SHINING A LIGHT ON THE……
TB Amati UK Smaller Companies Fund

AT A GLANCE

Investment Objective
The TB Amati UK Smaller Companies Fund aims to achieve long-term capital growth over periods of 5 years or longer. At least 80% of the Fund will typically be invested in shares, equity-related securities or bonds in or issued by UK smaller companies. For these purposes, UK companies are companies incorporated or domiciled in the UK, or companies that are are listed in the UK and have the majority of their economic activity in the UK. Smaller companies are companies which form the bottom 10% of the UK equity market by market capitalisation.

Inception Date	18th December 1998
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=f00000212d

Management	
Manager Name	**Start Date**
Paul Jourdan	29th July 2008
David Stevenson	6th February 2012
Anna Macdonald	17th January 2018

FUND PERFORMANCE

Performance from 1st January 2016 to 30th September 2020:

	2016	2017	2018	2019	2020
TB Amati UK Smaller Companies Fund	14.75%	35.22%	-7.02%	29.37%	-10.08%
FTSE All Share	16.75%	13.10%	-9.47%	19.17%	-19.92%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
TB Amati UK Smaller Companies Fund	4.93%	15.81%	79.95%	393.38%
FTSE All Share	-16.59%	-9.33%	18.57%	89.57%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
8.43	-	136.66	72.22	63.89	1.03	13.19	Small/Growth

Volatility Measurements	
3-Yr Std Dev (volatility)	22.33%
3-Yr Mean Return (average)	5.02%

Investment Style Details	
Giant	0.00%
Large	0.00%
Medium	7.76%
Small	40.49%
Micro	47.93%

Top 5 Holdings – 76 Equity Holdings, 4 Other Holdings		
Intermediate Capital Group PLC	Financial Services	3.51%
Onesavings Bank PLC	Financial Services	2.54%
Grainger PLC	Real Estate	2.41%
Sumo Group PLC	Communication Services	2.29%
Liontrust Asset Management PLC	Financial Services	2.28%

Top 5 Sectors	
Financial Services	18.06%
Healthcare	17.76%
Industrials	16.98%
Technology	15.06%
Consumer Cyclical	10.66%

UPDATE….

These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

This was our first introduction to the strategy. Just looking at the high-level data the fund has a high upside capture and strong downside capture. We can see this both in 2018 and 2020. The manager also has a strong batting average which again supports the outperformance. However, there is greater volatility with this strategy which investors need to accept but at the same time they are currently being rewarded for this level of volatility.

The fund invests in companies with a market cap of between £35 million and £3000 million. They have 76 equity holdings, but they are looking to reduce this down. They look to invest in those companies which can sustain growth whatever is happening around. Macro does play a part, and with the UK there is the added pressures of the pandemic and Brexit, but from a bottom up perspective they include companies that are focused on the broader long-term themes.

In terms of recent activity, they have added Spirent, CMC, Codemasters, Draper Esprit and Frontier to the portfolio. They have sold LoopUp, Redrow, Watkin Jones Group, Forterra and the Gym. They have reduced weightings in ICG, Clinigen and RWS and added to Softcat, Yourgene Health, OxfordBioMeidca, DFS and MaxCyte.

The strong performers for the fund this year have been Gear4Music, XP Power, SDL, MaxCyte and Focusrite. Underperformers include Qinetiq, Design Group, Restore, Watkin Jones Group and Pebble Group.

Some of the themes the fund invests in include:

Healthcare – examples would be COVID-19 treatments and vaccines, gene-based therapies, rare disease, and data in healthcare. The types of companies they hold include Synairgen, Maxcyte, Dechra Pharma, Amryt Pharma and Renalytix.

Industrials – these include areas like digitalisation, automation and M2M communications. Example holdings include Discover IE and XP Power.

Technology / Telecoms – these include data connectivity, 5G and the online economy. Example holdings include Gamma, Spirent, Softcat, Sumo and Codemasters.

Financials – these include private equity, cyclical rebound and online economy and includes the likes of Draper, Immediate Capital, OneSavings and CMC Markets.

Consumer – these include cyclical rebound and the online economy and includes companies like DFS, Jet2 and Gear4Music.

Electricity – this is a focus on renewables and includes Eqtex and Simec Atlantis.

In Summary, this is a small cap strategy run by specialists in this area. The focus is on strong business models which can grow whatever is happening around them. The themes within the strategy are more skewed towards the new economy. The fund does carry extra volatility which might not appeal to all investors but currently investors are being rewarded for this extra level of volatility.

The source of information in this note has been provided by Amati and is correct as at October 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.