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Amati
Global Investors



T.BAILEY

TB Amati Investment Funds

Interim Short Report

For the six month period ended 31 July 2015

TB Amati UK Smaller Companies Fund

INVESTMENT OBJECTIVE & 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.

THE INVESTMENT MANAGEMENT TEAM

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

**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.*

BIOGRAPHIES

Dr Paul Jourdan - CEO

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.



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.



CHANGE OF NAME OF AUTHORISED CORPORATE DIRECTOR

The Authorised Corporate Director (the 'ACD') of the Amati UK Smaller Companies Fund is T. Bailey Fund Services Limited ('TBFS'). TBFS was previously called T. Bailey Fund Managers Limited and the name was changed on 30 June 2015.

FUND FACTS

Launch date¹: 18 December 1998

Ex-dividend dates: 1 February, 1 August

Dividend payment dates: 31 March, 30 September

Synthetic Risk and Reward Indicator Ranking²: 5

Ongoing Charges figure³:

A Accumulation Shares – 1.72% p.a.

B Accumulation Shares – 0.97% p.a.

¹ 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.

² As calculated in accordance with ESMA guidelines. It is based on historical data and uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money.

³ To 31 July 2015. As calculated in accordance with ESMA guidelines. The Ongoing Charge Figure ('OCF') includes annual management charges ('AMCs') and other operating expenses (Depositary's fee, audit fee etc).

INVESTMENT REVIEW

Performance	Cumulative returns for the periods ended 31 July 2015 (%)					
	6 months	1 year	3 years	5 years	10 years	From PJ take on*
A Accumulation Shares	11.81	12.99	61.23	117.58	155.81	275.17
B Accumulation Shares	12.23	13.85	64.63	125.13	173.82	321.57
Numis Smaller Companies Index (Inc AIM, ex Inv Trust)	11.51	7.84	56.14	81.03	109.79	145.18

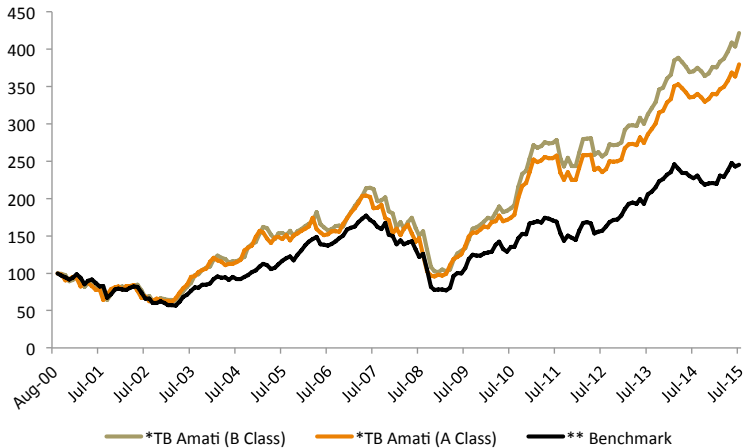
Source: Financial Express. Total return, bid to bid. Sterling terms.

* 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. This is relevant to the 5th and 6th 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 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.

* 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 July 2015.

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Market Review

The UK stock market started the period strongly, aided by the European Central Bank’s decision in January to follow its US and UK counterparts with a large bond buying, stimulus programme. The immediate consequences of this action were felt in currencies, as the GB Pound appreciated markedly against the Euro, and the US Dollar resumed its dominance. This created headwinds for exports to the EU, and with the economic slowdown in China also affecting demand for commodities, the UK’s largest international companies suffered, causing the FTSE100 index to underperform significantly. In contrast, more domestically exposed companies in the rest of the UK stock market benefited from robust economic and employment growth, which boosted demand in a low inflationary environment. Outperformance by mid and smaller companies was further helped by the UK election result in May. Towards the end of the period, however, concerns about Greece’s potential exit from the Eurozone, plus a bursting of the Chinese equity bubble, caused a sharp market reversal with large international companies, once again, the worst affected.

Over the period, sector performance reflected a similar domestic bias. The largest gains came from areas benefiting from strong consumer demand such as housebuilding, retail and media. Most sectors saw positive returns, with only utilities and mining registering losses.

Performance

The Fund (B Accumulation shares) outperformed the market's strength over the period, gaining 12.2% against a benchmark advance of 11.5%.

As is normally the case within the Fund's investment universe, portfolio contributions came from a diverse range of companies. **Fevertree Drinks**, a fast growing supplier of premium tonic water and other mixers, was the leading performer. Since its formation in 2004, the company has achieved significant revenue growth whilst at the same time maintaining gross margins. This reflects the quality of its products, which have consistently taken market share from much larger competitors. As a consequence, the company now supplies more than 50 countries worldwide, and with only a modest global market share, it still has major growth potential. **Xaar**, the developer of patented inkjet printing technology, benefited in the period from an improving international ceramic tile market and strong cash generation. Elsewhere, a common characteristic of many of the portfolio's best contributors was their exposure to the domestic economy. For example, **BCA Marketplace** is the operator of British Car Auctions and the owner of the WeBuyAnyCar.com website. The explosive growth in lease contract deals for new cars is translating into increased auction throughput of used vehicles by dealers and manufacturers. **CVS Group**, a long term contributor to fund performance, is a UK wide chain of veterinary practices, and has consistently generated an attractive blend of organic and acquisitive growth from a fragmented market place. UK wealth manager, **Brooks Macdonald**, continues to grow funds under management, through additional clients and investment performance; whilst replacement door and window manufacturer, **Safestyle**, is benefiting from a pick-up in repairs and maintenance activity by UK homeowners.

Underperformers during the period also reflected company specific issues. Energy efficient boiler developer, **Sabien Technology**, suffered order delays and has now changed its marketing strategy so that potential customers will now be charged for pilot projects. With an already high conversion of projects into orders, the company believes this change will significantly shorten its sales cycle. Digital marketing company, **Matomy Media**, warned that the imposition of much stricter internal regulations by major media platforms had reduced demand and that this would impact on its growth. **Seeing Machines**, the developer of eye-tracking sensing technologies to monitor fatigue and concentration levels in operators of vehicles and machinery, highlighted challenging conditions within the global mining sector. Animal health specialist, **Benchmark**, suffered generic competition in Chile for its core, off patent, sea lice product. The company's local distributor, Bayer, failed to react resulting in lost sales volume. Affordable housebuilding specialist, **Mar City**, suffered from a revaluation of residential stock previously held for investment, plus a contract provision for a delayed project. The positions in Matomy Media, Benchmark and Mar City were all sold.

Activity

Having benefited from a buoyant UK economy, the Fund took profits in some of its consumer spending exposure and diversified into other domestic areas including regional commercial property and housing. Positions in roadside and insurance services brand **AA**, cinema operator **Cineworld**, car distributor **Vertu** and household energy efficiency products retailer **Entu**, were all sold. New holdings were taken in commercial and residential property developers **CLS**, **St Modwen** and **Palace Capital**; rental housing owner and manager, **Grainger**; affordable housebuilder **Gleeson**; and self-storage services provider **Safestore**. Other notable individual positions taken during the period involved selective mining exposure, with new holdings in **Centamin**, the operator of a large scale, low cost gold mine in Egypt; and **Gemfields**, the world leading supplier of coloured gemstones. **BCA Marketplace** (described above) was also added, as was **Consort Medical**, a global drug ingredient and delivery device manufacturer for pharmaceutical partners, which has been acquiring and developing an innovative product pipeline.

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

Sector	Asset allocation as at 31 July 2015 (%)	Asset allocation as at 31 January 2015 (%)
Banks	2.8	1.1
Beverages	3.3	3.1
Electronic & Electrical Equipment	4.9	5.1
Financial Services	5.1	4.3
General Retailers	9.5	16.2
Health Care Equipment & Services	1.9	2.6
Household Goods & Home Construction	3.8	3.7
Industrial Transportation	-	1.0
Leisure Goods	2.1	2.2
Media	3.8	4.3
Mining	4.1	1.8
Nonlife Insurance	1.6	1.8
Oil & Gas Producers	1.1	0.9
Personal Goods	1.6	1.4
Pharmaceuticals & Biotechnology	5.0	6.1
Real Estate Investment & Services	5.6	1.6
Real Estate Investment Trusts	5.3	-
Software & Computer Services	17.0	19.9
Support Services	8.4	7.9
Technology Hardware & Equipment	4.6	4.4
Telecommunications	0.8	0.9
Travel & Leisure	1.7	4.0
Cash and Other	6.0	5.7
Total	100.0	100.0

Outlook

Since the period end, events in China have dominated the headlines, with stock market instability and poor economic data undermining investor confidence. The consequences of slowing Chinese growth are widespread, involving significant commodity deflation plus currency weakness for those countries exporting them. Other emerging economies supplying China with manufactured products have similarly suffered currency weakness in the face of falling demand. Since US dollar strength is a contra for these global currency trends, boosted by the prospect of higher US interest rates, this raises the threat of heavier national debt burdens for countries which have US denominated borrowings. These interconnecting global risks continue to suppress investor appetite for international companies, which continue to underperform domestically exposed ones. The Fund's investment universe is dominated by the UK economy, offering the prospect of further stock picking opportunities in the near term.

Paul Jourdan
CEO

Amati Global Investors Limited

Douglas Lawson
Director

Amati Global Investors Limited

David Stevenson
Fund Manager

Amati Global Investors Limited

15 September 2015

TOP TEN HOLDINGS

Top Ten Holdings as at 31 July 2015	(%)	Top Ten Holdings as at 31 January 2015	(%)
Fevertree Drinks	3.3	Earthport	2.8
Quixant	3.2	EMIS Group	2.8
Optimal Payments	3.0	Sprue Aegis	2.7
Onesavings Bank	2.8	Spire Healthcare Group	2.6
Grainger	2.8	Dignity	2.5
CLS Holdings	2.7	CVS Group	2.5
FDM Group	2.6	Goals Soccer	2.5
Sprue Aegis	2.3	Quixant	2.4
BCA Marketplace	2.2	Photo-Me International	2.2
Accesso Technology Group	2.2	NCC Group	2.2

PERFORMANCE

A Accumulation Shares	1 Feb 2015 to 31 Jul 2015 (pence per share)	1 Feb 2014 to 31 Jan 2015 (pence per share)	1 Feb 2013 to 31 Jan 2014 (pence per share)	1 Feb 2012 to 31 Jan 2013 (pence per share)
Change in net assets per share				
Opening net asset value per share	485.43	478.40	381.40	343.63
Return before operating charges*	64.30	15.69	104.72	44.54
Operating charges	(4.43)	(8.66)	(7.72)	(6.77)
Return after operating charges*	59.87	7.03	97.00	37.77
Closing net asset value per share	545.30	485.43	478.40	381.40
Retained distributions on accumulation shares	0.17	0.00	0.00	0.00
*after direct transaction costs of:	1.39	2.58	2.47	3.28
Performance				
Return after charges	12.33%	1.47%	25.43%	10.99%
Other information				
Closing net asset value	£7,752,770	£7,958,055	£9,629,297	£8,998,429
Closing number of shares	1,421,735	1,639,390	2,012,818	2,359,334
Operating charges (p.a.)	1.72%	1.77%	1.83%	1.89%
Direct transaction costs (p.a.)	0.54%	0.53%	0.58%	0.92%
Prices				
Highest published share price	548.13	517.46	498.65	388.95
Lowest published share price	488.40	450.78	381.80	336.38

Note: 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.

B Accumulation Shares	1 Feb 2015 to 31 Jul 2015 (pence per share)	1 Feb 2014 to 31 Jan 2015 (pence per share)	1 Feb 2013 to 31 Jan 2014 (pence per share)	1 Feb 2012 to 31 Jan 2013 (pence per share)
Change in net assets per share				
Opening net asset value per share	550.40	538.44	426.50	381.71
Return before operating charges*	73.07	17.71	117.53	49.77
Operating charges	(2.85)	(5.75)	(5.59)	(4.98)
Return after operating charges*	70.22	11.96	111.94	44.79
Closing net asset value per share	620.62	550.40	538.44	426.50
Retained distributions on accumulation shares	2.50	2.14	1.17	0.65
*after direct transaction costs of:	1.58	2.91	2.77	3.69
Performance				
Return after charges	12.76%	2.22%	26.25%	11.73%
Other information				
Closing net asset value	£10,381,943	£7,399,466	£3,102,706	£4,057,218
Closing number of shares	1,672,846	1,344,382	576,238	951,283
Operating charges (p.a.)	0.97%	1.02%	1.18%	1.24%
Direct transaction costs (p.a.)	0.54%	0.53%	0.58%	0.92%
Prices				
Highest published share price	623.79	583.04	561.04	434.91
Lowest published share price	553.77	509.96	427.45	374.88

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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 amount originally 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 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

The Company

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Nottingham NG1 6FJ

ACD

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Authorised and regulated by the Financial Conduct Authority.

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Authorised and regulated by the Financial Conduct Authority.

Depository

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

Auditors

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Birmingham B1 2HZ

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

Further information regarding the activities and performance of the Fund for this period and previous periods is available on request from the ACD as are copies of the Annual and Interim Report and Financial Statements.



TBFS

Issued by T. Bailey Fund Services Limited ('TBFS'). TBFS is a Regulated Collective Investment Scheme Manager and is authorised and regulated by the Financial Conduct Authority. Registered in England No: 3720363.
