

**SHINING A LIGHT ON THE.....  
TB Amati Strategic Metals Fund**

**AT A GLANCE**

**Investment Objective**

The fund aims to provide capital growth over the long term (periods of 5 years or more). At least 80% of the Fund will be invested in equities issued by mining companies listed in developed markets worldwide, such as Australia, Canada, Europe, the United Kingdom and the USA, whose revenue or profits mainly come from the exploration, extraction or processing of precious metals (such as gold and silver), base metals (such as copper, lead, nickel and zinc), or speciality metals (such as neodymium, vanadium, cobalt and lithium), or of non-metal materials or elements with associated technical and industrial uses (such as lithium carbonate, zircon, graphite and graphene). The Investment Manager considers such metals, materials and elements to be strategic in character, for example due to their use in new energy technologies or potential scarcity.

**Fund Factsheet Link**

<https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000016JWH>

**Management**

Manager Name	Start Date
Georges Lequime	1 <sup>st</sup> March 2021
Mark Smith	1 <sup>st</sup> March 2021

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> March 2021 to 31<sup>st</sup> March 2022:

	2021	2022
<b>TB Amati Strategic Metals Fund</b>	11.38%	15.45%
<b>EMIX Global Mining TR USD</b>	7.32%	27.52%

Performance over 12 months, and since launch:

	1 year	Since launch
<b>TB Amati Strategic Metals Fund</b>	35.61%	28.59%
<b>EMIX Global Mining TR USD</b>	36.27%	38.86%

*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.*

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Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
-	100.00	-	-	-	-	-	Blend / Small

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

Investment Style Details	
Giant	0.00%
Large	4.13%
Medium	27.33%
Small	42.78%
Micro	22.30%

Top 5 Holdings – 29 Equity Holdings		
Fortuna Silver Mines Inc	Basic Materials	4.82%
Fresnillo PLC	Basic Materials	4.10%
Endeavour Mining PLC	Basic Materials	3.58%
OceanaGold Corp	Basic Materials	3.31%
Anglogold Ashanti Ltd ADR	Basic Materials	3.12%

Top 5 Regions	
Canada	38.26%
Australasia	30.79%
United Kingdom	15.26%
Africa	5.85%
Latin America	5.31%

### UPDATE....

This was a strategy that we had dismissed primarily because it appeared to be too niche. Within this there is a perception of greater risk. This was therefore our first face to face meeting with the team and this has painted a slightly different picture as to what this is looking to achieve and why perhaps investors might wish to consider it.

In terms of the managers, they have a background in mining and geology before coming across into fund management. They have worked together at different stages of their careers, and this is an area they clearly have an immense amount of knowledge about, including a wide list of contacts.

So the management is one thing to take notice on.

The second is understand the strategy. This is not a single metal strategy. This invests across precious (silver and gold), industrial and speciality metals. Each area has a cycle whether it is trough, mid or late cycle and they capture this within the strategy by actively moving between different parts of the cycle. As an example, the strategy is currently more defensive with around 50% in precious metals.

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We talked about the risk and they explained that we are in a metal intensive period where companies have healthy balance sheets, and around 50% of the companies they invest in are developing new projects. The sector has had around 10 to 15 years of underinvestment and with greater demand it will take many years to catch-up.

In terms of the opportunity set across metals, this includes the transition to sustainable energy, rising debt and political uncertainty, inflationary pressures, infrastructure spending, hydrogen fuel cells, move to electric vehicles, supply and demand dynamics and global population growth.

The next area we touched on was environmental and political risks. In terms of political risks, they only invest in the main listed markets and are looking for established companies. There are areas they avoid which include Russia, Venezuela, China, and parts of Africa.

In terms of environmental, social and governance (ESG) they like to do site visits. They have a background in mining so they can ask the right questions and see how the workforce are. This is really important because if something doesn't feel right then they can speak to the management, and if the management don't want to engage then that becomes a red flag for them. The technical knowledge is vital in doing this job and they are modelling around 150 companies and then investing in around 40 to 45 companies.

Knowledge is important not just in understanding what the companies are doing but also understanding the technical aspects of a company. An example they spoke about was when the markets wrote down a company by about 40% because they didn't understand the cost implications. They worked out the worst-case scenario which meant the company was trading at an extreme discount. They invested, and this has seen returns of 80%.

We talked about risk and they explained that companies in this sector do have hiccups and things can go wrong. Knowing the asset and the company is really important because the markets short term view on something often provides them with opportunities. So this is also about being patient investors.

To some extent this should be seen as a strategic metal fund. Rather than trying to guess where the best place to be is, we are handing this to the managers to invest where they see the best value and move across the different cycles. They see that this opportunity could run for 20 years, and even beyond that, but there will be a point where returns are harder to achieve. Now, however, is not this point.

In terms of selling stocks, every company has a 12-month projected return. When it reaches this then they re-assess it and if the opportunity is not there then they will sell out. They are happy to sell when the price is too high and then buy again when the price drops. This reflects the approach of not sitting on winnings for too long.

Where they see the greatest opportunities is within the small and mid-cap stocks. They do have some larger cap but only where they have seen some mis-priced opportunities.

In summary, this is not a green fund but what it does is invest in a part of the market which will be very needed to drive that transition. It doesn't mean they ignore ESG, the industry has made great strides to clean up its image. They have companies who are mitigating their carbon footprint, those using electric or hydrogen fleets, those using solar to generate power, those who mine underground and also actively avoid countries with poor records. This fund has done well since launch but it should

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be seen as volatile and will not match every investor risk profile. As an alternative this may be something to consider.

It is worth highlighting the managers view that this is an all-weather strategy which means it is not tied to just one part of the market. When parts of the market are out of favour they can move around to keep the portfolio fresh.

*The source of information in this note has been provided by Amai and is correct as of April 2022. 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.*