

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

AT A GLANCE

Investment Objective

We aim to generate absolute returns and to outperform global equity markets over the medium term (3-5 years) by investing in companies that create value from innovative products, services and business models that address key challenges facing businesses, consumers and societies, where the impact of such innovation is not fully priced in by the market

These include traditional areas of innovation such as technology, communication, healthcare and industrials as well as other sectors associated with new business and societal challenges that create incremental demand for innovation such as renewable energy, electrification of vehicles, sustainable materials and affordable healthcare for under-served markets.

Fund Factsheet Link

<https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00001DV9R>

Management

Manager Name

Start Date

Mikhail Zverev

23rd May 2022

Graeme Bencke

23rd May 2022

Gareth Blades

23rd May 2022

UPDATE....

This is a brand-new fund from Amati. Amati was established 12 years ago and has focused on specialist investments and a UK Smaller Companies Fund. It recently launched a Strategic Metals Fund and this is the latest fund launch. The fund has been set up by Mikhail Zverev who ran a successful strategy both at Abrdn and Aviva. The aim is to follow the process he established in the past. The primary aim is to extract value without taking risk. They do this by investing across the enablers and adopters of innovation.

They feel that now is the perfect time to set up the fund, as when there is fear in the markets it opens opportunities. There is a broad and diverse opportunity set for the team to invest in and they look for the very best companies who offer innovative products, services and business models which address key economic, consumer and societal challenges. They will look to invest in between 30 and 40 companies. They are happy to invest across small, mid, and large cap names although they will avoid the mega cap companies.

In terms of style, they would see themselves as style agnostic, but in reality it is a mix of time horizon (3 to 5 years), innovation at the right price and identifying quality growth businesses at the right price. They are not looking at speculative businesses. There must be a high-class business model for the business to work, and crucially it has to make money for the investors.

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The strategy will invest across pioneers, enablers and adopters and it will depend on what is attractive at the time an investment is made. An example holding is Lumentum, who are enablers and global leaders in lasers and optical components for communications, 3D sensing and industrial use. Amedisys is an enabler in the transition of healthcare to home care.

They will look to run their winners and the maximum holding size is 10%. They did indicate that they may invest in non-profitable businesses if there is a road map to profitability. This would be something to explore and understand further. We would also need to understand the levels of debt these companies have. If there are high levels of unprofitable companies and debt, this would go against the philosophy.

In summary, we know the management team well and the style of investing. How they operate in a smaller environment will be one to watch. We would want to do more work around the non-profitable businesses and debt and so this may in the future move to our watchlist, but would currently require some performance data and research before we move to that stage.

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