

Issued: 11 May 2026

Notes from Hannover Messe



by Graeme Bencke, Fund Manager

What we found and where we're investing

Walking the halls of Hannover Messe, you're reminded very quickly why we spend time at events like this.

It's not just about seeing new technologies, it's about seeing how they're actually being used, who is gaining traction, and where innovation is translating into real commercial momentum. You hear directly from engineers, not just management teams. You see products in action, not just in presentations.

For us as investors, that matters. It's often where conviction is built or challenged. This year's visit reinforced a number of themes already shaping our portfolio, while also highlighting where the market narrative is running ahead of reality.

Robotics: impressive progress, but not always investable (yet)

Robotics was everywhere, far more visible than even a year ago.

There's been a clear surge in both quadruped robots and humanoid systems. Walking around the exhibition halls, you couldn't miss the number of machines in motion, many of them coming from Chinese manufacturers who are pushing both capability and cost competitiveness. But spending time with engineers on the stands, a more grounded view quickly emerges.

Humanoid robots, despite the attention they attract, are still not the most efficient solution for most industrial settings. In factories, where environments are predictable, simpler systems tend to win. Wheeled platforms with robotic arms are more stable, consume less energy and operate for longer.



That's a big reason why we don't currently hold pure-play humanoid robotics companies in the fund. It's an area we continue to monitor closely, but the commercial use cases, and critically, the returns, aren't yet clear enough.

More broadly, parts of the robotics market are already maturing. Warehouse automation, for example, feels increasingly commoditised. And even for robotic arms, historically dominated by a handful of global players, the competitive field has widened significantly.

That's a useful reminder: the most exciting technologies don't always translate into the most attractive investments.

Where we are investing: the enablers behind the machines

What Hannover Messe reinforced for me is that much of the real value in automation sits beneath the surface. Rather than trying to pick the winning robot, we focus on the technologies that enable the entire ecosystem. Two holdings stood out clearly in that context:

- Allegro MicroSystems: I saw multiple applications where precise position sensing is critical to robotic function. Allegro's components sit at the heart of that motion control. As robotics scales, demand for these types of technologies grows regardless of which hardware platforms win.
- Basler: machine vision is becoming non-negotiable in modern automation. The number of use cases, inspection, navigation, quality control, continues to expand. Basler's technology is directly exposed to that growth.

These are businesses that benefit from structural trends, without relying on any single "winning" robot design.

Robot dogs, data, and a bigger shift underway

One of the more tangible areas of progress was in quadruped robots. These are no longer experimental. They're already deployed in real-world industrial environments, monitoring infrastructure, inspecting sites, and gathering data continuously. The improvement in battery life, sensing capability and on-device processing is clear.

But what really stood out to me is what they enable. These machines are not just automating tasks, they are becoming mobile data acquisition platforms.

And that links directly into another theme that felt much more mature this year: digital twins.



Digital twins: a theme that's now delivering ROI

Digital twins have been discussed for years. What's changed is that the conversation has shifted from potential to payback. In conversations at the show, the focus was firmly on return on investment, energy savings, process optimisation, predictive maintenance. That's when adoption accelerates.

And importantly, I could see how the missing piece is being solved: the connection between the physical asset and the digital model. Robotics and continuous scanning are closing that gap. This directly supports a number of our holdings:

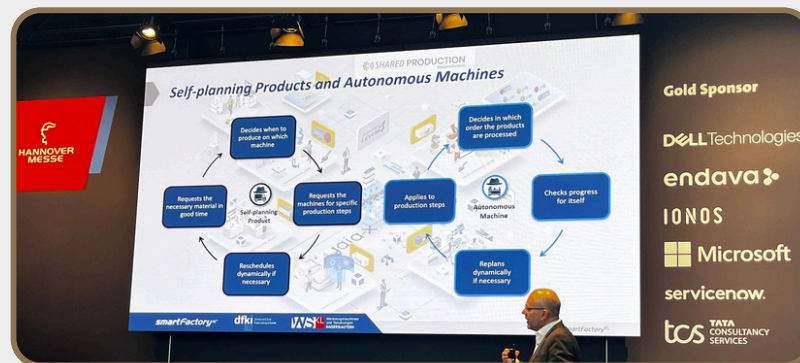
- Bentley Systems: their software is increasingly being used alongside real-world data capture to create dynamic, continuously updated models of infrastructure. What I saw reinforced how central this software is becoming to the ecosystem.
- PTC: the link between real-world performance and product design is getting tighter. PTC's PLM tools sit right in the middle of that feedback loop, helping companies iterate faster and more efficiently.

For both companies, what I saw on the ground gives us greater confidence that these trends are not just theoretical, they are scaling.

The factory is becoming software-defined

Another theme that stood out more clearly this year is the shift toward software-defined automation. A few years ago, this was largely conceptual. Now, I'm seeing early-stage applications where production systems can be reconfigured dynamically, through software rather than physical redesign.

Some of the most interesting discussions I had centered on the idea of self-assembling production systems, where AI coordinates machines, materials and workflows in real time. It's early, but it's happening. And it reinforces a consistent theme across the portfolio: the industrial world is becoming increasingly software-driven.



Cybersecurity: the cost of going digital

One area that feels unavoidable, both in conversations and in practice, is cybersecurity. As factories become more connected, the attack surface expands. And with increasing regulatory pressure, particularly in Europe, companies are being forced to invest. That supports holdings such as:

- Reply: with growing demand for industrial cybersecurity and digital services
- Booz Allen Hamilton: particularly through its exposure to defence and national security-related cyber infrastructure

This is not discretionary spending, it's becoming a core requirement of operating in a digital industrial environment.

Why we go and why it matters for the fund

Walking the show floor, speaking directly with companies, and seeing how technologies are actually deployed gives us something that can't be replicated from behind a desk.

It helps us:

- Separate genuine traction from hype
- Identify where markets are commoditising
- Understand where pricing power is likely to persist
- Build conviction in the companies we already own

Just as importantly, it helps us avoid areas where the excitement is high but the economics are still unclear.

Final thoughts: look beyond what's shiny

Hannover Messe is full of attention-grabbing technology, but the real investment opportunities are often less obvious.

In many cases, the value is not in the most visible innovation, but in the companies enabling it: the sensors, the software, the infrastructure layers that make it all work.

That remains a core part of how we invest, focusing on businesses that are embedded in long-term structural growth, where we believe innovation can translate into sustained returns.

A different approach to innovation investing

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 return on investments in overseas markets may increase or decrease as a result of exchange rate movements. There may be occasions where there is an increased risk that a position in the Fund cannot be liquidated in a timely manner at a reasonable price. In extreme circumstances this may affect the ability of the Fund to meet redemption requests upon demand. A dilution adjustment 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](#).

Amati Global Investors Ltd
8 Coates Crescent
Edinburgh EH3 7AL

Tel: +44 131 503 9115
email: info@amatiglobal.com
www.amatiglobal.com

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