

TB AMATI UK SMALLER COMPANIES FUND

Key Information

Launch date	December 1998*
Fund Size	£987.3m
Dealing Line	+44(0)115 988 8275
IA Sector	UK Smaller Cos
Benchmark	Numis Smaller Cos index (plus AIM ex. Investment Cos). Total Return
No Holdings	83
Min Investment	£1,000
Net Dividend Yield	0.3%
Min Lump sum regular	£50/month
Charges (no initial)	Ongoing: 0.89% (incl 0.75% Annual Mgt Charge plus research charge of 0.10%)
Share Type	Accumulation
Scheme Type	UK Authorised ICVC
ISIN	GB00B2NG4R39

10 Largest Holdings
(% of total assets)

Renalytix AI	2.8%
Inspecc	2.5%
OSB Group	2.5%
DFS Furniture	2.0%
Gamma Communications	2.0%
Sumo Group	2.0%
HeiQ	1.9%
Gear4Music	1.9%
Vistry	1.8%
XP Power	1.8%

INVESTMENT REPORT

Corporate activity has continued in the UK and overseas markets at a rapid pace, with an abundance of mergers and acquisitions and new flotations. The UK in particular remains below US and European valuations – and interestingly this is in all areas, even technology and consumer discretionary stocks, not just in energy and financials which make up such a large proportion of our indices. Consequently, M&A bids, mostly for overseas acquirers, have totalled £50bn to the end of June. IPOs have compensated in part, with a total value of £32bn.

Globally, we saw a rotation into value stocks once successful trial results were published from Pfizer, Moderna and AstraZeneca in late 2020. Vaccines allowed countries to start to 'unlock' and together with significant build up of household and corporate cash levels, this led to enthusiasm for stocks that would benefit from strong economic growth. Supply chain squeezes added to upward price pressure for everything from second-hand cars to housing to timber prices, and a low availability of workers, particularly in transport and hospitality, stoked fears of wage increases. This all led to concern that the Fed, Bank of England and other Central Banks would put the brakes on and taper quantitative easing programmes and maybe even raise interest rates sooner than expected. In recent weeks, some of those concerns have tempered slightly. Value stocks have also not sustained earnings upgrade momentum, as margins start to be squeezed. Bond yields have begun to fall again, and the rotation back into quality growth stocks has gained some traction, particularly as the services sector, having lagged, started to outperform.

The spread of the Delta variant, and third waves of Covid in countries throughout the world, has perhaps dampened initial thoughts that the crisis was nearly over. Pandemic 'winners' have started to rally once again - Facebook, Amazon, Alphabet, Apple and Microsoft included. These five companies now have a combined market capitalisation of around seven trillion dollars, more than double that of the entire UK market.

The TB Amati Smaller Companies Fund fell 0.8% over the month, slightly less than the benchmark which fell 1.2%. Year to date the fund is up 14.9%, nearly 1.6% behind the Numis Smaller Companies Index plus AIM Benchmark which has risen 16.5%.

Muted performance masks a busy month of IPOs and placings, as corporate activity continued apace. We participated in the IPO of **Victorian Plumbing**. This was the largest flotation by market cap so far on the Alternative Investment Market. Started up by Mark Radcliffe in his parent's back garden twenty years ago, this was an unusual offering, as the company had grown to 14% share of the UK bathroom market without ever taking outside equity or debt financing. Mark's passion for his business was clear, and the company seems set fair to grow further, spurred by a well invested, proprietary tech platform, and more runway ahead in terms of share and adjacent product lines.

An IPO that failed to do well in its first weeks was **Alphawave** IP Group and after meeting with analysts, management, and a positive trading statement, we decided to build a position. This is a rare opportunity as a UK based investor to buy into the semiconductor IP (Intellectual Property) sector for 5G, AI and data centres applications.

We participated in placings by **Gresham Technologies**, **Craneware** and **Rathbone Brothers** to support acquisitions of complementary businesses. We have followed Gresham Tech, a provider of software to asset managers and banks, for a couple of years, and they have built their subscription revenue business impressively. The acquisition of **Electra** substantially grows their US client base with little overlap. Craneware first mooted an acquisition, of direct competitor **VitalWare**, last July. This fell through – perhaps fortuitously, given that now they have found a company with more service lines to cross-sell, rather than customer lists. Rathbone's placing to fund the acquisition of **Saunderson House** gave us the opportunity to buy into a high quality, annuity revenue business, at a decent valuation.

Many of our successful holdings over the last years have not only improved the quality of their earnings, they have been rewarded with higher valuation multiples too. We would point here to **Discoverie**, which was our top contributor to performance in June, rising nearly 21%. Looking for the next companies to tread this path is our bread and butter. To this end, we bought **Wickes Group** and **TT Electronics**.

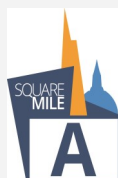
We funded these acquisitions by selling **GB Group** and **RWS** and some selective profit taking on several stocks. RWS's acquisition of **SDL** is taking time to settle and we felt better opportunities could be found elsewhere.

Anna Macdonald

INVESTMENT OBJECTIVE

The Fund aims to achieve long-term capital growth over periods of 5 years or longer. The Fund invests in UK smaller companies.

For further information on our objectives and policy, please view the Key Investor Information Document (KIID) at: <https://amati.global.com/fund/tb-amati-uk-smaller-companies-fund/how-to-invest>



Investment in smaller companies can be higher risk than investment in well-established blue chip companies. Funds investing significantly in smaller companies can be subject to more volatility due to the limited marketability of the underlying asset.



Cumulative Performance

Time Period	Fund Return %	Benchmark Return %	Avg Sector Return ##%	Q'tile Rank
3mths	5.34	5.96	9.98	4
6mths	14.91	16.45	19.91	4
1yr	46.21	52.32	53.07	3
3yrs	36.83	26.14	34.21	2
5yrs	156.78	80.89	114.42	1
10yrs	306.91	141.34	220.43	1

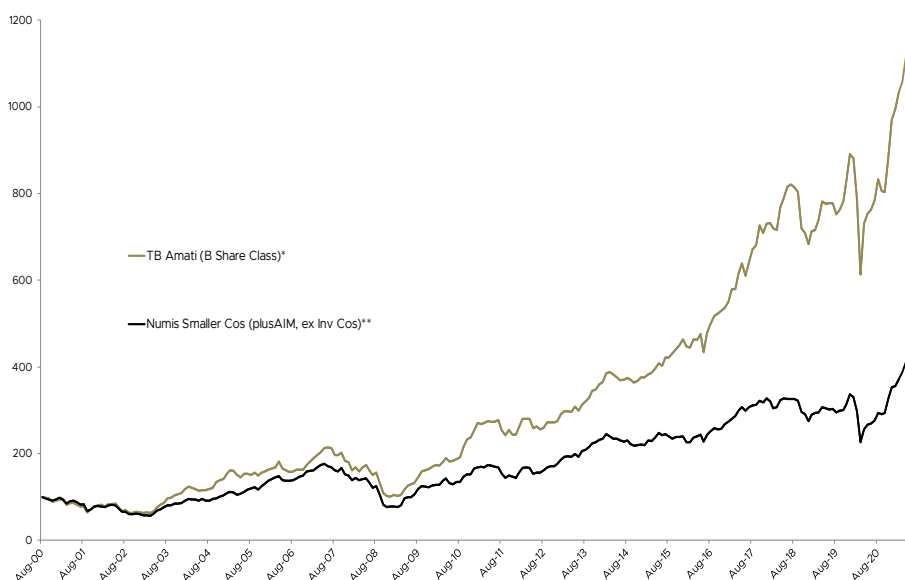
#Total return, after all charges, net of UK tax. Cumulative performance data as at 30 June 2021

##IA UK Smaller Cos Sector Total Return.

Discrete Performance (B Class)

Period 12 Months to	Fund Return %	Benchmark Return %
30.06.2021	46.21	52.32
30.06.2020	-1.95	-10.74
30.06.2019	-4.56	-7.22
30.06.2018	33.56	8.80
30.06.2017	40.51	31.80

PERFORMANCE VS BENCHMARK



Source: Amati Global Investors as at 30 June 2021

*TB Amati UK Smaller Companies Fund, Total Return, since Paul Jourdan take-on of predecessor fund (31 August 2000). See Key Investor Information Document p.2.

**Numis Smaller Companies Index (plus AIM, excluding Investment Companies), 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 the Fund is not constrained by or managed to the index.

##The Investment Association's UK Smaller Companies sector return gives investors an indication of how the Fund is performing compared with others investing in a similar, but not identical, investment universe.

Sources: T. Bailey Fund Services, Financial Express Analytics and Numis Securities. 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.

*The launch date refers to the forerunner of the Fund, the First State British Smaller Companies Fund, of which Paul Jourdan was appointed manager on 31 August 2000. The present Fund was created as a new investment structure in July 2008 by the transfer of the assets to Capita Financial Managers, at which time the name was changed to CF Noble UK Smaller Companies Fund and later to CF Amati UK Smaller Companies Fund. The Fund was renamed TB Amati UK Smaller Companies Fund on 1 August 2012 following the appointment of T Bailey Fund Services as Authorised Corporate Director (ACD).

Signatory of:





Investment Team



Dr Paul Jourdan
Fund Manager



David Stevenson
Fund Manager



Anna Macdonald
Fund Manager



Dr Gareth Blades
Analyst



Scott McKenzie
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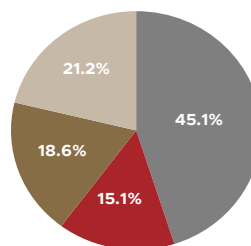
ACD of the Fund

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Please ensure you read the Risk Warnings section opposite. Before making an investment, you should ensure that you have read and understood the relevant Key Investor Information Document, available from [Smaller Companies Fund Literature](#)

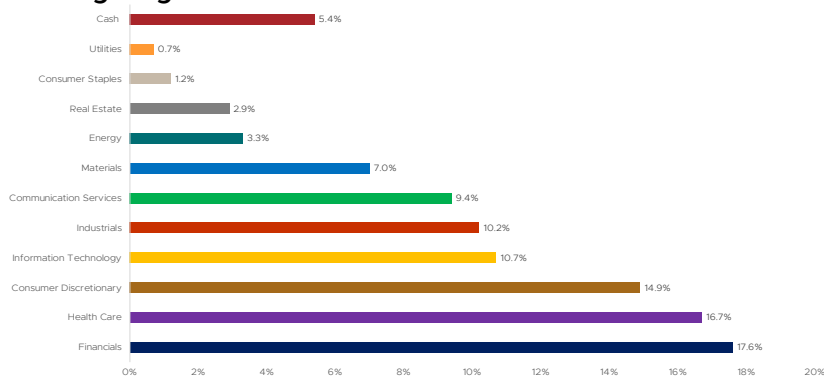
Geographical Distribution

- United Kingdom
- Europe (ex UK)
- North America
- Rest of the World



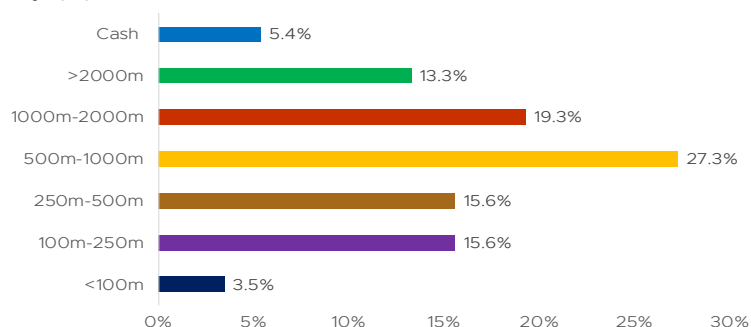
Source: Amati Global Investors as at 30 June 2021

Sector Weightings



Source: Amati Global Investors as at 30 June 2021

Market Cap (£)



Source: Amati Global Investors as at 30 June 2021

RISK WARNINGS

This factsheet is issued by Amati Global Investors Ltd, authorised and regulated by the Financial Conduct Authority.

The value of your investment is not guaranteed and may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the markets in which the Fund invests. You should regard your investments as long-term. A dilution levy may be applied to the share price whenever the Fund is expanding or contracting. Should you buy when the Fund is expanding and sell when the Fund is contracting, this will have an adverse impact on the return from your investments. Full details of the TB Amati UK Smaller Companies Fund, including costs and risk warnings, are published in the Prospectus of the TB Amati Investment Funds. This factsheet does not provide you with all the facts that you need to make an informed decision about investing in the Fund. You need to read the associated Key Investor Information Document (KIID) and the Supplementary Information Document (SID) and decide whether to contact an authorised intermediary. If you do not already have a copy, please contact T. Bailey on 0115 988 8275 (www.tbaileyfs.co.uk/funds/tb-amati-investment-funds). The SID details your cancellation rights (if any) and the KIID shows you how charges and expenses might affect your investment. Tax rates, as well as the treatment of OEICs, could change at any time.

Smaller Companies - Investment in smaller companies can be higher risk than investment in well established blue chip companies. Funds investing significantly in smaller companies can be subject to more volatility due to the limited marketability of the underlying asset.