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FACTSHEET • FEBRUARY 2024

Amati AIM VCT



Fund Objective

The investment objective of the Company is to generate tax free capital gains and regular dividend income for its Shareholders, primarily through Qualifying Investments in AIM-traded companies and through Non-Qualifying Investments as allowed by the VCT legislation. The Company will manage its portfolio to comply with the requirements of the rules and regulations applicable to VCTs from time to time. The Company's policy is to hold a diversified portfolio across a broad range of sectors to mitigate risk.

Registrar

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City Partnership (UK) The Mending Rooms, Park Valley Mills, Meltnam Road, Huddersfield,

Online account available for shareholders.

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Contact Details

Investment Manager

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Ratings, Awards & Signatories



STEWARDSHIP CODE











2.1%

To view all fund awards, please click here

10 Largest Holdings	% OF TOTAL ASSETS
WS Amati UK Listed Smaller Companies Fund	8.0%
Keywords Studios	4.2%
Learning Technologies	4.1%
AB Dynamics	3.9%
Craneware	3.2%
Aurrigo International	2.7%
Maxcyte	2.5%
Ensilica	2.3%
GB Group	2.3%

Key Information

Launch Date	29 Jan 2001
NAV per share (p) (incl Income)	92.98p
Total assets (based on capital only)	£140.1m
Share price (bid)	86.00p
Discount to NAV (incl income)	7.51%
No. of Holdings	67
Charges	OCF: 1.9% (incl annual management fee of 1.75%)
Independent Board	Fiona Wollocombe (Chair) Julia Henderson Brian Scouler

Investment Team



Dr Paul Jourdan
CEO & Fund Manager



David Stevenson Director & Fund Manager



Dr Gareth Blades Analyst



Scott McKenzie Fund Manager

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Fadel Partners

Cumulative Performance

	Nav Return (%)*	Index Return (%)**
1 month	-1.84	-1.98
3 months	0.21	2.90
6 months	-7.05	-0.59
1 year	-22.11	-13.30
2 years	-35.13	-28.29
3 years	-44.34	-35.24
5 years	-11.87	-13.56
Since take-on#	91.09	16.01

Cumulative performance data as at 29/02/2024

*NAV Total Return, uses NAV per share, net of fees, assuming dividends are re-invested on the ex-dividend date, excluding tax reliefs and up-front costs.

**Numis Alternative Markets Total Return Index

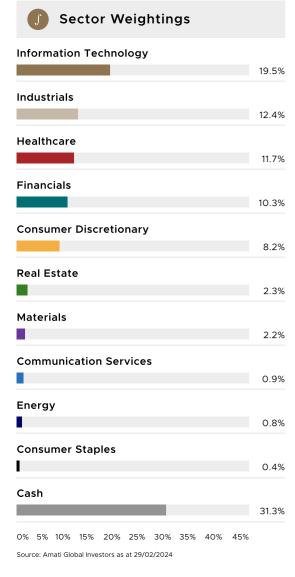
Dividends

#Take-on date: 25 March 2010

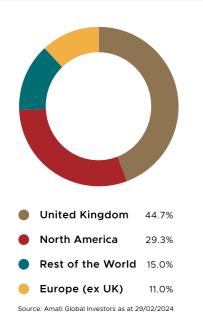
Past performance is not a reliable indicator of future performance.

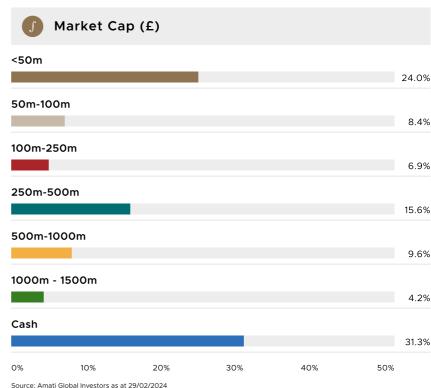
The Company operates a dividend reinvestment scheme which allows shareholders to have their dividend payments automatically reinvested into shares at the NAV per share prevailing on the dividend payment date. To opt in or out of this scheme, please contact City Partnership (UK).

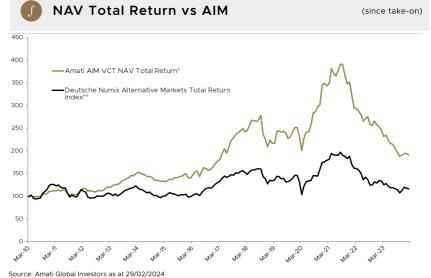
(since 2012 merger)











 * NAV Total Return (since take-on 25/03/2010), uses NAV per share, net of fees, assuming dividends are re-invested on the ex-dividend date, excluding tax reliefs and up-front costs.

**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: Amati Global Investors Ltd, Numis Securities Ltd and Link Asset Services. Issued by Amati Global Investors Ltd, authorised and regulated by the Financial Conduct Authority. Registered in Scotland, number: SC199908. Registered address: 8 Coates Crescent, Edinburgh EH3 7AL

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Global equity markets continued their upward trend in February on the back of positive corporate results (particularly from Big Tech) and an improving economic growth backdrop. Momentum effects were strong with many of the largest index constituents continuing to lead the charge in markets such as the US and Europe. Japan hit a thirty-four year high too. However, the UK equity market remained a laggard, with the large cap index flat and small and midcaps down over the month. Rate cut expectations continued to be tempered across the UK, US and Europe and we saw rising government bond yields, with ten-year gilt yields increasing from 3.75% to 4.2% and US Treasury yields moving from 3.9% to 4.2%. This led to a reversal in some of the more interest-rate sensitive sectors which had recovered well in prior months, as well as smaller companies in general.

UK economic data overall remains mixed and the fourth quarter GDP figures did confirm a shallow recession. Most commentators see this as being relatively short-lived, however, and the recent OBR forecasts suggest some recovery in UK GDP, with +0.8% expected in 2024 and +1.8% in 2025. Services inflation remains stubbornly high but there appears to be a path towards lower inflation over the next few months. We still expect to see real income growth and low levels of unemployment. There are now signs of better conditions in the mortgage market and improving house prices again. Whilst cuts are not expected immediately, rates should be in a position to start falling in 2024, bringing some respite to mortgage holders, businesses and governments. The outlook remains somewhat muted and volatile ahead of the election later this year but overall the UK economy feels more stable than it has in recent years.

Market sentiment towards UK equities (and smaller companies in particular) remains fragile and it is disappointing to see further outflows from UK equity funds, continuing the weak trend of recent years. It is crucial that action is taken to re-establish the UK as an attractive place for companies to list and raise capital, leading to improved liquidity at the lower end of the UK stock market. There is now a far broader acknowledgement of the issues which have been holding back UK capital markets, with a wide range of possible solutions emerging to incentivise increased investment and listings in UK growth businesses. These initiatives are broadly supported across the political spectrum.

February was a reminder that the path to recovery will not be straight and a number of companies have warned for the year ahead in recent weeks. The forthcoming results season is therefore important. It should not take much for confidence to improve and we have recently seen takeover bids for businesses such as Wincanton, Virgin Money and Spirent as well as significant numbers of quoted companies doing share buybacks. This supports our belief that there is compelling value on offer in UK public markets right now.

Total NAV Return for the month was -1.8%, which compares to a fall in the Numis Alternative Markets Total Return Index of -2.0%.

The biggest detractor to performance was Keywords Studios, which fell around 14% at the end of the month in response to Klarna revealing that it cut its in-person customer service chats by two thirds by using an AI assistant. One of the outsourced services Keywords supplies to its video game developer customers is customer support, accounting for 10-11% of revenues. However, due to its scale, we think that Keywords should be leading the deployment of AI tools for its customers, for whom they have already cut overall player support costs by 20-30% through Al automation, and this in turn should strengthen their position over time. Time will tell.

Sadly we have also to report that Saietta, a company we had supported in the hope of it becoming a globally significant UK electric motor technology business, failed to raise the follow-on funding it needed in February, having had a couple of setbacks which in normal circumstances would have been As a result the business entered administration in March, a very poor outcome. surmountable. Ironically the company had ceased to qualify for VCT funding because its gross assets were above the £16m threshold (which hasn't risen since 1995 when VCTs were first introduced).

On the positive side, Ensilica rallied by over 60% in the month, having raised a small amount of additional funding and winning some further new contracts. Ensilica's growth remains constrained by lack of funding, but it is also not eligible for further VCT funding because its gross assets are too high.

No new investments were made during the month, and some further profits were taken in AB **Dynamics** following a recent rally in the shares.







Risk Warnings

Your attention is drawn to the following risk warnings which identify some of the risks associated with a Venture Capital Trust (VCT): The value of your investment in a VCT and the income from it can go down as well as up and you may not get back the amount invested, even allowing for the tax breaks. An investment in a VCT may not be suitable for all investors and you should only invest if you understand the nature of and risks inherent in such an investment and you should seek professional advice before effecting any such investment. Past performance isn't a guide to future performance. Performance data is intended for existing investors and should not be relied upon by potential investors in making investment decisions. Changes in legislation may adversely affect the value of the investments. The levels and the basis of the reliefs from taxation may change in the future. You should seek your own professional advice on the taxation consequences of any investment. An investment in a VCT carries a higher risk than many other forms of investment. A VCT's shares, although listed, may be difficult to realise. VCT share trading is not particularly active, meaning that it may be difficult to sell VCT shares and most VCTs trade below their net asset value (NAV). Details of the buy-back policy are included in the prospectus. You should regard an investment in a VCT as a long term investment, particularly as regards a VCT's investment objectives and policy and the five year period for which shareholders must hold their ordinary shares to retain their initial income tax reliefs. The investments made by VCTs will normally be in AIM listed companies or in other companies whose securities are not publicly traded or freely marketable and may therefore be difficult to realise and investments in such companies are substantially riskier than those in larger companies. If a VCT loses its Inland Revenue approval tax reliefs previously obtained may be lost. The levels of charges for VCTs are generally higher than for unit trusts and open ended investment companies. Amati AIM VCT can borrow money to make further investments. This is commonly referred to as gearing. The risk is that when this money is repaid by the VCT the value of these investments may not be enough to cover the borrowing and interest costs and the VCT will make a loss. If the VCT investments fall in value, gearing will increase the amount of this loss. The more highly geared the VCT, the greater this effect will be.