

WS Amati Strategic Metals Fund DDQ

December 2023

Risk Warning

Past performance is not a reliable guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. The investments associated with this fund are concentrated in natural resource companies, which means that the fund is subject to greater risk and volatility than other strategies with investments across a range of industries and sectors. The return on investments in overseas markets may increase or decrease as a result of exchange rate movements. Shares in some of the underlying companies associated with the fund may be difficult to sell at a desired time and price.

Sales Contacts

Should you have any questions concerning the Strategic Metals Fund, please don't hesitate to contact one of the Amati Sales Team.

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Platforms

Aegon	AJ Bell
Allfunds	Ascentric
Aviva	Embark
Fidelity	Hargreaves Lansdown
Hubwise	Interactive Investor
James Hay	Novia
Nucleus	Old Mutual
Pershing	Raymond James
Standard Life	Standard Life Elevate
Transact	Utmost

Fund Details

Type of Scheme	UK UCITS
ACD	T Bailey Fund Services Ltd
Depository	Natwest Trustee and Depository Services
Auditors	Coopers Parry
Website Address	www.amatiglobal.com
Benchmark Index	MSCI World Metals and Mining (GBP)
SEDOL Code	BMD8NV6
ISIN Code	GB00BMD8NV62
Domicile	UK Domiciled
Sector	IA Commodities and Natural Resources
ISAable Fund	Yes
Dealing time	Daily at 12:00pm
Holding Range	35-45

Charges

Currency Class	GBP
Minimum Investment	£1000
Regular Savings	£50 pm
Initial Charge	0%
Ongoing Charges Figure	0.75% Annual Mgt Charge plus research charge of up to 0.10% (OCF capped at 1%)

Key Data

Number of Holdings	40
Fund Size	£65.1m
Market Cap Range	\$7m - \$5,959m
Weighted Average Market Cap	\$1,240m

Source: Amati Global Investors as at 31/12/2023

Investment Team



Georges Lequime
Fund Manager

- BSc (Eng) Mining
- Mining Engineer
- 26 years of experience in fund management and investment banking
- 4 years of experience in gold mining in South Africa
- Precious and industrial metal sector focus



Mark Smith
Fund Manager

- BSc (Hons) Geology
- MSc (Mineral Project Appraisal)
- 18 years of experience in investment banking and company valuations
- 5 years of experience in gold exploration in West and East Africa

WS Amati Strategic Metals Fund DDQ

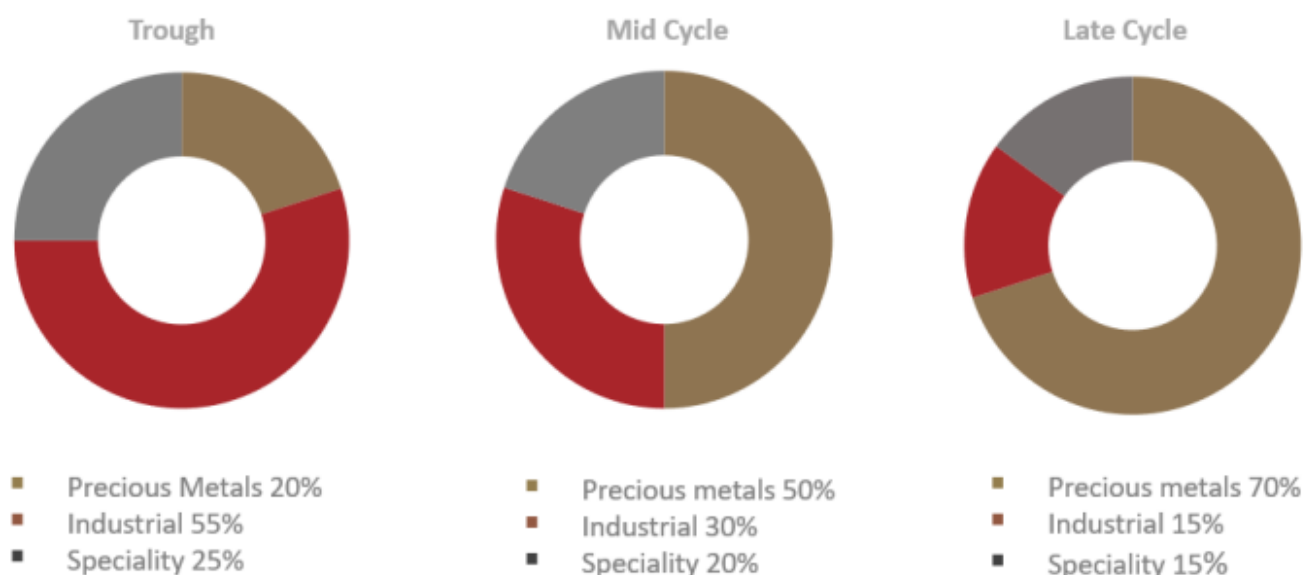
Fund Objective

The Fund aims to achieve long term capital growth through investing in a well-diversified portfolio of internationally-listed metals and mining companies, whose primary revenues are sourced from the sale of strategic metals. Strategic metals are defined as those metals that are deemed to be of strategic importance to the global economy and future macro-economic trends. These include, but are not limited to, gold, silver, platinum group metals, copper, lithium, nickel, manganese, and rare earth metals. The Fund invests in mining companies listed in developed markets worldwide, including Australia (ASX), Canada (TSX, TSXV), United Kingdom (LSE Main Market and AIM) and USA (NYSE, Nasdaq).

Investment Approach

Amati recognises a need for ‘investing from one particular metal cycle to the next’, and seeks for this to be, as much as possible, a long-term growth fund. Our focus is on quality growing business models with recognisable value-creation, or value-unlocking, catalysts, reasonably-high margins and manageable balance sheets. We adjust the positioning of the portfolio over time to keep a focus on the best investment propositions we can find, taking into account the underlying macro-economic and political risks and commodity price movements, as well as the specific circumstances of individual companies. The aim is to produce an investment vehicle providing actively managed exposure to this dynamic segment of the stock market, which has proven itself capable of delivering strong returns in the past.

Example of Potential Asset Allocations:



We are active, high-conviction investment managers and our investment process is driven by fundamental research and analysis, which we undertake in order to identify outstanding opportunities. We also seek to determine the most appropriate time in which to invest in them in terms of their risk/reward characteristics, the point in the metals cycles and the prevailing macro environment. We have a team-based approach to investing, preferring collaborative and consensus views, where investment ideas are generated by the free flow of thought and where positions are constantly challenged. We target medium to smaller-sized mining companies that can meaningfully grow the value of their businesses by virtue of exploration success and the de-risking of project build. We try to avoid the large mature companies which are almost wholly reliant on higher commodity prices in order to enhance the value of their businesses.

The Managers

The fund is managed by Georges Lequime and Mark Smith who boast decades of experience investing in mining companies and many years of operational experience in mining and geology. The pair combine strong technical and industry knowledge with proven financial modelling and portfolio management skills. Georges Lequime, a mining engineer with 26 years' experience in fund management and investment banking, spent four years in gold mining in South Africa. Mark Smith meanwhile has 18 years' experience in investment banking and company valuations and spent five years in West and East Africa in gold exploration – and it is the global network of CEOs and CFOs, brokers, commodity traders, mining engineers and geologists they have built which is responsible for so many of the opportunities they unearth.

WS Amati Strategic Metals Fund DDQ

Resources available to managers

Over many years Amati has developed its own browser-based research system: Amati Connex. Notes of every phone conversation and meeting we have with companies, brokers and advisers are logged in this system alongside research. The result is that we have all information and analysis on the universe of companies that we follow logged in one system, from where it can be retrieved expediently.

The software that we use for order management and compliance is also a proprietary system called the Amati Online Dealing System. This enables the fund managers to view the portfolio, to place new orders which are reconciled to current holdings and taken through pre-trade compliance checks, to view details of all outstanding orders, and to book out details of trades, automatically generating and sending a deal sheet for the back-office settlement process.

This system has many additional functions, including: daily post-trade compliance checks and reconciliation with the back office; performance measurement; data compilation for report writing; managing the restricted list of stocks; monitoring inflows and outflows from the fund; monitoring broker commissions; and generating alerts when regulatory notifications need to be issued. It also allows screening of our addressable market of stocks by various parameters. It is a core platform for the business, enabling Amati to run funds efficiently in compliance with all of the relevant legislation.

The major third-party systems we use include Fidessa for real time market data, Quest and Refinitiv for company analysis, screening, research, portfolio attribution and risk analysis.

The major third party research we use include numerous international, mining-focused broking firms.

How are Investments Identified?

The managers maintain a broad in-depth coverage of the commodity markets and mining stocks.

They have decades of experience of investing in mining companies around the world and are not only fluent in financial modelling, portfolio management and equity trading but also have years of operational experience in mining and geology. Unique investment opportunities are often introduced through a global network of company CEO's and CFO's, brokers, commodity traders as well as mining engineers and geologists.

Commodity-based broker research, sector-specific conferences, company presentations, as well as internal supply-demand models, are used to formulate sector and sub-sector allocations in the portfolio. These are regularly reviewed and discussed and altered where necessary.

We aim to identify undervalued public companies in the natural resources sector before they are widely covered by the broking community. However, we do value input from the sell-side, maintaining a variety of broker and analyst relationships and accumulating the knowledge of their individual strengths and weaknesses. If possible, most offers of management contact are accepted, in order to effectively monitor companies and sectors.

Following initial screening and a decision to pursue the investment idea further, the fund managers will carry out their own research using external information and internally generated analytical tools and models.

Documentation relating to the research process is recorded on Amati's proprietary Connex research database, and available for peer review and stress testing.

We like companies with strong technical teams as well as experience at the corporate level. We generally like to have face to face meetings with company management teams prior to investment, but we also utilise conference calls given the team's long-term knowledge & relationships with many management teams.

We scrutinise company accounts in detail, particularly cashflow and accounting policies, as part of our selection process. We look for companies that are financed appropriately for the nature, maturity and cyclicity of their business, or that have a clear path to financing. We also look at board structures, remuneration, share ownership and incentivisation.

A variety of valuation measures are used, including price to net asset value, price to cash flow, price to free cash flow, and Enterprise Value based ratios ("What you get for what you pay"), and these are compared across the peer groups and in relation to growth profiles. We build our own financial models for every investment. For better followed, large companies we will use brokers' forecasts and models as a means of analysing the expectations in the market and for comparative multiples. Broker research, produced by reputable analysts, is normally referred to as part of the research process, acting as a channel for information and opinion, but never performs a role in our investment decision. We always like to form our own view on company management and business quality, and to use our own industry connections to sense check an investment case.

Key Attributes we seek

Quality of the Assets	Prospectivity of the Assets
Grade vs strip ratio vs distance to the mill	Structural and regional geology call
Operating costs	Country Risk
Capital intensity	Certain no-go regions Freedom House rating
Fiscal Regime	

WS Amati Strategic Metals Fund DDQ

Complexity of the orebody	ESG Credentials
Capital Management	Value
Share Count	Premium or discount to sector NAV
Debt structures	P/CF and P/FCF multiples
Hedging/streaming deals	"What you get for what you pay"
Take-out Potential	P/CF and P/FCF multiples

Red Flags we avoid

Aggressive accounting flattering revenues, profits, finances and feasibility studies

Future exploration success already discounted in the share price

Growth by unnecessary acquisition

Repeated cash calls

Unproven mining methods or metallurgical processes

Significant liabilities – debt, hedging, streaming, deferred considerations

Fashion stocks

How is the portfolio constructed?

The portfolio is constructed using rigorous, bottom-up stockpicking combined with an overlay of macroeconomic and sectoral factors.

We limit the maximum amount in any one metals segment to 70% of the portfolio.

Initial holdings are typically introduced at a 1-2% weighting, expandable to 5% subject to liquidity, and to allow for cost averaging. Maximum exposures are limited to 8%. Normally the portfolio is limited to around 35 holdings.

All due diligence carried out is subject to peer review before a final buy or sell investment decision is made. Consequently portfolio construction reflects a consensus, team based view.

The process we adopt is distinctive in relation to our handling of liquidity risk and our combining of bottom-up stock research with overall market views.

We treat liquidity as a distinct category of risk, which we seek to diversify through holding stocks capitalised in the range of \$100m to \$10bn, with rare instances of investing in companies capitalised below US\$100m. This allows us to benefit from the exceptional returns quite commonly given by smaller stocks, while ensuring that we maintain sufficient flexibility and liquidity in the advent of the market taking a downturn.

We use our industry knowledge gained from company meetings, and our own analysis of market behaviour to form views as to how the fund should be strategically positioned, and which types of risk to favour in our stock selection. The aim here is to keep the fund well positioned for the prevailing market environment, and to allow sustainable performance.

What prompts the managers to sell?

There are a number of factors influencing sell discipline within the investment process. Portfolio holdings are under constant re-appraisal in the light of market dynamics and we will adjust position sizes to maintain appropriate weightings.

Fundamental issues with a holding, including signs of poor corporate governance or where the original investment premise no longer applies, will prompt an outright sale.

Another key selling influence is competition for portfolio space. Existing positions will be substituted when they offer a poorer risk-reward ratio than new ideas, thereby maintaining strong conviction views within the portfolio. We maintain a ranking sheet with expected returns for each investment. New ideas are benchmarked against the list of current holdings, as well as other companies that are being closely monitored. A deteriorating sector or macro outlook will also be an environmental factor determining when to sell or reduce holdings.

Environmental, Social and Governance

Amati Global Investors (AGI) recognises that managing investments on behalf of clients involves taking into account a wide set of responsibilities in addition to seeking to maximise financial returns for investors.

Industry practice in this area has been evolving rapidly and AGI has been an active participant in seeking to define and strengthen its principles accordingly. This involves both integrating ESG considerations into the investment managers' decision-making process as a matter of course, and also engaging with major external bodies who are leading influencers in the formation of industry best practice.

WS Amati Strategic Metals Fund DDQ

The consideration of ESG issues has always been implicit in our investment process, and at some level there is engagement on some aspect of ESG during almost every interaction with investee or potential investee companies.

The results of our engagement with companies varies and will depend on the amount of leverage we have in terms of our shareholding, but in any case we always try to make a difference, even if only at the margins. Importantly, we almost always engage directly with the company itself and our views are not mediated by the broker or by an institutional proxy voting adviser. We believe that our investment process should take into account the broader social and environmental impact of the companies in which we invest.

The WS Amati Strategic Metals Fund will focus on companies with a market capitalisation of between \$100m to \$10bn, but is not restricted to such companies and may also invest in smaller or larger companies. The Fund is actively managed, and in selecting investments for the Fund, the investment manager will take into account target companies' corporate governance, as well as broader social themes such as political freedom, democracy and civil liberties of the countries in which the companies operate.

Human Rights

Adopting & advocating for a "Clean Trade" Approach. Avoiding companies which tacitly support the most oppressive regimes.

Social

Worker safety. Labour Relations.
Community & Governmental Relations.

Governance

Robust anti-corruption measures. Board and share structure.
Well-managed supply chain contractors.

Environmental

Appropriate environmental procedures. Adequate waste disposal system. Initiatives to reduce emissions.

Clean Trade Approach

Dr Paul Jourdan (Amati's CEO) is a founder trustee of the Clean Trade organisation. The Clean Trade principles essentially stem from an interpretation of Article 1(ii) of the International Convention on Civil and Political Rights, which states: "All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligation arising out of international economic cooperation, based on the principle of mutual benefit, and international law." Clean Trade argues that where the level of freedom in a country falls below certain thresholds, there can be no reasonable expectation of the Article being satisfied. We would therefore avoid investing in companies operating in countries with authoritarian regimes, where civil liberties are compromised and where governments are not accountable to its citizens.

When considering these issues we use as a starting point the Freedom House scale which rates access to political rights and civil liberties in 210 countries throughout the world. The combination of the overall scores for political rights and civil liberties, on a weighted basis, determines the status of each country as Free, Partly Free, or Not Free. This methodology produces a wide range of outcomes, but as a general rule we would need to be convinced on a number of ethical, legal and constitutional questions in respect of any country scoring such that it led to a status of 'Partly Free' or 'Not Free'. In short, the benefits of foreign investment in terms of economic development would need to outweigh the costs to human rights more generally and the risk of legitimising regimes which use natural resources revenues to drive oppression. We raise the bar very high in this regard and would not hesitate to exclude any stocks that did not satisfy our criteria. This is an area where our stewardship of the fund is at its strongest and most interventionist.

		Political Rights score						
Status		0-5*	6-11	12-17	18-23	24-29	30-35	36-40
Civil Liberties score	53-60	PF	PF	PF	F	F	F	F
	44-52	PF	PF	PF	PF	F	F	F
	35-43	PF	PF	PF	PF	PF	F	F
	26-34	NF	PF	PF	PF	PF	PF	F
	17-25	NF	NF	PF	PF	PF	PF	PF
	8-16	NF	NF	NF	PF	PF	PF	PF
	0-7	NF	NF	NF	NF	PF	PF	PF

KEY: F = Free, PF = Partly Free, and NF = Not Free

Amati is signatory to the UK Stewardship Code, a signatory to the UN-supported Principles for Responsible Investment (PRI), and a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD)

WS Amati Strategic Metals Fund DDQ



10 Largest Holdings

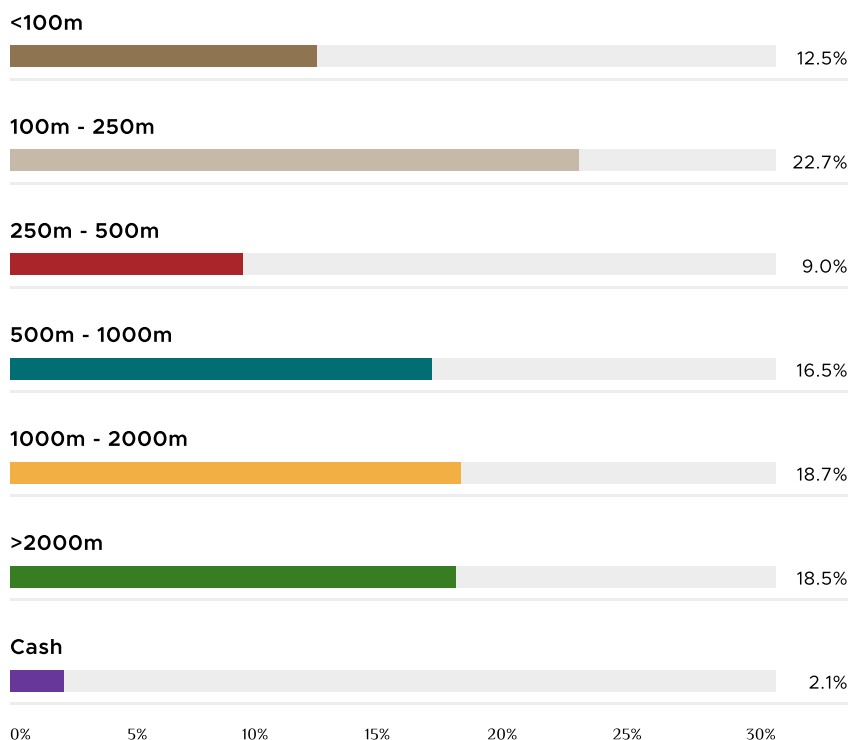
% OF TOTAL ASSETS

Pan American Silver Corp	5.4%
K92 Mining	4.7%
Fresnillo Plc	4.7%
Sigma Lithium Corp	4.6%
Atlantic Lithium	4.5%
Eldorado Gold Corp	3.9%
Fortuna Silver Mines	3.8%
Latin Resources	3.7%
MAG Silver Corp	3.4%
Lifzone Metals	3.3%

Source: Amati Global Investors as at 31/12/2023



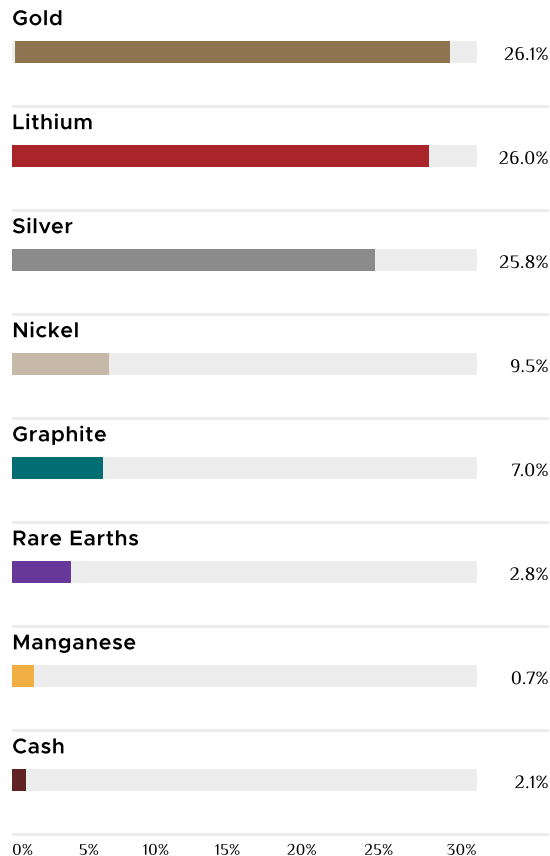
Market Cap (\$)



Source: Amati Global Investors as at 31/12/2023



Asset Allocation



Source: Amati Global Investors as at 31/12/2023



Geographical Distribution by Revenue



North America	42.0%
South America	21.2%
Africa	10.6%
Australia	13.3%
Rest of the World	12.9%

Source: Amati Global Investors as at 31/12/2023

WS Amati Strategic Metals Fund DDQ

Performance vs Benchmark



Source: Amati Global Investors as at 31/12/2023

*WS Amati Strategic Metals Fund, Total Return.

**MSCI World Metals and Mining Index (GBP), Total Return. The stocks comprising the index are aligned with the Fund's objectives, and on that basis the index is considered an appropriate performance comparator for the Fund. Please note that the Fund is not constrained by or managed to the index.

Sources: Waystone Fund Services, Financial Express Analytics and MSCI. Information in this factsheet is at the last valuation point of the month, except where indicated.

Past performance is not a reliable indicator of future performance.

Key Differentiators

Each metal has its own cycle. The managers aim to provide actively managed exposure 'through the cycle' and will look to determine the optimum combination of precious, specialty and industrial metals at any given time.

- Dual expertise of the team –strong technical & industry knowledge combined with proven capital markets experience.
- Global, benchmark agnostic portfolio
- The team's wealth of experience means that they have access to a global network of company CEO's and CFO's, brokers, commodity traders as well as mining engineers and geologists.
- We target medium to smaller-sized mining companies that can meaningfully grow the value of their businesses by virtue of exploration success and the de-risking of project build.
- We try to avoid the large mature companies that many peers invest in which are almost wholly reliant on higher commodity prices in order to enhance the value of their businesses