



Amati Strategic Metals Fund - Uncovering the Value

by Jonathan Woolley, Sales Director



2025 was a great year for gold and silver, is there still value or have investors missed the boat?

2025 was a great year for precious metals, with gold returning around 64% and silver delivering even stronger returns, being up over 145%. In the face of such returns in a relatively short period of time, it's easy to see why investors may question whether they have missed the boat. Unquestionably, it's been a perfect environment and backdrop with the combination of their traditional roles as safe-haven assets amid global uncertainty, strong specific industrial demand for silver and expectations of further interest rates cuts. It's tough to call the direction of travel from here, with there being many reasons longer-term for both metals to have continued strength, but it wouldn't be surprising to see shorter-term volatility and some pull back.

We're Investing in the mining companies not the physical metals.

However, buying the mining companies is very different from buying the underlying metals themselves, as you also get all the risks and opportunities that come with equity mining investing. You can potentially make returns far in excess of the underlying gold or silver price, with miners providing a leveraged play on the physical. Furthermore, the small and mid-cap (junior) miners are typically a more leveraged play on the gold and silver price than the large-cap miners, but also tend to lag in performance, particularly in rising markets.

Have the large cap gold and silver mining companies mostly caught up with the physical price?

The share prices of precious metals miners have performed very strongly during 2025, outperforming the price of the underlying metals by some margin, as you would expect due to that operational leverage. The large-cap miners have moved first, which tends to be the case, but many analysts still consider them undervalued relative to current spot price.

So where is the real value in gold and silver mining companies?

With the share prices of some of the larger precious metal companies having rallied very strongly in 2025, the team feel attracted by the significant value on offer in the small and mid-cap area of the market, which we believe is due a further catch up. This is where there is the biggest disconnect between the gold price and company valuations, plus other benefits and potential opportunities that come with investing outside the majors.

Investing in small & mid-caps – Alpha & Beta

The junior miners offer growth potential as well as the same leverage to the underlying metals, with the added attraction of potential M&A activity, alongside exploration and development upside. These companies offer beta exposure to the underlying metal but also the ability to create alpha through the drill bit (exploration upside). Of course, there are added risks, and you need to have a team with the dual skill set of finance alongside all the technical aspects of mining. Prior to becoming fund managers Georges and Mark worked extensively with in the mining industry and are respectively a mining engineer and geologist by trade. We believe this positions us strongly to be able to evaluate small and mid-cap miners and provide that added edge and additional alpha.

Why do you focus on value and how does that impact your allocation?

Predicting metals prices shorter term is extremely difficult, so the team focus on what metals prices the equities are factoring in versus current spot and historic prices. Of course, there are long term structural tailwinds in place that point to stronger prices for many metals but more importantly what's in the price today. If your companies are fully valued on a current high spot price with a potentially volatile underlying asset class shorter-term, you risk becoming a pure beta play and the risks that also brings on the downside!

So where do you see the value right now?

The team cover the whole metals asset class, with no metal or miner being off limits (except in high-risk, unstable regions of the world), with a view to deciding where the best value and opportunities lie (running detailed models on c. 180 companies). As mentioned earlier, we still see huge value in the precious metals miners but more towards the small and mid-caps which have further catch up. We have reduced our overall exposure to precious metals into the 2025 rally (currently just over 50%), while introducing some diversified miners to the portfolio. The lithium space feels slightly more positive after a tough few years and some of our stocks here have started to perform very strongly. The team feel we need a little more patience on the copper space before investing, as the stocks are looking fully valued to us based on a copper price that is potentially pretty full. It comes down to valuation again.

Valuation matters.

As far as we are concerned, valuation ultimately matters and it's very important not to lose sight of that in moments of euphoria. Ultimately this helps guide and evolve the portfolio in terms of asset allocation, away from potential bubbles into areas that perhaps have been relatively overlooked. Plus, the beauty of focusing on value with added benefit of alpha generation, is that you still get to benefit from the beta as the environment looks very supportive for metals over the coming years.

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 you may not get back the amount originally invested. Tax rates, as well as the treatment of OEICs, could change at any time. The investments associated with this fund are concentrated in natural resources companies, which means that the fund is subject to greater risk and volatility than other funds with investments across a range of industry sectors. The fund invests in companies that have operations in developing markets and which therefore may be subject to higher volatility due to political, economic and currency instability. Shares in some of the underlying companies in the fund may be difficult to sell at a desired time and price. A dilution levy may be applied to the share price when the fund is expanding or contracting. Should you buy or sell in these circumstances it may have an adverse impact on the return from your investment.

This review does not provide you with all the facts you need to make an informed decision about investing in the fund. Before investing you should read the Prospectus and the Key Investor Information Document (KIID). The Prospectus sets out the main risks associated with the fund and the KIID shows you how costs and charges might affect your investment. If you are in any doubt as to how to proceed you should consult an authorised financial intermediary.

Fund documentation is available on request and can be downloaded from Waystone [here](#) or from our [website](#).

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