Companies Fund.

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## **INVESTMENT OBJECTIVE AND POLICY**

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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.

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## THE INVESTMENT MANAGEMENT TEAM

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The TB Amati UK Smaller Companies Fund\* has been managed by Dr Paul Jourdan since 2000, and co-managed with Douglas Lawson since 2009 and David Stevenson since 2012. 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 is a specialist investment manager, solely focused on the universe of UK smaller companies.

The Fund's long term performance record is award winning, including Growth Company Small-Cap Fund of the Year 2011 and a Lipper Fund Award 2012 for the best UK Small & Mid Cap Fund over 3 years. Dr Paul Jourdan is also a 2013 FE Alpha Manager.

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

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

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## BIOGRAPHIES

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### **Dr Paul Jourdan - CEO**

Dr Paul Jourdan is an award-winning fund manager, with a strong track record in small cap investment. He co-founded Amati Global Investors 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, emerging market, and global equities. In 2000 Stewart Ivory was taken over by First State and Paul became manager of what is now TB Amati UK Smaller Companies Fund. In 2004 he was appointed Head of UK Equities at First State. In early 2005 he launched what is now Amati VCT plc and he also manages Amati VCT 2 after the investment management contract moved to Amati Global Investors in 2010. 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, a Director of Fox Marble, a portfolio company of the Amati VCTs, and also a Governor of the Royal Conservatoire of Scotland.



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## BIOGRAPHIES (CONTINUED)

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### **Douglas Lawson - Director**

Douglas Lawson co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in January 2010. Prior to this he worked in corporate finance and private equity, initially as an associate focusing on middle market UK private equity and listed company M&A at British Linen Advisers, and latterly as an investment manager in the private equity team at Noble. Douglas has co-managed the TB Amati UK Smaller Companies Fund since 2009. He has also been co-manager of Amati VCT since 2009 and Amati VCT 2 since 2010. Douglas started his career at Ernst & Young in London, where he qualified as a Chartered Accountant in 2002. He is Director of Amati Global Investors Limited, and of Polyhedra Group plc, a portfolio company of the Amati VCTs.



### **David Stevenson - Fund Manager**

David joined Amati in 2012. Prior to this he was a partner with investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies. David co-founded Cartesian in 2005, and saw growth in client assets to a peak of £600m. Previously he was Assistant Director at SVM, where he also managed equity products including the UK Opportunities small/midcap fund which was ranked top decile amongst peers for the 5 year period from inception to late 2005. 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.





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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, audit fees and transaction charges. Collectively these fees are known as other expenses.

The OCFs, as calculated in accordance with ESMA guidelines, are as follows:

	<b>31.01.15</b>	<b>31.01.14</b>
	<b>% p.a.</b>	<b>% p.a.</b>
<b>A Shares</b>		
Annual Management Charge	1.50	1.50
Other Expenses	0.27	0.33
<b>Ongoing Charges Figure</b>	<b>1.77</b>	<b>1.83</b>
<b>B Shares</b>		
Annual Management Charge*	0.75	0.85
Other Expenses	0.27	0.33
<b>Ongoing Charges Figure</b>	<b>1.02</b>	<b>1.18</b>

*\* On 7 April 2014 the Annual Management Charge for the B Shares was reduced from 0.85% to 0.75% p.a.*

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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 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 5.

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## STATEMENT OF ACD'S RESPONSIBILITIES

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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 Association ("IA SORP") in May 2014; 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 or expense 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 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 them 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 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 2015**

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## **STATEMENT OF DEPOSITARY'S RESPONSIBILITIES**

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The Depositary is responsible for the safekeeping of all custodial assets of the Company which is entrusted to it, for verifying ownership and maintaining a record of all other assets of the Company, and for the collection of revenue that arises from those assets.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's ('FCA') Collective Investment Schemes Sourcebook ('COLL'), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ('OEIC Regulations'), the Company's Instrument of Incorporation and Prospectus, and from 22nd July 2014, where applicable, the FCA's Investment Funds Sourcebook ('FUND'), 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 applicable to the Company.

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

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Having carried out such procedures as we consider 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 Authorised Corporate Director:

- (i) 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 COLL, the OEIC Regulations, the Instrument of Incorporation and Prospectus of the Company and, where applicable, FUND.
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**National Westminster Bank Plc**  
**Trustee & Depositary Services**  
**London**  
**14 May 2015**

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## **REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF TB AMATI INVESTMENT FUNDS**

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We have audited the financial statements of TB Amati Investment Funds (“the Company”) for the year ended 31 January 2015 which comprise the 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 Association in May 2014, 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 Statement of Depositary’s Responsibilities 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2015 and of the net expense and the net capital gains on the property of the Company for the year ended 31 January 2015; 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.

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

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**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 2015 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 2015**

## INVESTMENT REVIEW

### Performance

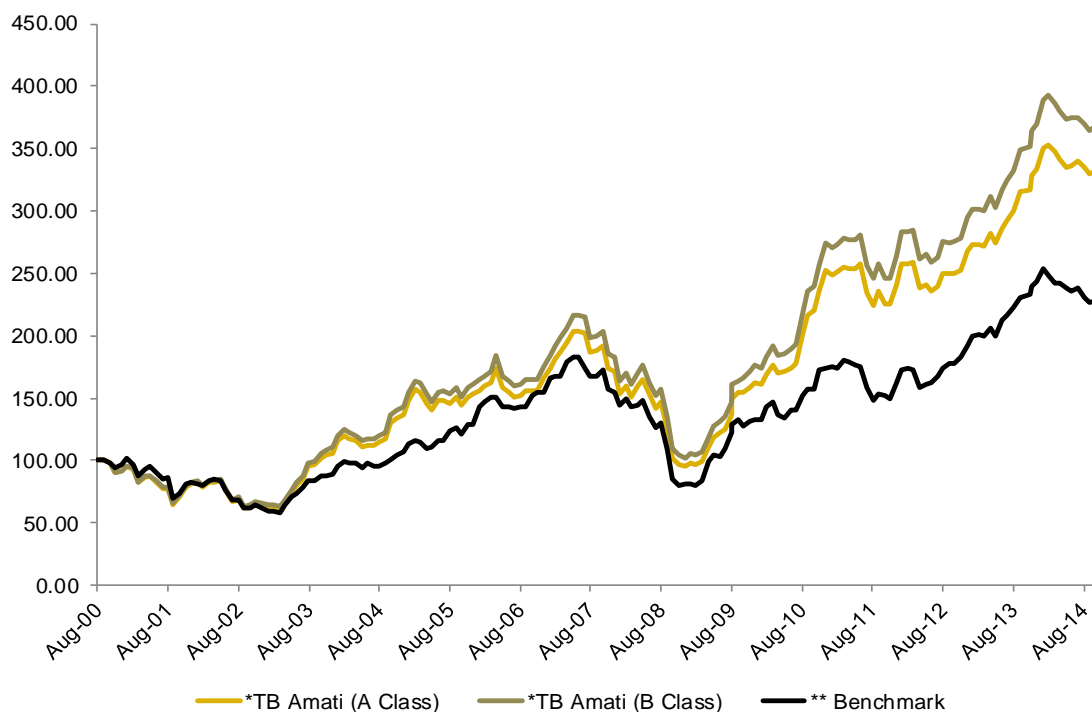
	Cumulative returns for the periods ended 31 January 2015 (%)				
	1 year	3 years	5 years	10 years	From PJ take on*
A Accumulation Shares	1.92	40.92	108.65	128.93	235.56
B Accumulation Shares	2.67	43.83	115.78	144.96	275.64
Numis Smaller Companies Index (inc AIM, ex Inv Trusts)	(6.48)	40.29	71.91	101.16	119.88

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

\* 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 3). This is relevant to the 4th and 5th columns.

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 3).

\* TB Amati (A Class & B Class) Fund Total Return Index (rebased to 100). \*\* Benchmark Index: Numis (formerly RBS Hoare Govett) Smaller Companies (inc AIM, ex Inv Trusts) TR (rebased to 100).

Source: Amati Global Investors Ltd as at 31 January 2015

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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## INVESTMENT REVIEW (CONTINUED)

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### Market Review

UK stock market momentum stalled in early 2014, and did not return until the third quarter. An explanation for this directional change is hard to pinpoint, but central bank announcements have played a crucial role. A year ago, investors were concerned about an imminent turning point in US and UK interest rates. By October, however, the Federal Reserve indicated weak inflationary pressures might defer this, and three months later the European Central Bank ("ECB") announced an aggressive bond buying programme to stimulate a stagnant Eurozone economy. Macro-economic uncertainty and a declining risk appetite, saw investors switch to more liquid stocks, with large and mid-caps producing net gains for the year. Small caps and AIM stocks, however, suffered a greater sell-off and a more muted recovery, finishing with losses for the period. AIM was particularly impacted by its heavier weighting in resources, as global commodity prices fell, and also by weakness in some of its largest constituents caused by specific negative news.

Sector performance for the period mirrored investor uncertainty, with defensive areas such as consumer goods, utilities and healthcare providing leadership, whilst cyclicals, such as resources and industrials, lagged. Currencies also played a part, with Sterling strength against the Euro causing competitive headwinds and translation based downgrades for international exporters, compared to domestically exposed companies.

### Performance

The Fund (B Accumulation shares) gave a positive return of 2.7% in the period, significantly outperforming the benchmark loss of 6.5%, with absolute gains achieved in both the first and second half of the year despite a falling index.

The biggest contributions came from a variety of companies exposed to the domestic economy. Veterinary services provider, **CVS**, continues to expand its market leading UK network with earnings enhancing acquisitions. Organic growth is also being driven by initiatives such as a pet owners loyalty scheme, an online medicine dispensary, own brand products and in-house 24 hour services. With plenty of consolidation opportunity remaining from a fragmented market, CVS offers good visibility, plus exposure to a robust consumer economy. A similar analysis applies to funeral services provider, **Dignity**, which is also achieving a strong combination of organic and acquisitive growth on a sustainable basis. Dignity is the second largest operator in the UK after the Co-op, offering funerals and crematoria nationwide. The cash generative nature of the company's earnings has allowed a history of capital returns to shareholders, and this was repeated during the year. GP patient management software specialist, **EMIS**, was another strong contributor reflecting its market domination and very high levels of recurring revenue. EMIS is used by over 50% of GP practices in the UK. Scottish TV broadcaster, **STV**, achieved growing airtime and digital revenues as it diversified into a broader earnings base with the launch of new City TV and consumer services. Cross border money transfer platform, **Earthport**, responded well to a series of contracts signed with major banking clients, as it continued to build its global capability.

Underperformers during the period included stocks exposed to the weakness in global oil and gas prices which took hold from September onwards. North Sea and Norwegian specialist, **Faroe Petroleum**, announced a major discovery at its Pil well and has increased its reserves over the course of the year, however lower realised barrel prices for production plus asset value impairments have been a significant earnings headwind. North Sea and Netherlands operator, **Parkmead**, experienced a similar outcome, whilst methane gas to power generator, **Alkane Energy**, faced declining electricity prices as a consequence of the weak commodities environment. The largest negative contribution came from emerging markets mobile financial services provider, **eServGlobal**, which suffered from a combination of senior management change, plus project delays which meant profits and cashflow flat-lined. Specialty pharmaceuticals company, **Vectura**, was also weak but this reflected profit-taking after the shares peaked in early 2014 following significant product approval news. The positions in Parkmead, Alkane and Vectura were sold.

### Activity

During the year the Fund maintained its exposure to the domestic economy. A combination of declining inflation, rising real incomes, jobs growth and robust consumer confidence, is supportive of UK household spending. Domestic markets are also insulated from the effects of currency volatility, which is likely to persist with quantitative easing. The portfolio mix of consumer exposures was adjusted, however, in favour of less discretionary areas of spending. New positions were taken in AA, the UK's leading roadside assistance provider,

## INVESTMENT REVIEW (CONTINUED)

which is cross-selling its brand into financial services; **Sprue Aegis**, one of the UK's largest manufacturers of household smoke and carbon monoxide alarms, which is enjoying regulatory driven demand for its products across Europe; discount retailers **Card Factory** and **Poundland**, both of which are gaining market share as consumers continue to favour value for money offerings; **Entu**, a fast growing distributor of energy efficient building products and boilers; and **Fevertree**, a world leading supplier of premium carbonated mixers for alcoholic spirits which is displacing competitor products. Reflecting their previous strong performance, profits were taken in housing market beneficiaries such as builder **Telford Homes**; London estate agent **Foxtons**, and property marketing website **Rightmove**. Gains were also taken in casual dining operator, **Restaurant Group**; motor distributor, **Cambria Automobiles**; sports betting group, **Sportech**; and broadcaster **STV**.

The Fund's exposure to technology was also maintained. New positions included **Quixant**, a specialist hardware and software provider to casino gaming and slot machine manufacturers; **GB Group**, a supplier of identity management software and services; **Seeing Machines**, a developer of unique eye-tracking technology to improve performance and safety amongst vehicle and machinery operators; **dotDigital**, an email marketing automation platform; and **Iomart**, a cloud computing and managed hosting services specialist. A position in engineering software provider, **Aveva**, was sold due to its exposure to energy market softness; whilst gains were taken in communications technology developer, **Telit**.

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

Sector	Asset allocation as at 31 January 2015 (%)	Asset allocation as at 31 January 2014 (%)
Alternative Energy	-	1.1
Banks	1.1	-
Beverages	3.1	1.5
Chemicals	-	4.0
Electronic & Electrical Equipment	5.1	1.2
Equity Investment Instruments	-	1.5
Financial Services	4.3	5.5
Food Producers	-	0.6
General Retailers	16.2	11.6
Health Care Equipment & Services	2.6	-
Household Goods & Home Construction	3.7	3.6
Industrial Transportation	1.0	0.4
Leisure Goods	2.2	2.7
Media	4.3	8.0
Mining	1.8	3.3
Nonlife Insurance	1.8	1.2
Oil Equipment, Services & Distribution	-	1.1
Oil & Gas Producers	0.9	4.8
Personal Goods	1.4	1.2
Pharmaceuticals & Biotechnology	6.1	6.3
Real Estate Investment & Services	1.6	3.1
Software & Computer Services	19.9	12.9
Support Services	7.9	13.7
Technology Hardware & Equipment	4.4	-
Telecommunications	0.9	-
Travel & Leisure	4.0	6.2
Cash and Other	5.7	4.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The full list of holdings at the balance sheet date is shown in the portfolio statement on pages 14 to 19.



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**INVESTMENT REVIEW (CONTINUED)**

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**Outlook**

In many respects current prospects feel little changed on a year ago. Investors still appear hesitant, awaiting the first move by the US central bank to increase interest rates, amidst global concerns that equity valuations have moved too far ahead of earnings progress. Whilst macro data indicates a robust UK economic environment, there is the suspicion that this is still too dependent on consumer spending with insufficient rebalancing towards manufacturing and investment. Some new variables have been added, including the prospect of a hung Parliament in the UK and how that might impact a referendum on EU membership, the shift towards anti-austerity politics within Europe following the Greek election result, and the likely consequences of aggressive ECB quantitative easing. Nevertheless, it is important to also consider the possibility that corporate confidence will eventually pick-up and generate a more normal business cycle. That is what policy makers on both sides of the Atlantic are hoping for, in which case the dip in investor risk appetite over the last year could be reversed, offering enhanced prospects for the performance of smaller companies.

**Paul Jourdan**  
**CEO**  
**Amati Global Investors Ltd**  
**14 May 2015**

**Douglas Lawson**  
**Director**  
**Amati Global Investors Ltd**  
**14 May 2015**

**David Stevenson**  
**Fund Manager**  
**Amati Global Investors Ltd**  
**14 May 2015**

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**PORTFOLIO STATEMENT**As at 31 January 2015

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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>Banks</b> <b>(1.1%; 31.01.14 - 0.0%)</b>		
80,000 Onesavings Bank	168,800	1.1
	<b>168,800</b>	<b>1.1</b>
<b>Beverages</b> <b>(3.1%; 31.01.14 - 1.5%)</b>		
141,555 Fevertree Drinks	299,389	1.9
16,500 Nichols Group	176,550	1.2
	<b>475,939</b>	<b>3.1</b>
<b>Electronic &amp; Electrical Equipment</b> <b>(5.1%; 31.01.14 - 1.2%)</b>		
1,089,660 Sabien Technology	185,242	1.2
36,000 Solid State	268,200	1.8
51,900 Xaar	159,463	1.0
11,500 XP Power	166,290	1.1
	<b>779,195</b>	<b>5.1</b>
<b>Financial Services</b> <b>(4.3%; 31.01.14 - 5.5%)</b>		
22,000 Brooks	290,400	1.9
28,293 IG Group Holdings	204,134	1.3
980,000 London Asia*	14,700	0.1
81,900 Man Group	146,765	1.0
	<b>655,999</b>	<b>4.3</b>

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**PORTFOLIO STATEMENT (CONTINUED)**As at 31 January 2015

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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>General Retailers (16.2%; 31.01.14 - 11.6%)</b>		
85,000 AA	303,875	2.0
87,000 Card Factory	238,119	1.6
80,000 CVS Group	379,600	2.5
21,021 Dignity	390,150	2.5
37,000 Dunelm Mill	323,935	2.1
200,000 Entu	220,000	1.4
41,000 Poundland	144,525	0.9
140,000 Safestyle UK	237,650	1.6
450,000 Vertu Motors	246,375	1.6
	<b>2,484,229</b>	<b>16.2</b>
<b>Health Care Equipment &amp; Services (2.6%; 31.01.14 - 0.0%)</b>		
123,000 Spire Healthcare Group	394,338	2.6
	<b>394,338</b>	<b>2.6</b>
<b>Household Goods &amp; Home Construction (3.7%; 31.01.14 - 3.6%)</b>		
151,920 Mar City	148,882	1.0
128,000 Sprue Aegis	416,000	2.7
	<b>564,882</b>	<b>3.7</b>
<b>Industrial Transportation (1.0%; 31.01.14 - 0.4%)</b>		
171,375 DX	155,094	1.0
	<b>155,094</b>	<b>1.0</b>
<b>Leisure Goods (2.2%; 31.01.14 - 2.7%)</b>		
250,000 Photo-Me International	338,125	2.2
	<b>338,125</b>	<b>2.2</b>

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**PORTFOLIO STATEMENT (CONTINUED)**As at 31 January 2015

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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>Media</b> <b>(4.3%; 31.01.14 - 8.0%)</b>		
130,000 Matomy Media Group	279,500	1.8
1,300,000 Mirada	156,000	1.0
93,000 Nahl Group	232,500	1.5
	<b>668,000</b>	<b>4.3</b>
<b>Mining</b> <b>(1.8%; 31.01.14 - 3.3%)</b>		
120,000 Central Asia Metals	174,000	1.1
600,000 Fox Marble	105,000	0.7
	<b>279,000</b>	<b>1.8</b>
<b>Nonlife Insurance</b> <b>(1.8%; 31.01.14 - 1.2%)</b>		
46,000 Novae Group	276,000	1.8
	<b>276,000</b>	<b>1.8</b>
<b>Oil &amp; Gas Producers</b> <b>(0.9%; 31.01.14 - 4.8%)</b>		
102,000 Faroe Petroleum	65,280	0.4
500,000 Pantheon Resources	77,500	0.5
	<b>142,780</b>	<b>0.9</b>
<b>Personal Goods</b> <b>(1.4%; 31.01.14 - 1.2%)</b>		
9,250 Ted Baker	218,947	1.4
	<b>218,947</b>	<b>1.4</b>

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**PORTFOLIO STATEMENT (CONTINUED)**As at 31 January 2015

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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>Pharmaceuticals &amp; Biotechnology</b> <b>(6.1%; 31.01.14 - 6.3%)</b>		
200,000 Benchmark Holdings	206,000	1.3
41,000 Bioventix	323,900	2.1
81,000 Eco Animal	175,770	1.2
475,000 Vernalis	235,125	1.5
	<b>940,795</b>	<b>6.1</b>
<b>Real Estate Investment &amp; Services</b> <b>(1.6%; 31.01.14 - 3.1%)</b>		
30,500 Puma Brandenburg*	37,947	0.2
392,007 Assura Group	211,684	1.4
	<b>249,631</b>	<b>1.6</b>
<b>Software &amp; Computer Services</b> <b>(19.9%; 31.01.14 - 12.9%)</b>		
42,000 Accesso Technology Group	233,100	1.5
680,000 dotDigital Group	231,200	1.5
1,000,000 Earthport	425,000	2.8
50,000 EMIS Group	422,500	2.8
715,000 eServGlobal	171,600	1.1
83,470 FDM Group	292,980	1.9
100,000 GB Group	156,000	1.0
270,335 Idox	100,024	0.6
895,000 Innovation Group	261,787	1.7
125,000 Iomart Group	211,562	1.4
147,000 NCC Group	331,117	2.2
39,747 SQS Software	222,583	1.4
	<b>3,059,453</b>	<b>19.9</b>

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**PORTFOLIO STATEMENT (CONTINUED)**As at 31 January 2015

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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</b> <b>(7.9%; 31.01.14 - 13.7%)</b>			
48,359	Brammer	166,839	1.1
51,000	Menzies (J)	188,572	1.2
78,550	Optimal Payments	270,605	1.8
60,419	Regeneris	134,130	0.9
1,500,000	Silverdell*	-	-
69,499	Smart Metering Group	236,297	1.5
130,000	Tribal Group	208,000	1.4
		<hr/> <b>1,204,443</b>	<hr/> <b>7.9</b>
<b>Technology Hardware &amp; Equipment</b> <b>(4.4%; 31.01.14 - 0.0%)</b>			
259,489	Quixant	376,259	2.4
5,299,974	Seeing Machine	304,749	2.0
		<hr/> <b>681,008</b>	<hr/> <b>4.4</b>
<b>Telecommunications</b> <b>(0.9%; 31.01.14 - 0.0%)</b>			
50,661	Gamma Communications	136,785	0.9
		<hr/> <b>136,785</b>	<hr/> <b>0.9</b>

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**PORTFOLIO STATEMENT (CONTINUED)**As at 31 January 2015

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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>Travel &amp; Leisure (4.0%; 31.01.14 - 6.2%)</b>		
54,000 Cineworld	229,500	1.5
176,400 Goals Soccer	379,260	2.5
	<b>608,760</b>	<b>4.0</b>
<b>Portfolio of investments</b>	<b>14,482,203</b>	<b>94.3</b>
<b>Net other assets</b>	<b>875,318</b>	<b>5.7</b>
<b>Total net assets</b>	<b>15,357,521</b>	<b>100.0</b>

\* London Asia, Puma Brandenburg and Silverdell are de-listed. All other stocks are quoted on regulated markets.

'Alternative Energy' sector disinvested since the beginning of the period (31 January 2014: 1.1%).

'Chemicals' sector disinvested since the beginning of the period (31 January 2014: 4.0%).

'Equity Investment Instruments' sector disinvested since the beginning of the period (31 January 2014: 1.5%).

'Food Producers' sector disinvested since the beginning of the period (31 January 2014: 0.6%).

'Oil Equipment, Services & Distribution' sector disinvested since the beginning of the period (31 January 2014: 1.1%).

## SUMMARY OF FUND PERFORMANCE

A Accumulation Shares	1 Feb 2014 to 31 Jan 2015	1 Feb 2013 to 31 Jan 2014	1 Feb 2012 to 31 Jan 2013
	(pence per share) (pence per share) (pence per share)		
<b>Change in net assets per share</b>			
Opening net asset value per share	478.40	381.40	343.63
Return before operating charges*	15.69	104.72	44.54
Operating charges	(8.66)	(7.72)	(6.77)
Return after operating charges*	7.03	97.00	37.77
Closing net asset value per share	485.43	478.40	381.40
Retained distributions on accumulation shares	0.00	0.00	0.00
* after direct transaction costs of:	2.66	2.46	3.29
<b>Performance</b>			
Return after charges	1.47%	25.43%	10.99%
<b>Other information</b>			
Closing net asset value	£7,958,055	£9,629,297	£8,998,429
Closing number of shares	1,639,390	2,012,818	2,359,334
Operating charges (p.a)	1.77%	1.83%	1.89%
Direct transaction costs (p.a)	0.54%	0.58%	0.92%
<b>Prices</b>			
Highest published share price	517.46	498.65	388.95
Lowest published share price	450.78	381.80	336.38

*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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**SUMMARY OF FUND PERFORMANCE (CONTINUED)**


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<b>B Accumulation Shares</b>	<b>1 Feb 2014 to 31 Jan 2015</b>	<b>1 Feb 2013 to 31 Jan 2014</b>	<b>1 Feb 2012 to 31 Jan 2013</b>
	<b>(pence per share) (pence per share) (pence per share)</b>		
<b>Change in net assets per share</b>			
Opening net asset value per share	538.44	426.50	381.71
Return before operating charges*	17.71	117.53	49.77
Operating charges	(5.75)	(5.59)	(4.98)
Return after operating charges*	11.96	111.94	44.79
Closing net asset value per share	550.40	538.44	426.50
Retained distributions on accumulation shares	2.14	1.17	0.65
* after direct transaction costs of:	3.00	2.76	3.69
<b>Performance</b>			
Return after charges	2.22%	26.25%	11.73%
<b>Other information</b>			
Closing net asset value	£7,399,466	£3,102,706	£4,057,218
Closing number of shares	1,344,382	576,238	951,283
Operating charges (p.a.)	1.02%	1.18%	1.24%
Direct transaction costs (p.a.)	0.54%	0.58%	0.92%
<b>Prices</b>			
Highest published share price	583.04	561.04	434.91
Lowest published share price	509.96	427.45	374.88

*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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**STATEMENT OF TOTAL RETURN**For the year ended 31 January 2015

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	Notes	£	31.01.15 £	31.01.14 £
Income				
Net capital gains	2		211,928	2,797,051
Revenue	3	180,021		170,203
Expenses	4	(198,547)		(196,153)
Interest payable and similar charges	6	(57)		(13)
Net expense before taxation		(18,583)		(25,963)
Taxation	5	(1,184)		-
Net expense after taxation			(19,767)	(25,963)
<b>Total return before distributions</b>			<b>192,161</b>	<b>2,771,088</b>
Distributions	6		(11,265)	(6,715)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>180,896</b>	<b>2,764,373</b>

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**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**For the year ended 31 January 2015

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	Notes	£	31.01.15 £	31.01.14 £
<b>Opening net assets attributable to shareholders</b>			<b>12,732,003</b>	<b>13,055,647</b>
<i>Movements due to sales and repurchases of shares:</i>				
Amounts receivable on issue of shares		5,567,159		1,588,157
Amounts payable on cancellation of shares		(3,149,415)		(4,677,038)
			2,417,744	(3,088,881)
Stamp duty reserve tax			(1,829)	(5,885)
Change in net assets attributable to shareholders from investment activities			180,896	2,764,373
Retained distributions on accumulation shares	6		28,707	6,749
<b>Closing net assets attributable to shareholders</b>			<b>15,357,521</b>	<b>12,732,003</b>

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**BALANCE SHEET**  
As at 31 January 2015

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	Notes	31.01.15 £	31.01.14 £
<b>Assets:</b>			
<b>Fixed Assets:</b>			
Investments		14,482,203	12,152,752
<b>Current Assets:</b>			
Debtors	7	561,575	579,331
Cash and bank balances	8	851,155	260,695
<b>Total assets</b>		<b>15,894,933</b>	<b>12,992,778</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	9	537,412	260,775
<b>Total liabilities</b>		<b>537,412</b>	<b>260,775</b>
<b>Net assets attributable to shareholders</b>		<b>15,357,521</b>	<b>12,732,003</b>

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## NOTES TO THE FINANCIAL STATEMENTS

As at 31 January 2015

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### 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 FRS 102 as modified by the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

As described in the Statement of 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 share classes

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

#### (f) Taxation/deferred taxation

Corporation tax is provided for on taxable revenue, 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 (SDRT) incurred on the cancellation of shares is charged to the capital account. (Please note that SDRT ceased on 30 March 2014).

#### (g) Distribution policy

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

As at 31 January 2015

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

Assets and liabilities in overseas currencies at the period 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. As at the year end the Fund held three unlisted investments; London Asia, Puma Brandenburg and Silverdell. The basis of valuation of these three investments is as follows:

**London Asia** - The 2013 accounts indicate a NAV per share of 7.6p. The company has made some progress in liquidating some of its quoted investments, however the ACD remains of the view that a large discount to the NAV is required due to the illiquidity of many of the company's unlisted investments and the unpredictability of realisations. In addition, we continue to have concerns over corporate governance. Given the above, the ACD feels that a discounted price of 1.5 pence per share is prudent.

**Puma Brandenburg** – The ACD feels that it is appropriate to value the shares at €1.65, which is the price at which shares were redeemed at the time of the capital reorganisation on 5 February 2014.

**Silverdell** - Silverdell is in administration, with very little prospect of a distribution to shareholders therefore the ACD feels that it is appropriate to value the shares at zero.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**As at 31 January 2015

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**2. Net capital gains**

	<b>31.01.15</b>	<b>31.01.14</b>
	£	£
Non-derivative securities	233,272	2,807,551
Currency losses	(19,014)	(7,925)
Transaction charges	(2,330)	(2,575)
<b>Net capital gains</b>	<b>211,928</b>	<b>2,797,051</b>

**3. Revenue**

	<b>31.01.15</b>	<b>31.01.14</b>
	£	£
UK franked dividends	156,696	123,033
Overseas dividends	23,325	47,169
Bank interest	-	1
<b>Total revenue</b>	<b>180,021</b>	<b>170,203</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**As at 31 January 2015

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**4. Expenses**

	<b>31.01.15</b>	<b>31.01.14</b>
	<b>£</b>	<b>£</b>
<b>Payable to the ACD, associates of the ACD and agents of either:</b>		
Annual management charge	165,630	159,533
Registration fees	10,708	11,841
Administration fees	6,174	6,798
	<u>182,512</u>	<u>178,172</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either:</b>		
Depositary's fees	6,197	6,093
Safe custody fees	311	282
	<u>6,508</u>	<u>6,375</u>
<b>Other expenses:</b>		
Audit fee	6,792	6,449
Tax fee	2,340	2,340
FCA fee	395	(33)
Other expenses	-	2,850
	<u>9,527</u>	<u>11,606</u>
<b>Total expenses</b>	<u><b>198,547</b></u>	<u><b>196,153</b></u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**As at 31 January 2015

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

	<b>31.01.15</b>	<b>31.01.14</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in the year</b>		
Overseas tax	1,184	-
<b>Total current tax for the year (see note 5(b))</b>	<b>1,184</b>	<b>-</b>
Deferred tax (see note 5(c))	-	-
<b>Total taxation for the year</b>	<b>1,184</b>	<b>-</b>

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

	<b>31.01.15</b>	<b>31.01.14</b>
	<b>£</b>	<b>£</b>
Net expense before taxation	(18,583)	(25,963)
Corporation tax at 20%	(3,717)	(5,193)
<b>Effects of:</b>		
Revenue not subject to taxation	(36,004)	(34,040)
Excess expenses for which no relief taken	39,721	39,233
Overseas taxation	1,184	-
<b>Current tax charge for the year (see note 5(a))</b>	<b>1,184</b>	<b>-</b>

**(c) Provision for deferred tax**

At 31 January 2015 the Fund had surplus management expenses of £996,923 (31 January 2014: £798,320). The deferred tax in respect of this would be £199,385 (31 January 2014: £159,664). 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)).



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**As at 31 January 2015

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**6. Distributions****Distributions and interest**

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

	<b>31.01.15</b>	<b>31.01.14</b>
	£	£
Final - Accumulation (31 Jan)	28,707	6,749
	<u>28,707</u>	<u>6,749</u>
Add: Revenue deducted on cancellation of shares	1,642	1,282
Deduct: Revenue received on issue of shares	<u>(19,084)</u>	<u>(1,316)</u>
<b>Net distribution for the year</b>	<b><u>11,265</u></b>	<b><u>6,715</u></b>
Interest	57	13
<b>Total finance costs</b>	<b><u>11,322</u></b>	<b><u>6,728</u></b>
<b>Reconciliation to net distribution for the year</b>		
Net expense before taxation for the year	(19,767)	(25,963)
Income currency gains/(losses)	342	(213)
Losses transferred to capital	<u>30,690</u>	<u>32,891</u>
<b>Net distribution for the year</b>	<b><u>11,265</u></b>	<b><u>6,715</u></b>

Details of the distribution per share are set out on page 37.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**As at 31 January 2015

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**7. Debtors**

	<b>31.01.15</b>	<b>31.01.14</b>
	£	£
Amounts receivable for issue of shares	557,661	29,655
Sales awaiting settlement	-	548,208
Accrued revenue	3,847	1,400
Prepayments	67	68
<b>Total debtors</b>	<b>561,575</b>	<b>579,331</b>

**8. Cash and bank balances**

	<b>31.01.15</b>	<b>31.01.14</b>
	£	£
Cash and bank balances	851,155	260,695
<b>Total cash and bank balances</b>	<b>851,155</b>	<b>260,695</b>

**9. Other creditors**

	<b>31.01.15</b>	<b>31.01.14</b>
	£	£
Amounts payable for cancellation of shares	51,497	66,323
Purchases awaiting settlement	459,231	167,068
Accrued annual management charge	15,419	16,405
Accrued registration fees	835	853
Accrued administration fees	548	609
Accrued depositary fees	626	589
Accrued custody fees	109	108
Accrued audit fees	6,792	6,480
Accrued tax fees	2,340	2,340
Debit interest payable	15	-
<b>Total creditors</b>	<b>537,412</b>	<b>260,775</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**As at 31 January 2015

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**10. 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:

B Accumulation Shares	106,000
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Details of transactions occurring during the accounting period with the ACD and the Depositary, and any balances due at the year end, are fully disclosed in the notes to the Financial Statements.

**11. Share classes**

The Fund currently has two share classes. The following table shows a breakdown of the change in shares in issue of each share class in the period:

	<b>A Accumulation</b>
Opening shares at the start of the period	2,012,817.556
Total creation of shares in the period	59,433.607
Total cancellation of shares in the period	<u>(432,860.745)</u>
<b>Closing shares at the end of the period</b>	<b><u>1,639,390.418</u></b>
	<b>B Accumulation</b>
Opening shares at the start of the period	576,238.246
Total creation of shares in the period	955,136.615
Total cancellation of shares in the period	<u>(186,993.088)</u>
<b>Closing shares at the end of the period</b>	<b><u>1,344,381.773</u></b>

The annual management charge of each share class is as follows:

A Accumulation Shares	1.50% p.a.
B Accumulation Shares	0.75% p.a.*

\* On 7 April 2014 the Annual Management Charge for the B Shares was reduced from 0.85% to 0.75% 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 tables on pages 20 and 21. The distribution per share class is given in the distribution table on page 37. All share classes have the same rights on winding up.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**As at 31 January 2015

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**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.

---

	<b>Net foreign currency assets at 31 January 2015</b>			<b>Net foreign currency assets at 31 January 2014</b>		
	<b>Monetary exposures</b>	<b>Non- monetary exposures</b>	<b>Total</b>	<b>Monetary exposures</b>	<b>Non- monetary exposures</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Euro	90	38	128	98	251	349
US Dollar	5	-	5	5	-	5

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**As at 31 January 2015

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**12. Derivatives and other financial instruments (continued)****(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:

	<b>Floating rate financial assets £'000</b>	<b>Fixed rate financial assets £'000</b>	<b>Financial assets not interest bearing £'000</b>	<b>Floating rate financial liabilities £'000</b>	<b>Financial liabilities not interest bearing £'000</b>	<b>Total £'000</b>
<b>31.01.15</b>						
Euro	90	-	38	-	-	128
Sterling	756	-	15,006	-	(537)	15,225
US Dollar	5	-	-	-	-	5
<b>31.01.14</b>						
Euro	98	-	251	-	-	349
Sterling	158	-	12,481	-	(261)	12,378
US Dollar	5	-	-	-	-	5

Short term debtors and creditors are included as financial assets and 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**As at 31 January 2015

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**12. Derivatives and other financial instruments (continued)****(d) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. The Fund only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty and these are reviewed on an ongoing basis.

**(e) 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 to 0.3% 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 held within an underlying holding 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.

**(f) Fair value of financial assets and liabilities**

Valuation technique	INVESTMENT ASSETS	
	31 January 2015	31 January 2014
	£	£
Quoted prices for identical instruments in active markets	14,429,556	12,092,522
Prices of recent transactions for identical instruments	-	-
Valuation techniques using observable market data	-	-
Valuation techniques using non-observable data*	52,647	60,230
	<u>14,482,203</u>	<u>12,152,752</u>

\* The valuation techniques used can be found in Note 1 (i) on page 25.

As at the year-end there were no investment liabilities (31 January 2014: £nil). There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

**(g) Commitments on derivatives**

No derivatives were held at the balance sheet date (31 January 2014: £nil).

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

 As at 31 January 2015
 

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**13. Transaction costs**
**(a) Direct transaction costs**

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties incurred when purchasing and selling the underlying securities. A breakdown of the purchases and sales, and the related direct transaction costs incurred by the Fund in the period are shown in the table below:

	<b>31.01.15</b>		<b>31.01.14</b>	
	<b>£</b>		<b>£</b>	
<b>Analysis of total purchase costs</b>				
<b>PURCHASES</b>				
Equities	<u>10,481,989</u>		<u>8,092,789</u>	
Net purchases before direct transaction costs	10,481,989		8,092,789	
		<b>% of total</b>		<b>% of total</b>
<b>DIRECT TRANSACTION COSTS</b>		<b>purchases</b>		<b>purchases</b>
Equities	<u>44,932</u>	0.43%	<u>39,865</u>	0.49%
Total direct transaction costs	44,932	0.43%	39,865	0.49%
<b>Gross purchases total</b>	<b><u>10,526,921</u></b>		<b><u>8,132,654</u></b>	
<b>Analysis of total sale costs</b>				
<b>SALES</b>				
Equities	<u>8,417,075</u>		<u>11,265,707</u>	
Gross sales before direct transaction costs	8,417,075		11,265,707	
		<b>% of total</b>		<b>% of total</b>
<b>DIRECT TRANSACTION COSTS</b>		<b>sales</b>		<b>sales</b>
Equities	<u>(24,946)</u>	0.30%	<u>(30,171)</u>	0.27%
Total direct transaction costs	(24,946)	0.30%	(30,171)	0.27%
<b>Net sales total</b>	<b><u>8,392,129</u></b>		<b><u>11,235,536</u></b>	
	<b>31.01.15</b>	<b>% of</b>	<b>31.01.14</b>	<b>% of</b>
	<b>£ average NAV</b>		<b>£ average NAV</b>	
<b>Analysis of total direct transaction costs</b>				
Equities	<u>69,878</u>	0.54%	<u>70,036</u>	0.58%
Total direct transaction costs	<b><u>69,878</u></b>	<b>0.54%</b>	<b><u>70,036</u></b>	<b>0.58%</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

As at 31 January 2015

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**13. Transaction costs (continued)****(b) Average portfolio dealing spread**

The average portfolio dealing spread of the investments at the balance sheet date was 2.02%. This is calculated as the difference between the offer and bid value of the portfolio as a percentage of the offer value

**14. Capital commitments and contingent liabilities**

The Fund had no capital commitments or contingent liabilities at the balance sheet date (31 January 2014: £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 490.25p to 516.20p as at 30 April 2015. 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.



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**DISTRIBUTION TABLE**As at 31 January 2015

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**Interim Distribution (31 July 2014)**

Group 1 - Shares purchased on or prior to 31 January 2014

Group 2 - Shares purchased after 31 January 2014

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Shares	Gross revenue (pence)	Tax credit at 10% (pence)	Net revenue (pence)	Equal -isation <sup>1</sup> (pence)	Paid/Acc -umulated 30.09.14 (pence)	Paid/Acc -umulated 30.09.13 (pence)
<b>A Accumulation</b>						
Group 1	-	-	-	-	-	-
Group 2	-	-	-	-	-	-
<b>B Accumulation</b>						
Group 1	-	-	-	-	-	-
Group 2	-	-	-	-	-	-

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**Final Distribution (31 January 2015)**

Group 1 - Shares purchased on or prior to 31 July 2014

Group 2 - Shares purchased after 31 July 2014

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Shares	Gross revenue (pence)	Tax credit at 10% (pence)	Net revenue (pence)	Equal -isation <sup>1</sup> (pence)	Paid/Acc -umulated 31.03.15 (pence)	Paid/Acc -umulated 31.03.14 (pence)
<b>A Accumulation</b>						
Group 1	-	-	-	-	-	-
Group 2	-	-	-	-	-	-
<b>B Accumulation</b>						
Group 1	2.3726	0.2373	2.1353	-	<b>2.1353</b>	<b>1.1712</b>
Group 2	-	-	-	2.1353	<b>2.1353</b>	<b>1.1712</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

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Nottingham NG1 6FJ

### ACD

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Fax: 0115 988 8222  
Website: [www.tbailey.co.uk](http://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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Dealing Line: 0115 988 8275

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### Auditors

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

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