

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 st March 2021
Mark Smith	1 st March 2021

FUND PERFORMANCE

Performance from 1st March 2021 to 31st May 2022:

	2021	2022
TB Amati Strategic Metals Fund	11.38%	6.67%
EMIX Global Mining TR USD	7.32%	18.32%

Performance over 12 months, and since launch:

	1 year	Since launch
TB Amati Strategic Metals Fund	9.17%	18.81%
EMIX Global Mining TR USD	13.00%	26.98%

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	4.28%
Medium	23.67%
Small	39.41%
Micro	26.42%

Top 5 Holdings – 42 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 is a new strategy for us and we have already completed one initial review. This was our second meeting with the management team. The aim of the strategy is not to lose money over the long term, although this is in a volatile part of the market, so it is not immune to negative returns. We are all showing the performance to the end of May; however, June has been difficult for the strategy as investors struggle with different data coming into the markets.

The strategy had benefited from investment in metals needed for the transition to a greener world, but these stocks have pulled back as investors take profits. This is a strategic metal fund and to protect against the heightened risk within markets and rising inflation, around 50% of the fund is invested in precious metals.

It is important to understand that this invests in companies. So, for example Endeavour Mining is a gold mining company. The price of gold is pricing around \$1800 an ounce, the market is pricing the equities assuming gold at around \$1,500 and the cost base for the company is \$1,000. This for them is a perfect investment because they feel that Gold is unlikely to go down and therefore there is already a disconnect between the market and valuation.

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The strategy doesn't need to worry about the daily swings in commodity prices, it just needs to identify a disconnect between the market and value of a company. Lithium is another area where equities are trading at around a 50% discount to the price of the product. Where they can add value is in understanding the development potential of a miner and this is where the opportunities lie within these cases.

We see this as an alternative investment option for investors, but it is volatile and therefore will not work for all investors. It is a cheap sector mainly because the market doesn't understand it. Many of the miners are debt free, and there are parts of the market that are needed to enable to transition to a decarbonised world. The other area we discussed was ESG and they explained that the mines they invest in have been doing this before it was a trend. How they respond to the community around them is really important and although there might be mines using child labour, this isn't where they invest. Mines will never be perfect but using solar power, hydrogen power, automatic robotics shows they are changing.

We discussed the opportunities and how the sector is cheap and has many long-term positive themes which can drive returns, but the question was what changes. They feel that when there is some stability within commodity prices then this is when markets tend to look more closely at companies. Additionally, the market is uncertain but when things settle and there is a greater focus on themes like decarbonisation again, this will be positive for the fund.

In summary, this is very different in that it is a sub sector of commodities, and within it is a strategic strategy that looks to move across the different areas of the metals market to find the greatest opportunities. It means that currently it has more weighted towards precious metals as a protection against greater volatility and inflation. However, it will invest in parts of the market where it sees the longer-term opportunities, especially within green investing. As an alternative this is an interesting option but it will be volatile and it should be seen as a long term investment rather than a strategic "bet".

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.