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Global Investors



T.BAILEY

TB Amati Investment Funds

Annual Report and Audited Financial Statements
31 January 2017

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 11 to 16 and ‘Directory’ on page 39.

THE AUTHORISED CORPORATE DIRECTOR

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

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

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.tbaileyfs.co.uk/funds/tb-amati-investment-funds.

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

Prices are published each normal business day on www.tbaileyfs.co.uk/funds/tb-amati-investment-funds and also on www.fundlistings.co.uk.

RISK PROFILE

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

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

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

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

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

SYNTHETIC RISK AND REWARD INDICATOR

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

At the period end date the Fund was in risk category 5. Since the period end the risk category has changed and the Fund is now in risk category 4.

ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Depositary, custody, FCA, audit fees and transaction charges. The OCFs, as calculated in accordance with ESMA guidelines, are disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on pages 22 and 23.

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. Shareholders are not liable to make any further payment to the Company after they have 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 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.

INVESTMENT OBJECTIVE AND POLICY

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

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.

OTHER INFORMATION

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

The Key Investor Information document and Supplementary Information document are also available from www.tbaileys.co.uk/funds/tb-amati-investment-funds.

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; a Lipper Fund Award 2012 for the best UK Small & Mid Cap Fund over 3 years; and a Money Observer Award 2016 for the best UK Small & Mid Cap Fund over 3 years. Dr Paul Jourdan is also a 2013 FE Alpha Manager. The fund has 4 Crowns from FE Trustnet, and the managers are AAA Citywire rated.

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

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, which was taken over by First State in 2000, at which time Paul became manager of what is now the TB Amati UK Smaller Companies Fund. In early 2005 he launched what is now Amati VCT plc and he also manages Amati VCT 2 following the award of the investment management contract 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 and a Director of Sistema Scotland.



BIOGRAPHIES (CONTINUED)

Douglas Lawson - Director

Douglas Lawson co-founded Amati Global Investors with Paul Jourdan. Prior to this he worked in corporate finance and private equity, initially 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 and Amati VCT since 2009, Amati VCT 2 since 2010 and the Amati AIM IHT Portfolio service since 2014. Douglas started his career at Ernst & Young in London, where he qualified as a Chartered Accountant in 2002. He is a Director of Amati Global Investors Ltd.



David Stevenson - Fund Manager

David joined Amati in 2012. In 2005, he was a co-founding partner of investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies. Prior to that he was Assistant Director at SVM, where he also managed equity products including the UK Opportunities small/midcap fund which was ranked top decile for the 5 year period from inception to 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. David has co-managed the TB Amati UK Smaller Companies fund and the Amati VCTs since 2012, and the Amati AIM IHT Portfolio Service since 2014.



REMUNERATION POLICY OF THE AUTHORISED CORPORATE DIRECTOR

Remuneration policy of the ACD

TBFS and the holding company of TBFS, T. Bailey Holdings Limited ('TBH'), have the following policies and practices for those staff whose professional activities have a material impact on the risk profile of the activities of the ACD. Based on FCA guidance the ACD is considered as Proportionality Level 3 under the Remuneration Code as total assets under administration are less than £15bn. TBFS is a UCITS firm and is therefore subject to the UCITS V Directive Remuneration Code.

The Remuneration Policy of the ACD:

- (i) Is consistent with and promotes sound and effective risk management;
- (ii) Does not encourage risk taking that exceeds the level of tolerated risk of the relevant UCITS managed by TBFS;
- (iii) Encourages behaviour that delivers results which are aligned to the interests of the UCITS managed by TBFS;
- (iv) Aligns the interests of Code Staff with the long-term interests of TBFS, the funds it manages and its investors;
- (v) Recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay;
- (vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works;

There is no remuneration committee. The Board of TBH oversees the setting and review of remuneration levels performed by the operating Board of TBFS. From an overall group perspective and operating company level, remuneration is set within the context of a 5-year plan which ensures any threats to capital adequacy, liquidity and solvency caused by excessive remuneration would be identified. The bonus arrangements including the staff bonus pool are set annually as part of the annual operating plan and any changes to the pool require approval by the CEO of TBFS and also the Board of TBH.

The main shareholders are represented on the Board of TBH which ratifies the annual operating plans. The annual operating plan includes the level of remuneration for all staff including Code Staff.

To assist with the above process, a benchmarking exercise was conducted in 2015 which incorporated information from external consultants in connection with remuneration.

The staff bonus scheme is operated so as to allow for meaningful rewards to be paid to staff whose performance during the year merits recognition but within the context of an annual operating plan. The TBH Board bears in mind the projected performance of the companies when making any adjustments to the scheme. Payment of scheme bonus to individuals is linked to their performance against agreed objectives from staff appraisals.

The ACD has elected to adopt the UCITS V Directive's Remuneration Code ahead of the compulsory adoption date of 1 January 2017.

REMUNERATION POLICY OF THE AUTHORISED CORPORATE DIRECTOR (CONTINUED)

Total remuneration paid by the ACD for the year ended 30 September 2016

Total Number of Staff	33
	£
Fixed	1,061,197
Variable	5,000
Total Remuneration Paid	<u>1,066,197</u>

Total remuneration paid by the ACD to Remuneration Code Staff for the year ended 30 September 2016

	Senior Management	Staff with Material Impact
Total Number of Staff	7	2
	£	£
Fixed	563,542	100,345
Variable	4,000	-
Total Remuneration Paid	<u>567,542</u>	<u>100,345</u>

Please note that there were no remuneration payments made directly from TB Amati Investment Funds or any of its sub-funds.

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Authorised Corporate Director (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"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 and each of its sub-funds 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 and each of its sub-funds 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 it to ensure that the financial statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for management of the Company in accordance with the COLL and the Prospectus and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTOR'S STATEMENT

In accordance with COLL 4.5.8BR, the Report and the financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 11 May 2017.

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Company and sub funds consist predominantly of readily realisable securities and accordingly the Company has adequate resources to continue in operational existence in the foreseeable future.

Helen Stevens
Chief Executive Officer
T. Bailey Fund Services Limited
11 May 2017

Richard Taylor
Compliance Director
T. Bailey Fund Services Limited
11 May 2017

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored (this Requirement on the Depositary applied from 18 March 2016) and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ("the ACD") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

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

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 ACD:

- (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 income in accordance with the Regulations, the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc
Trustee & Depositary Services
London
11 May 2017

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

We have audited the financial statements of the TB Amati Investment Funds (“the company”) for the year ended 31 January 2017 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the distribution tables and the related notes 1 to 15. 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), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, 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 Authorised Corporate Director (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 2017 and of the net revenue and the net capital gains on the property of the company for the year ended 31 January 2017; 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 (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 2017 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
11 May 2017

INVESTMENT REVIEW

Performance

	Cumulative returns for the periods ended 31 January 2017 (%)				
	1 year	3 years	5 years	10 years	From PJ take on*
A Accumulation Shares	22.06	46.91	103.12	181.67	383.68
B Accumulation Shares	22.99	50.24	110.47	202.00	449.69
Numis Smaller Companies Index (inc AIM, ex Inv Trusts)	20.94	16.49	74.74	70.18	173.87

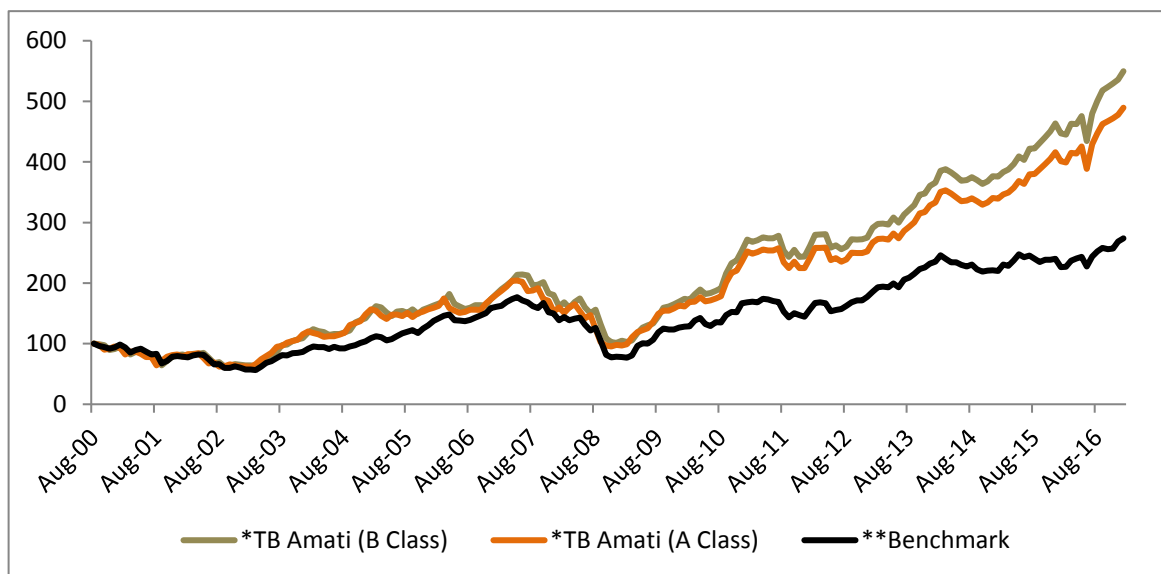
Source: Financial Express. Total return, bid to bid. Sterling terms.

* 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 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 2017.

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.

INVESTMENT REVIEW (CONTINUED)

Market Review

The year under review was dominated by two major political events - the UK's vote to leave the European Union and the election of Donald Trump to the office of US President. In both cases stock markets fell sharply and then recovered quickly. A good deal of political point scoring has been carried out on the back of the strong rally. In our view, the momentum in the UK stock market should be seen as the result of a long term policy of low interest rates and quantitative easing ("QE") which has had the effect of normalising the bank lending environment, and forcing money into risk assets, both of which are strongly stimulative for the economy. In 2016, evidence emerged that this policy had done its job, but investors delayed entering the stock market due to the uncertainty created by these political events. Once they were completed, even though the results were unexpected and may cause many problems in the future, the cash awaiting investment waited no longer.

In the case of the EU referendum, the leave result triggered a dramatic fall in the value of sterling, which has remained weak. This in turn led to the strong performance of UK larger companies, which have a bias towards overseas earnings, with the FTSE 100 index enjoying a total return of 21.4% for the period, whilst the FTSE 250 lagged with a gain of 13.2% due to its heavier dependence on UK based earnings. Something different was happening in AIM, however, which beat every Full List index and produced a gain of 29.3% (FTSE AIM All Share index). AIM is increasingly dominated by a small group of very large companies, which in the main posted strong gains and set the tempo for the overall performance of the index. Added to this was a recovery in commodity prices (particularly in sterling terms), which reversed previous declines in the Oil & Gas and Basic Materials sectors, contributing materially to the AIM outperformance.

Performance

The share price (B Accumulation) of the Fund rose by 23.0% during the period, as compared to the rise in the benchmark index of 20.9%. The biggest contributors to portfolio performance were companies with international earnings, which benefited from sterling weakness as the exchange rate adjusted against other major currencies to reflect the perceived economic risks of Brexit. Other portfolio companies benefited from the resurgence in the commodities sector and from the attractiveness of gold as a hedge against market volatility and geopolitical risk. The most significant contributor to portfolio performance was **Gear4Music**, a UK-based online musical instrument retailer. The company is enjoying rapid sales growth and is ramping up infrastructure spending in order to exploit what it sees as a significant opportunity in a highly fragmented market. Gear4Music is increasingly focusing on the continental European market, which is six times larger than that of the UK and which now accounts for more than a third of sales. Enhancements to the company's e-commerce platform have led to higher conversion rates from website visits and the rise in sales of own-brand products is improving margins. A quadrupling of the share price since flotation in June 2015 has left the shares on a high price/earnings multiple, however in the last quarter alone sales have risen by 55% and the growth trajectory and market opportunity are such that it can justify its premium rating. Kenyan-based titanium producer **Base Resources** also made a strong contribution to performance, benefitting from the global recovery in the commodities sector which bottomed in the early part of 2016. The low-cost producer swung into profit during the first half of the year, after a reduction in net debt and significant operational improvements which led to record production levels of ilmenite and rutile. Ilmenite prices more than doubled in the 6 months to December 2016 and provided a significant boost to earnings. Manchester-based "fast fashion" online retailer **boohoo.com** also made strong gains, its cutting-edge but affordable brand beginning to enjoy international recognition and expanding out of its 18-24 female demographic with the launch of children's and men's lines. Boohoo's unique production model means that it can add up to 100 new designs each day and a collection every week to its website, and despite sacrificing margins to drive customer growth and heavy investment in IT and e-commerce platforms is on track for record profits for the full year. The recent acquisition of US retailer Nasty Gal will give the company a presence in more than 180 countries and add more than 3.5m followers on social media, where platforms such as Instagram and Snapchat are increasingly becoming the most important marketing channels for a digital generation. Gold miner **Centamin Egypt** tripled in value during the first half as investors sought safe havens and as a range bound dollar and persistently low interest rates for much of the period reduced the opportunity cost of holding a non-yielding asset.

INVESTMENT REVIEW (CONTINUED)

Other strong contributors included two more companies with significant international earnings: **Keywords Studios**, a provider of technical services to the global video games industry, which has made several acquisitions to enhance its product suite and to position itself for the advent of Virtual Reality and Augmented Reality, in what will be a seismic shift in the industry; and **Fevertree Drinks**, which in a remarkable British success story is now established as the leading global player in the premium tonic water market, and is working with artisan producers to create new mixed drinks in the dark spirits category, in an attempt to become the leader in the wider premium mixers market, worth an estimated \$8bn.

The main detractors from portfolio performance were the result of stock-specific issues, although several companies exposed to the domestic economy were inevitably affected by Brexit-related fears. **Redcentric** is a leading UK IT cloud services provider, which fell by more than two thirds when the company revealed that it had misstated its accounts and would have to write down historic profits. This contradicted the company's pre-close announcement in advance of its interim results, and publication was delayed while a forensic audit took place. When the full extent of the accounting errors became known the shares suffered further falls, and despite the apparent progress of a remedial action plan and a swing to profit in the delayed interims it is clear that market confidence in the company will take some time to recover. **Sprue Aegis** is a leading manufacturer and distributor of smoke alarms, carbon monoxide detectors and other home safety products to European markets. The shares fell sharply in April after the company was forced to make a provision for smoke alarm warranties sold throughout the UK and Europe after a fault was found in batteries sourced from a third party supplier. The switch to a new battery supplier and problems with product certification also delayed the launch of a product range for the German market, which was hoped would offset slowing sales in the maturing French market. Sales in Germany have now begun to recover and future growth in that country should be underpinned by the phased introduction of smoke alarm legislation. Sprue has also recently launched the Wi-Fi Safe Connect product range, a cloud-based alarm notification and network management system which will allow Sprue's customers to connect a network of wireless safety devices and monitor them in real time over the internet. Housebuilder and strategic land developer **Gleeson** fell sharply on fears of a post-Brexit slump in the housing market but has since recovered strongly, significantly outperforming its peers on a relative basis. Gleeson is more insulated against economic turbulence than many housebuilders because of its unique affordable housing model and market positioning, which not only makes it difficult for competitors to replicate but which can easily be rolled out to other regions outside the north of England. This should underpin Gleeson's future growth and continue to justify a higher valuation than its sector peers. Other negative contributors included motor retailer **Lookers**, on fears that consumers would retrench in a post-Brexit landscape, although as it turned out new car registrations have held up; greeting card retailer **Card Factory**, on slower sales growth and margin pressure relating to inputs sourced in US dollars, although a recent return to positive like-for-like sales and a store closure programme by competitor Clinton Cards has provided a boost to the shares; and respiratory pharmaceutical device developer **Vectura**, which suffered a de-rating following the merger with SkyePharma, amid disappointing news flow and caution ahead of the FDA decision on the generic version of GlaxoSmithKline's Advair, the success of which remains crucial to the company's performance in 2017. Gleeson, Card Factory, Vectura and Sprue Aegis have been retained in the portfolio, but the positions in Redcentric and Lookers were sold.

Activity

Although consumer spending held up surprisingly well for much of the period, it was inevitable that inflation would eventually come through and that companies would not be able to avoid passing on increased input costs. We therefore reduced our exposure to companies more directly exposed to discretionary consumer spending and the economic cycle, in favour of companies with pricing power and structural growth dynamics which would render them more resilient in an uncertain economic environment. Many of these companies also have significant international earnings and would benefit from any sustained weakness in sterling. After the referendum we increased cash levels and added gold producers, while reducing portfolio exposure to vulnerable areas such as commercial property and retail, and for much of the remainder of the period were cautious about our exposure to the more economically sensitive mid cap area of the market.

INVESTMENT REVIEW (CONTINUED)

We reduced consumer exposure by selling positions in **Restaurant Group**, owner of Frankie & Benny's, Chiquito and other branded restaurants in the casual dining sector; **Ted Baker**, the designer label and global lifestyle brand; **Howden Joinery**, a supplier of kitchens and joinery products to small builders; and **Headlam**, a UK and European floor coverings retailer. Exits in commercial property and related areas included property developer **Palace Capital**; business accommodation provider **Workspace**; rental property manager and landlord **Grainger**; and self-storage operator **Safestore**. Other positions sold included **Vislink**, a provider of wireless delivery systems to global broadcasting and surveillance markets; specialist lender **Secure Trust Bank**, healthcare software provider **EMIS**; and drug developer **Vernalis**. We took some profits in **Fevertree Drinks** (see above), although this remains a core portfolio holding, and made exits from online payments provider **Paysafe**, asset manager **Brooks Macdonald** and (after the period end) **boohoo.com** (see above) to lock in significant gains.

Despite the uncertainty created by the EU referendum for capital markets we were able to participate in five IPOs to establish new positions during the period: **Watkin Jones**, a Welsh construction group specialising in student accommodation; **Morses Club**, the second largest operator in the home collected credit (HCC) market after Provident Financial; **Midwich**, an international distributor of audio-visual equipment; luxury chocolate maker **Hotel Chocolat** (although this was sold on valuation grounds towards the end of the period); and **Van Elle**, the UK's largest geotechnical engineering contractor. We anticipated the cyclical upturn in natural resources and increased our exposure by adding to our existing holdings as well as taking new positions in **Faroe Petroleum**, an oil and gas operator in the North Sea; chrome and platinum miner **Tharisa**; copper and gold miner **Georgian Mining**; and **Capital Drilling**, a provider of specialist drilling services to mining companies. We also increased our exposure to gold ahead of the referendum and maintained our weighting thereafter even as investors turned cautious on the asset after signals from the Fed that this unprecedented era of low interest rates was finally being brought to a close. New positions were taken in **Pan African Resources**, **Acacia Mining**, **Shanta Gold**, and **Highland Gold**, although the latter was sold, as was Centamin Egypt (see above), after we became more sensitive to making natural resource investments in countries where the legitimacy of the extraction could be questionable, and where the resources become the means of funding oppressive regimes. Other new positions included **LondonMetric**, the specialist investor in distribution and logistics real estate; **Mortgage Advice Bureau**, the high street mortgage broker; **Gear4Music**, **boohoo.com** and **Redcentric** (see above); "challenger" bank **Aldermore**; insurers **Beazley** and **Chesnara**; brick manufacturer **Forterra**; financial administration outsourcer **Sanne Group**; and online meal delivery service **Just Eat**.

INVESTMENT REVIEW (CONTINUED)

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

Sector	Asset allocation as at 31 January 2017 (%)	Asset allocation as at 31 January 2016 (%)
Banks	1.6	2.2
Beverages	2.8	4.1
Construction & Materials	3.6	-
Electronic & Electrical Equipment	2.0	2.2
Financial Services	6.2	4.8
Fixed Line Telecommunications	1.3	1.1
General Retailers	9.1	6.5
Health Care Equipment & Services	2.0	3.6
Household Goods & Home Construction	3.8	6.5
Leisure Goods	5.3	2.6
Life Insurance	0.5	-
Media	0.1	1.8
Mining	9.0	3.1
Mobile Telecommunications	0.9	-
Nonlife Insurance	2.0	2.0
Oil & Gas Producers	4.2	0.5
Personal Goods	-	1.4
Pharmaceuticals & Biotechnology	7.2	5.3
Real Estate Investment & Services	1.7	5.8
Real Estate Investment Trusts	1.8	2.6
Software & Computer Services	9.4	15.4
Support Services	14.5	15.9
Technology Hardware & Equipment	3.5	3.3
Travel & Leisure	-	2.0
Cash and Other	7.5	7.3
Total	100.0	100.0

The full list of holdings at the period end is shown in the Portfolio Statement on pages 17 to 21.

INVESTMENT REVIEW (CONTINUED)

Outlook

The year ahead is likely to be characterised by more volatility, as detailed Brexit negotiations are pursued on this side of the Atlantic, whilst an unpredictable administration goes about its Stateside business. Investor sentiment will inevitably ebb and flow with this volatility, requiring strong conviction within portfolio holdings.

Alongside volatility, another headwind for 2017 is inflation, which is already creeping into most areas of the economy but its full force is yet to be felt by consumers and businesses. If this does happen, companies with real pricing power and durability will become much more apparent. The chief underlying threat is of interest rates rising in an uncontrolled fashion, particularly at the long end of the curve. After such a long period of ultra-low rates, no portfolio can be immune from this. However, whilst we are cognisant of the macro risks, we believe that smaller, dynamic growth companies remain some of the most compelling investment propositions for the longer term.

Paul Jourdan
CEO
Amati Global Investors Ltd
11 May 2017

Douglas Lawson
Director
Amati Global Investors Ltd
11 May 2017

David Stevenson
Fund Manager
Amati Global Investors Ltd
11 May 2017

PORTFOLIO STATEMENTAs at 31 January 2017

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Banks (1.6%; 31.01.16 - 2.2%)		
318,000 Aldermore	696,420	1.6
	696,420	1.6
Beverages (2.8%; 31.01.16 - 4.1%)		
94,055 Fever-Tree Drinks	1,187,915	2.8
	1,187,915	2.8
Construction & Materials (3.6%; 31.01.16 - 0.0%)		
463,000 Forterra	826,455	2.0
650,000 Van Elle	689,000	1.6
	1,515,455	3.6
Electronic & Electrical Equipment (2.0%; 31.01.16 - 2.2%)		
839,660 Sabien Technology	16,793	-
220,000 Sprue Aegis	385,000	0.9
111,900 Xaar	446,481	1.1
	848,274	2.0
Financial Services (6.2%; 31.01.16 - 4.8%)		
70,293 IG Group	374,662	0.9
260,925 Morses Club	300,064	0.7
206,000 Mortgage Advice Bureau	746,750	1.8
350,000 OneSavings Bank	1,181,250	2.8
	2,602,726	6.2
Fixed Line Telecommunications (1.3%; 31.01.16 - 1.1%)		
1,109,698 CityFibre Infrastructure	565,946	1.3
	565,946	1.3

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2017

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
General Retailers (9.1%; 31.01.16 - 6.5%)		
750,000 Boohoo.com	1,063,125	2.5
237,000 Card Factory	590,604	1.4
64,000 CVS Group	664,960	1.6
24,450 Dignity	597,558	1.4
171,000 Just Eat	922,545	2.2
	3,838,792	9.1
Health Care Equipment & Services (2.0%; 31.01.16 - 3.6%)		
85,000 Consort Medical	826,625	2.0
	826,625	2.0
Household Goods & Home Construction (3.8%; 31.01.16 - 6.5%)		
67,500 MJ Gleeson	367,875	0.9
110,000 Victoria	475,200	1.1
575,000 Watkin Jones Group	776,250	1.8
	1,619,325	3.8
Leisure Goods (5.3%; 31.01.16 - 2.6%)		
265,000 Gear4music	1,576,750	3.7
435,000 Photo-Me International	669,900	1.6
	2,246,650	5.3
Life Insurance (0.5%; 31.01.16 - 0.0%)		
54,080 Chesnara	193,877	0.5
	193,877	0.5
Media (0.1%; 31.01.16 - 1.8%)		
45,544 Nahl Group	53,970	0.1
	53,970	0.1

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2017

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Mining (9.0%; 31.01.16 - 3.1%)		
100,000 Acacia Mining	430,500	1.0
3,270,910 Base Resources	498,814	1.2
5,376,105 Base Resources (AUD)	777,081	1.9
3,437,500 Georgian Mining	292,187	0.7
6,800,000 Pan African Resources	1,054,000	2.5
1,455,000 Shanta Gold	141,862	0.3
450,000 Tharisa	607,500	1.4
	3,801,944	9.0
Mobile Telecommunications (0.9%; 31.01.16 - 0.0%)		
77,000 Gamma Communications	377,300	0.9
	377,300	0.9
NonLife Insurance (2.0%; 31.01.16 - 2.0%)		
100,000 Beazley Group	405,200	1.0
41,500 Hiscox	425,790	1.0
	830,990	2.0
Oil & Gas Producers (4.2%; 31.01.16 - 0.5%)		
2,472,000 Amerisur Resources	630,360	1.5
969,000 Diversified Gas & Oil	629,850	1.5
515,000 Faroe Petroleum	516,287	1.2
	1,776,497	4.2
Pharmaceuticals & Biotechnology (7.2%; 31.01.16 - 5.3%)		
75,000 Bioventix	1,050,000	2.5
131,000 Eco Animal Health	661,550	1.5
31,230 Genus	535,595	1.3
614,604 Vectura Group	800,214	1.9
	3,047,359	7.2

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2017

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Real Estate Investment & Services (1.7%; 31.01.16 - 5.8%)		
24,474 CLS Holdings	388,158	0.9
30,500 Puma Brandenburg*	75,884	0.2
85,000 St. Modwen Properties	270,300	0.6
	734,342	1.7
Real Estate Investment Trusts (1.8%; 31.01.16 - 2.6%)		
530,000 LondonMetric Property	782,280	1.8
	782,280	1.8
Software & Computer Services (9.4%; 31.01.16 - 15.4%)		
60,000 Accesso Technology	915,000	2.2
1,175,000 dotDigital Group	681,500	1.6
165,000 FDM Group	985,875	2.3
278,000 GB Group	811,760	1.9
185,000 Iomart Group	582,750	1.4
	3,976,885	9.4
Support Services (14.5%; 31.01.16 - 15.9%)		
438,333 BCA Marketplace	822,970	1.9
103,014 Bilby	56,658	0.1
833,333 Capital Drilling	516,666	1.2
231,000 Keywords Studios	1,247,400	3.0
546,687 Premier Technical Services	464,684	1.1
172,000 Restore	627,800	1.5
68,687 Sanne Group	426,546	1.0
1,500,000 Silverdell*	-	-
351,000 Smart Metering Systems	1,974,375	4.7
	6,137,099	14.5

PORTFOLIO STATEMENT (CONTINUED)As at 31 January 2017

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Technology Hardware & Equipment (3.5%; 31.01.16 - 3.3%)		
331,518 Quixant	1,094,009	2.6
10,299,974 Seeing Machines	386,249	0.9
	1,480,258	3.5
Portfolio of investments	39,140,929	92.5
Net other assets	3,177,368	7.5
Total net assets	42,318,297	100.0

* Puma Brandenburg and Silverdell are de-listed. All other holdings are equities quoted on recognised stock exchanges.

'Personal Goods' sector disinvested since the beginning of the period (31 January 2016: 1.4%).

'Travel & Leisure' sector disinvested since the beginning of the period (31 January 2016: 2.0%).

SUMMARY OF FUND PERFORMANCE

A Accumulation Shares	1 Feb 2016 to 31 Jan 2017	1 Feb 2015 to 31 Jan 2016	1 Feb 2014 to 31 Jan 2015
	(Pence per Share)	(Pence per Share)	(Pence per Share)
Change in net assets per share			
Opening net asset value per share	576.05	485.43	478.40
Return before operating charges*	138.11	99.82	15.69
Operating charges	(10.67)	(9.20)	(8.66)
Return after operating charges*	127.44	90.62	7.03
Closing net asset value per share	703.49	576.05	485.43
Retained distributions on accumulation shares	1.69	0.17	0.00
* after direct transaction costs of:	2.97	2.68	2.66
Performance			
Return after charges	22.12%	18.67%	1.47%
Other information			
Closing net asset value	£5,640,540	£5,294,095	£7,958,055
Closing number of shares	801,789	919,041	1,639,390
Operating charges (p.a)	1.69%	1.71%	1.77%
Direct transaction costs (p.a)	0.47%	0.50%	0.54%
Prices			
Highest published share price	710.83	600.80	517.46
Lowest published share price	548.88	488.40	450.78

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.

SUMMARY OF FUND PERFORMANCE (CONTINUED)

B Accumulation Shares	1 Feb 2016 to 31 Jan 2017	1 Feb 2015 to 31 Jan 2016	1 Feb 2014 to 31 Jan 2015
	(Pence per Share)	(Pence per Share)	(Pence per Share)
Change in net assets per share			
Opening net asset value per share	658.08	550.40	538.44
Return before operating charges*	158.58	113.70	17.71
Operating charges	(6.91)	(6.02)	(5.75)
Return after operating charges*	151.67	107.68	11.96
Closing net asset value per share	809.75	658.08	550.40
Retained distributions on accumulation shares	7.46	4.88	2.14
* after direct transaction costs of:	3.45	3.10	3.00
Performance			
Return after charges	23.05%	19.56%	2.22%
Other information			
Closing net asset value	£36,677,757	£15,156,764	£7,399,466
Closing number of shares	4,529,494	2,303,167	1,344,382
Operating charges (p.a.)	0.94%	0.96%	1.02%
Direct transaction costs (p.a.)	0.47%	0.50%	0.53%
Prices			
Highest published share price	817.97	685.91	583.04
Lowest published share price	628.97	553.77	509.96

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.

STATEMENT OF TOTAL RETURNFor the year ended 31 January 2017

	Notes	£	31.01.17 £	31.01.16 £
Income				
Net capital gains	2		6,204,846	2,999,022
Revenue	3	621,812		322,416
Expenses	4	(326,765)		(230,967)
Interest payable and similar charges	6	-		(100)
Net revenue before taxation		295,047		91,349
Taxation	5	(6,982)		(1,000)
Net revenue after taxation			288,065	90,349
Total return before distributions			6,492,911	3,089,371
Distributions	6		(288,013)	(90,682)
Change in net assets attributable to shareholders from investment activities			6,204,898	2,998,689

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERSFor the year ended 31 January 2017

	Notes	£	31.01.17 £	31.01.16 £
Opening net assets attributable to shareholders			20,450,859	15,357,521
<i>Movements due to sales and repurchases of shares:</i>				
Amounts receivable on issue of shares		26,340,413		7,651,812
Amounts payable on cancellation of shares		(10,999,045)		(5,656,341)
			15,341,368	1,995,471
Change in net assets attributable to shareholders from investment activities			6,204,898	2,998,689
Retained distributions on accumulation shares	6		321,172	99,178
Closing net assets attributable to shareholders			42,318,297	20,450,859

BALANCE SHEET
As at 31 January 2017

	Notes	31.01.17 £	31.01.16 £
Assets:			
Fixed Assets:			
Investments		39,140,929	18,964,688
Current Assets:			
Debtors	7	286,158	72,375
Cash and bank balances	8	3,645,818	1,840,163
Total assets		43,072,905	20,877,226
Liabilities:			
Creditors:			
Other creditors	9	754,608	426,367
Total liabilities		754,608	426,367
Net assets attributable to shareholders		42,318,297	20,450,859

NOTES TO THE FINANCIAL STATEMENTS

As at 31 January 2017

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 Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

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

(b) Functional Currency

The functional currency used in the financial statements is Pound Sterling.

(c) Recognition of revenue

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

(d) 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.

(e) Treatment of expenses

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

(f) 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.

(g) 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.

(h) Distribution policy

Revenue produced by the Fund's investments is accrued 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 2017

1. Accounting policies (continued)**(i) 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.

(j) 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 two unlisted investments; Puma Brandenburg and Silverdell. The basis of valuation of these investments is as follows:

Puma Brandenburg – A tender offer was announced with an instruction date of 11 December 2015. Unfortunately, the Fund was unable to participate as shareholders were only permitted to tender A and B shares together, and the Fund holds the A shares only. However, the ACD believes that the offer of €2.90 for each 'A' share (as part of a unit of €4.00 consisting of 1 A share at €2.90 and 1 B share at €1.10) is an appropriate valuation for this holding.

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.

2. Net capital gains

	31.01.17	31.01.16
	£	£
Non-derivative securities	6,188,367	3,003,947
Currency gains/(losses)	20,179	(2,737)
Transaction charges	(3,700)	(2,188)
Net capital gains	<u>6,204,846</u>	<u>2,999,022</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2017

3. Revenue

	31.01.17	31.01.16
	£	£
UK franked dividends	514,840	295,718
UK unfranked dividends	20,960	3,000
Overseas dividends	85,958	23,696
Bank interest	2	2
Unfranked income currency gains	52	-
Total revenue	621,812	322,416

4. Expenses

	31.01.17	31.01.16
	£	£
Payable to the ACD, associates of the ACD and agents of either:		
Annual management charge	271,287	193,629
Registration fees	23,261	12,562
Administration fees	6,387	6,319
	300,935	212,510
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fees	14,925	8,913
Safe custody fees	794	460
	15,719	9,373
Other expenses:		
Audit fee	6,480	6,480
Tax fee	2,280	2,280
FCA fee	252	324
Other expenses	1,099	-
	10,111	9,084
Total expenses	326,765	230,967
	31.01.17	31.01.16
	£	£
Fees payable to the company auditor for the audit of the company's annual accounts:		
Total audit fee	6,480	6,480
Total non audit fees - Tax compliance services	2,280	2,280

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2017

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

	31.01.17	31.01.16
	£	£
Analysis of charge in the year		
Overseas tax	6,982	1,000
Total current tax for the year (see note 5(b))	6,982	1,000
Deferred tax (see note 5(c))	-	-
Total taxation for the year	6,982	1,000

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:

	31.01.17	31.01.16
	£	£
Net revenue before taxation	295,047	91,349
Corporation tax at 20%	59,009	18,270
Effects of:		
Revenue not subject to taxation	(120,159)	(63,883)
Excess expenses for which no relief taken	61,150	45,613
Overseas taxation	6,982	1,000
Total tax charge for the year (see note 5(a))	6,982	1,000

(c) Provision for deferred tax

At 31 January 2017 the Fund had surplus management expenses of £1,530,740 (31 January 2016: £1,224,989). The deferred tax in respect of this would be £306,148 (31 January 2016: £244,998). 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 2017

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:

	31.01.17	31.01.16
	£	£
Interim - Accumulation (31 July)	98,481	44,305
Final - Accumulation (31 Jan)	<u>222,691</u>	<u>54,873</u>
	321,172	99,178
Add: Revenue deducted on cancellation of shares	32,021	8,573
Deduct: Revenue received on issue of shares	<u>(65,180)</u>	<u>(17,069)</u>
Net distribution for the year	<u>288,013</u>	<u>90,682</u>
Interest	-	100
Total finance costs	<u>288,013</u>	<u>90,782</u>
Reconciliation to net distribution for the year		
Net revenue after taxation	288,065	90,349
Income currency losses	(52)	(259)
Losses transferred to capital	-	592
Net distribution for the year	<u>288,013</u>	<u>90,682</u>

Details of the distributions per share are set out on page 38.

7. Debtors

	31.01.17	31.01.16
	£	£
Amounts receivable for issue of shares	258,955	58,548
Accrued revenue	27,162	13,773
Prepayments	<u>41</u>	<u>54</u>
Total debtors	<u>286,158</u>	<u>72,375</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2017

8. Cash and bank balances

	31.01.17	31.01.16
	£	£
Cash and bank balances	3,645,818	1,840,163
Total cash and bank balances	3,645,818	1,840,163

9. Other creditors

	31.01.17	31.01.16
	£	£
Amounts payable for cancellation of shares	79,099	174,262
Purchases awaiting settlement	629,850	222,725
Accrued annual management charge	32,174	17,479
Accrued registration fees	2,153	1,529
Accrued administration fees	581	545
Accrued depositary fees	1,815	891
Accrued custody fees	176	176
Accrued audit fees	6,480	6,480
Accrued tax fees	2,280	2,280
Total creditors	754,608	426,367

10. Related party transactions

The ACD is regarded as a related party of the Fund. 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, TB Wise Investment Fund, an authorised fund also administered by the ACD, held 228,306 shares in the TB Amati UK Smaller Companies fund.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2017

11. Share classes

As at the year end the Fund had two share classes. The following table shows a breakdown of the change in shares in issue of each share class in the period:

	A Accumulation
Opening shares at the start of the period	919,041.123
Total creation of shares in the period	162,265.796
Total cancellation of shares in the period	<u>(279,517.493)</u>
Closing shares at the end of the period	<u>801,789.426</u>

	B Accumulation
Opening shares at the start of the period	2,303,167.441
Total creation of shares in the period	3,505,097.829
Total cancellation of shares in the period	<u>(1,278,771.593)</u>
Closing shares at the end of the period	<u>4,529,493.677</u>

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.

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 Summary of Fund Performance tables on pages 22 and 23. The distributions per share class are given in the distribution table on page 38. All share classes have the same rights on winding up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2017

12. Risk management policies

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 2017			Net foreign currency assets at 31 January 2016		
	Monetary exposures	Non- monetary exposures	Total	Monetary exposures	Non- monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	-	76	76	-	67	67
Australian Dollar	-	777	777	-	-	-

If GBP to foreign currency exchange rates had strengthened by 10% as at the balance sheet date, the net asset value of the fund would have decreased by £77,542 (31 January 2016: £6,121). If GBP to foreign currency exchange rates had weakened by 10% as at the balance sheet date, the net asset value of the fund would have increased by £94,774 (31 January 2016: £7,481). These calculations assume all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2017

12. Risk management policies (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:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not interest bearing £'000	Floating rate financial liabilities £'000	Financial liabilities not interest bearing £'000	Total £'000
31.01.17						
Euro	-	-	76	-	-	76
Australian Dollar	-	-	777	-	-	777
Sterling	3,646	-	38,574	-	(755)	41,465
31.01.16						
Euro	-	-	67	-	-	67
Sterling	1,840	-	18,970	-	(426)	20,384

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.

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2017

12. Risk management policies (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 0.2% 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 Investment 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.

If the value of shares/units in the underlying investments were to increase or decrease by 10% the change in the net asset value of the Fund would be £3,914,093 (31 January 2016: £1,896,469). This calculation assumes all other variables remain constant.

(f) Fair value of financial assets and liabilities

Valuation technique	INVESTMENT ASSETS	
	31 January 2017	31 January 2016
	£	£
Quoted prices for identical instruments in active markets	39,065,045	18,897,359
Prices of recent transactions for identical instruments	-	-
Valuation techniques using observable market data	-	-
Valuation techniques using non-observable data*	75,884	67,329
	<u>39,140,929</u>	<u>18,964,688</u>

* The valuation techniques used can be found in Note 1 (j) on page 27.

As at the year-end there were no investment liabilities (31 January 2016: £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 2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2017

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:

	31.01.17		31.01.16	
	£		£	
Analysis of total purchase costs				
PURCHASES				
Equities	26,745,442		12,483,349	
Investment Trusts	<u>965,934</u>		<u>24,801</u>	
Net purchases before direct transaction costs	27,711,376		12,508,150	
		% of total		% of total
		purchases		purchases
DIRECT TRANSACTION COSTS				
Equities	104,982	0.38%	59,262	0.47%
Investment Trusts	<u>7,737</u>	0.03%	<u>3,784</u>	0.03%
Total direct transaction costs	<u>112,719</u>	0.41%	<u>63,046</u>	0.50%
Gross purchases total	<u>27,824,095</u>		<u>12,571,196</u>	
Analysis of total sale costs				
SALES				
Equities	13,263,063		10,846,918	
Investment Trusts	<u>599,109</u>		<u>249,187</u>	
Gross sales before direct transaction costs	13,862,172		11,096,105	
		% of total		% of total
		sales		sales
DIRECT TRANSACTION COSTS				
Equities	(31,560)	0.23%	(28,317)	0.25%
Investment Trusts	<u>(1,801)</u>	0.01%	<u>(754)</u>	0.01%
Total direct transaction costs	<u>(33,361)</u>	0.24%	<u>(29,071)</u>	0.26%
Net sales total	<u>13,828,811</u>		<u>11,067,034</u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 January 2017

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

	31.01.17	% of	31.01.16	% of
	£ average NAV		£ average NAV	
Analysis of total direct transaction costs				
Equities	136,542	0.44%	87,579	0.47%
Investment Trusts	9,538	0.03%	4,538	0.03%
Total direct transaction costs	<u>146,080</u>	<u>0.47%</u>	<u>92,117</u>	<u>0.50%</u>

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 1.56% (31 January 2016: 0.74%). 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 2016: £nil).

15. Post balance sheet events

Subsequent to the year end, the net asset value per share of the B Accumulation shares has increased from 809.75p to 910.50p as at 28 April 2017. 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 TABLEFor the year ended 31 January 2017

Interim Distribution (31 July 2016)

Group 1 - Shares purchased on or prior to 31 January 2016

Group 2 - Shares purchased after 31 January 2016

Shares	Revenue	Equalisation¹	Accumulated 30.09.16	Accumulated 30.09.15
	(pence)	(pence)	(pence)	(pence)
A Accumulation				
Group 1	0.1793	-	0.1793	0.1746
Group 2	-	0.1793	0.1793	0.1746
B Accumulation				
Group 1	2.8130	-	2.8130	2.5000
Group 2	1.5172	1.2958	2.8130	2.5000

Final Distribution (31 January 2017)

Group 1 - Shares purchased on or prior to 31 July 2016

Group 2 - Shares purchased after 31 July 2016

Shares	Revenue	Equalisation¹	Accumulated 31.03.17	Accumulated 31.03.16
	(pence)	(pence)	(pence)	(pence)
A Accumulation				
Group 1	1.5139	-	1.5139	-
Group 2	0.1270	1.3869	1.5139	-
B Accumulation				
Group 1	4.6484	-	4.6484	2.3824
Group 2	2.3626	2.2858	4.6484	2.3824

¹ 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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