

WS Amati Global Innovation Fund

Embracing complexity,
uncovering opportunity



Amati
Global Investors
Finely crafted investments

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Risk Warning

Past performance is not a reliable guide to future performance. The value of investments and the income from them may go down as well as up and you may not get back the amount you originally invested.

The return on investments in overseas markets may increase or decrease as a result of exchange rate movements. Shares in some of the underlying companies associated with the Fund may be difficult to sell in a timely manner and at a reasonable price. In extreme circumstances this may affect the ability of the Fund to meet redemption requests on demand.



CEO VIEW

A new approach to investing in global innovation

Dr Paul Jourdan, CEO of Amati Global Investors sums up our unique approach to global innovation investment.

The launch of our Global Innovation Fund marks a pivotal phase in the evolution of Amati Global Investors, bringing on board an exceptional team to lead a fund that plays to the unique strengths we have developed over more than a decade of investing.

This is a logical continuation of the Amati approach in our Smaller Companies and Venture Capital Trust strategies, where insights into innovation are at the core of the returns we have delivered to our clients over the years.

We have always looked at UK listed smaller companies through a global lens, and this Fund represents the next step, exploiting our innovation insights by picking stocks in the global markets in an all-cap approach.

Now is an exciting time to launch this fund. Major economic and societal challenges – from energy transition and digitalisation to advances in healthcare - are creating demand for innovation. At the same time the scope for innovation is also expanding across multiple industries. We're seeing this in the accelerated pace of life sciences discoveries and in increased fragmentation and specialisation in the semiconductor industry. This makes innovation investing a compelling opportunity.

Most importantly, innovation is often mis-priced. It brings about change, complexity and uncertainty, and market consensus is not always well equipped to value it. This creates an opportunity for our managers to outperform.

Too much of the recent investment in innovation was overly focused on high growth, early-stage companies, often with unproven business models and no clear roadmap to profitability and cash generation. Our differentiated approach can go beyond that cohort of high-risk pioneers with established, higher quality businesses that have already achieved scale that will benefit from enabling or adopting innovation.

Given the recent volatility and changing macroeconomic and geopolitical environment we believe this, more balanced, approach to innovation investing is long overdue.

The team leading the Fund has an extensive experience of managing global funds with multi-year track records of top quartile outperformance. They combine technical expertise in key areas of innovation with a sound business and financial judgment.

Amati's network of executives, founders and experts in innovative businesses at the leading edge of their industries, gives the team a further differentiated informational advantage.



Environmental, social and governance factors play an integral role in our investment process. Innovation plays a crucial role in addressing the challenges of sustainable development, and many of our companies will have a positive impact in that area. At the same time technological innovation in the wrong hands or used for the wrong purpose can make the world less just and less free, endangering both our society and our clients' capital.

We assess ESG risk factors and engage proactively with companies where we can, with the aim of ensuring that we invest in well-run companies which act responsibly in relation to their environmental and social impacts. The managers also recognise human rights as a distinct category of risk in making this assessment.

Amati is a signatory to the Principles for Responsible Investment (PRI) and a signatory to the UK Stewardship Code. Our commitment to investing responsibly remains integral not only to how we run this Fund but to how we run all of our funds and our business.

KEY DIFFERENTIATORS

Why this fund?

01

Growing demand and scope for innovation create a large and diverse opportunity set

02

Recognised stock market inefficiency creates an opportunity to outperform

03

Bottom-up, fundamental approach, embracing complexity and differentiated stock ideas

04

Balanced approach to innovation (Pioneers, Enablers, Adopters) improves portfolio risk profile

05

High conviction, very high active share, low overlap with generalist global funds

06

Team experience and qualifications strongly aligned to the opportunity

07

Managers' multi-year track record of top quartile outperformance in global equities*

08

Amati network is an informational advantage in discovering and analysing innovation

09

Independent specialist investment firm, managers' interests aligned with clients

*Past performance is not a reliable indicator to future performance



FUND AIMS

The Fund aims to provide capital growth and to outperform global equity markets over the medium to long term (3-5 year period) by investing in companies that create value from innovative products, services and business models that address key business, societal and consumer challenges, and where the impact of such innovation is not fully priced in by the market.

These include traditional areas of innovation such as technology, healthcare and industrials as well as other sectors which pioneer, enable or adopt innovation. The Fund invests globally.

GLOBAL INNOVATION TEAM

A team with insights into dynamic, innovative companies

The team running the Global Innovation Fund have collective investment experience spanning more than 50 years.

The team running the Global Innovation Fund have collective investment experience spanning more than 50 years. Their investment career spans several market cycles, having worked through both exciting and challenging times for innovation equities, going back to the dot com boom and crash of 1998 – 2000.

The Fund managers, who joined Amati in 2022 to launch the fund, have track records of long-term top quartile outperformance in global equity and ran successful multi-billion-dollar global equity franchises for major international investment firms.

They also bring valuable first-hand insights into the dynamics of innovative companies, acquired in previous roles advising and raising capital for high growth businesses in technology, healthcare and engineering sectors.

The managers also have diverse academic and research backgrounds spanning semiconductors, pharmaceuticals, neuroscience, nanotechnology, accounting and finance. This brings with it the knowledge of complex and highly technical industries at the forefront of innovation as well as sound judgment of the business and financial models and valuation discipline.

They share a history of an investment approach focused on technological change and innovation in global companies, backed by rigorous fundamental research and disciplined stock-picking.

As importantly, they are aligned with Amati's values and culture. Mikhail Zverev has a long-standing association with Amati founder and CEO Paul Jourdan, having known each other professionally for more than two decades and worked together for five years earlier in their careers. Managers have made significant investment into the fund at launch, fully aligning their interest with the fund investors.



Mikhail Zverev, Fund Manager

24 years' investment experience

Joined Amati in 2022 to launch the Global Innovation Strategy. Previously a global portfolio manager and Head of Global Equities for Aviva Investors and Standard Life Investments (now Abrdn). Previous investment roles include Trigon Capital, Citigroup Investment Bank and First State Investments. He has a track record of outperformance, fundraising, building and managing multi-billion global equity franchises as well as raising growth capital for technology companies. Mikhail has a BSc in Semiconductor Physics, an MSc in Accounting and Finance and is a Chartered Financial Analyst.

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Graeme Bencke, Fund Manager

25 years' investment experience

Joined Amati in 2022 to launch the Global Innovation Strategy. Previously global portfolio manager and Head of Global Equity team at PineBridge Investments. Other investment roles include Columbus Investment Partners, Gresham House and F&C. He brings a track record of outperformance and managing a 1bn+ global equity franchise as well as consulting and advisory for emerging technology companies. Graeme trained and served as an RAF flight lieutenant and has a first class BSc degree in Business Management and an AIMR (Association for Investment Management and Research) qualification.



Dr Gareth Blades, Fund Analyst

8 years' investment experience

Joined Amati in 2019, working on Global Innovation Strategy since 2022. Previously worked on intellectual property commercialisation and commercial spinouts for the Edinburgh University College of Medicine and Sunergos Innovations and as a corporate finance analyst at PharmaVentures. He has a DPhil in Systems Biology – Biochemistry, an MPhil in Micro and Nanotechnology Enterprise, and a first class degree in Neuroscience.

RATIONALE

Major economic and societal challenges

From energy transition and digitalisation to advances in healthcare - these challenges are creating long-term demand for innovation.

Major economic and societal challenges – from energy transition and digitalisation to advances in healthcare - are creating long-term demand for innovation. At the same time the scope for innovation, the “perimeter of innovation”, is also expanding across multiple industries. We’re seeing this in the accelerated pace of life sciences discoveries and in increased fragmentation and specialisation in the semiconductor industry. All this makes the opportunity set for innovation investing larger and more diverse.

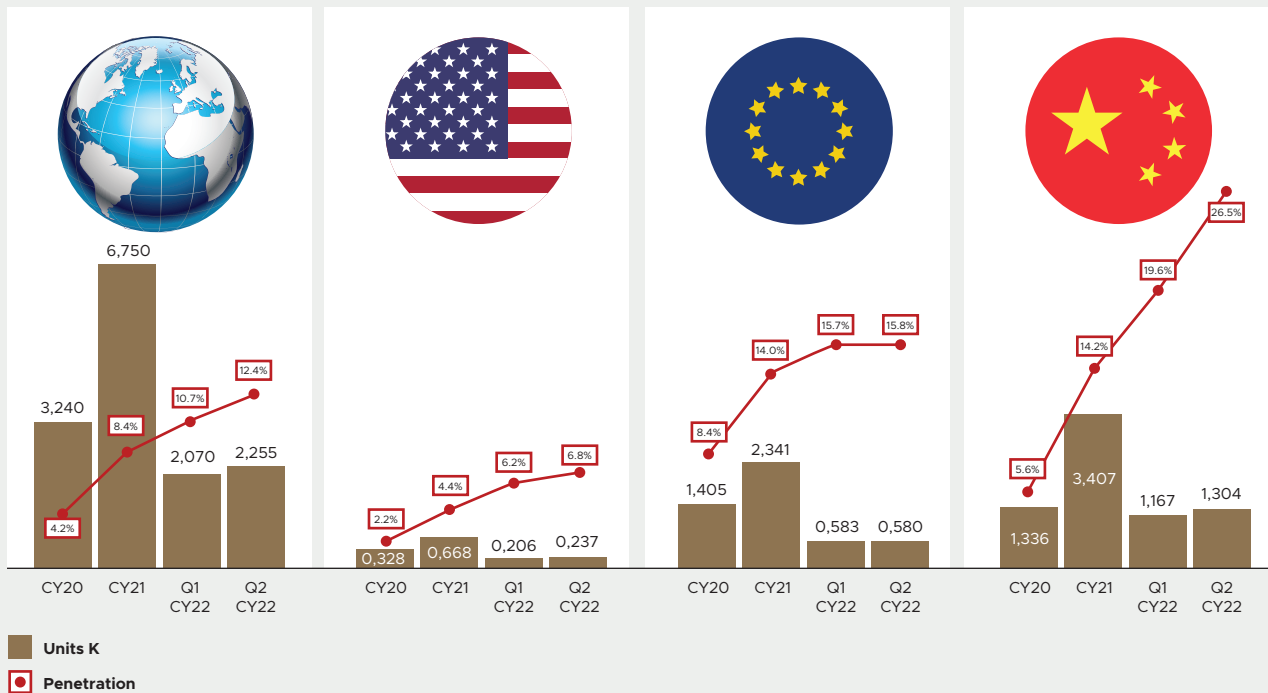
Underneath these broader growth drivers are more granular areas of opportunity leading to innovation and growth. We call these Innovation Frontiers – specific areas where innovation is developed or applied and where it is making a difference to function, cost or profitability of products and services. It is on this level of granularity and

detail where we look for compelling stock ideas and where we see opportunity.

High speed broadband penetration is still in its early innings, with only 31% of OECD countries’ populations connected to fibre network and only 18% enjoying broadband speeds above 100Mbit/s. Investment in the networks and the digital services that will be offered over them have many years to develop and grow, benefiting service providers and the network equipment supply chain.

Electric car penetration continues to increase, with most of the growth still ahead of us. 12% of cars sold globally were plug-in hybrid or electric in the second quarter of 2022, and that penetration is only 7% in the US. New and established carmakers and specialist component suppliers have many years of innovation and growth ahead of them.

HYBRID & ELECTRIC VEHICLE GROWTH





More industries look to digitalise, but the rates of digitalisation vary - some sectors, such as financial services, already spend 10% of revenue on technology, while others – such as manufacturing and construction – spend 2% or less. This creates a multi-year runway for growth and innovation for companies helping the laggards to digitise.

The semiconductor industry is poised to double from its current level by 2030, suggesting multi-year double digit growth ahead. Increased specialisation in the industry creates multiple specialist areas of faster growth and innovation, such as photonics, radio frequency and power semiconductors.

As geopolitical tensions increase in Europe and Asia, defence spending is accelerating. This is increasingly focused on more technologically advanced areas such as connected battlefield, advanced sensors, cyber and AI. These segments are growing

faster than overall defence spending, creating opportunities for specialist, innovative suppliers.

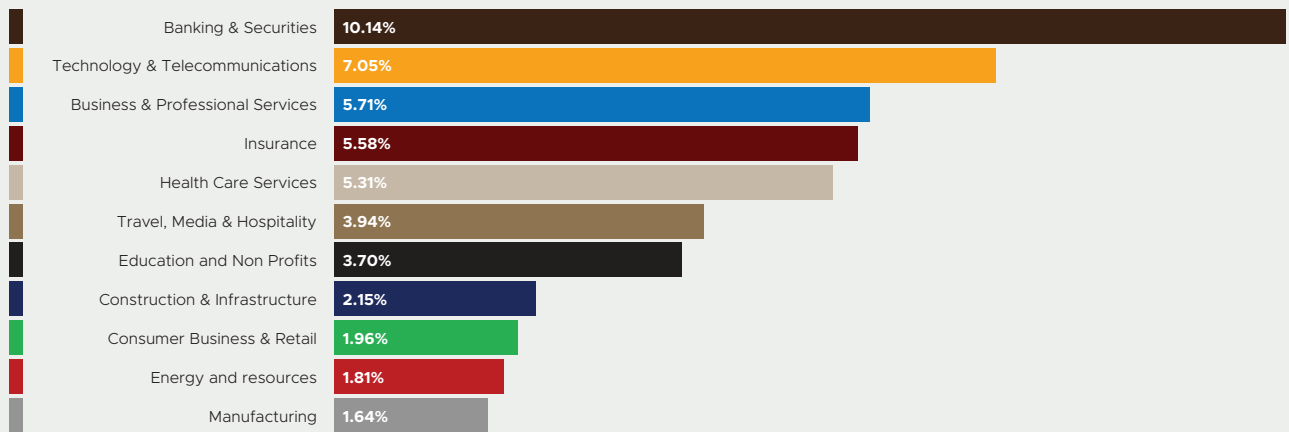
The pace of innovation in life sciences is accelerating as new scientific discoveries mature and are commercialised. The FDA approved an average of 51 new drugs per year in the past 5 years, up from 24 a decade ago. Innovations in gene editing, biomanufacturing and bioinformatics are still in the early innings. Industries serving biotech R&D are growing at high single to low double-digit rates, with years of growth ahead.

Most importantly we believe that innovation is a mis-priced opportunity. A number of academic studies* have shown that the stock market is not efficient in pricing in the benefits of innovation and it is possible for active investors to identify relative winners and generate excess returns.

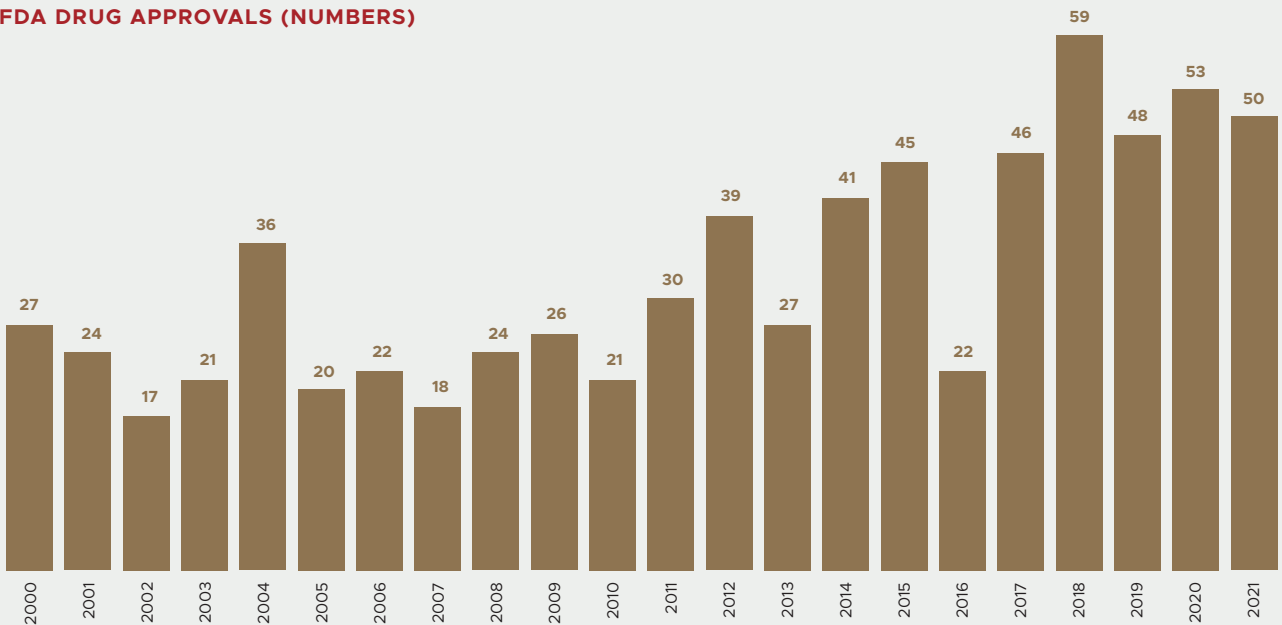
The FDA approved an average of 51 new drugs per year in the past 5 years, up from 24 a decade ago

This aligns with our multi-decade investment experience and conviction: innovation brings about change, complexity and uncertainty to the future fundamentals of companies and industries, and the market consensus is not always well equipped to identify and analyse its impact. This creates an opportunity for our managers to outperform.

RATE OF DIGITALISATION BY INDUSTRY



FDA DRUG APPROVALS (NUMBERS)



References and data sources:

Lauren Cohen, Karl Diether, Christopher Malloy; The Review of Financial Studies, 2013

David Hirshleifer, Po-Hsuan Hsu, Dongmei Li; The Review of Financial Studies

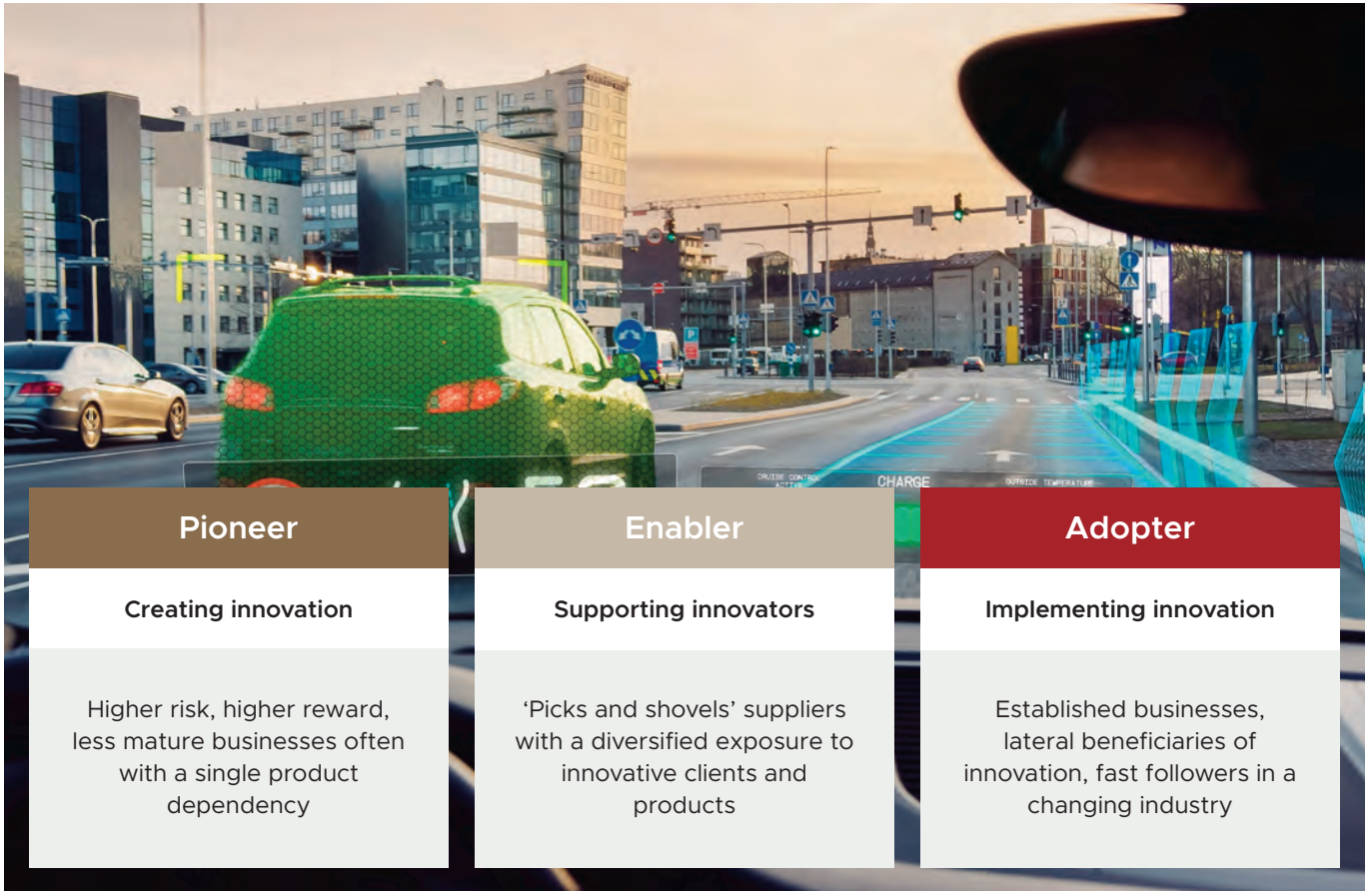
Kewei Hou, Po-Hsuan Hsu, Akiko Watanabe, Yan Xu; Journal of Financial and Quantative Analysis (JFQA), Forthcoming

Nature Reviews; 2020 Deloitte Global Technology Leadership Study; IHS Markit Automotive, July 2022; Companies data.



INVESTMENT APPROACH

Complexity brings opportunity



The Global Innovation Fund looks for opportunities where the positive impact of innovation is not fully priced in by investors. That is best uncovered on a company level – using a fundamental, bottom-up, stock picking approach.

Innovative companies are often involved in technically complex and specialist areas. We believe this complexity brings opportunity and are comfortable embracing and researching it to uncover differentiated stock ideas. Our managers' experience and qualifications, as well as the informational advantage of the Amati research platform, enable us to tackle that challenge. As a result, our stock ideas are often very different from the popular holdings in other global portfolios.

In looking for mis-priced beneficiaries of innovation we do not just focus on high growth early-stage innovators at the leading edge of the innovation frontier. We examine the whole value chain, mapping out the cluster of companies that are positively impacted.

We're interested in both transformative and incremental innovation opportunities. We're interested in the pioneers that drive innovation forward, the enablers that provide tools and services to these pioneering innovators, and we're also interested in companies that derive value from adopting that innovation - either as fast followers (sometimes to avoid the threat of disruption) or as lateral beneficiaries.

We're looking for optimal risk/reward opportunities. In some areas it is worth taking the risk of investing in a pioneer but in others investors are better off backing lower risk beneficiaries that enable or adopt the innovation.

This approach avoids excessive style bias, reducing investor exposure to extreme style rotations and volatility that sometimes affect innovation-linked sectors.

By not limiting ourselves to only high growth early-stage companies we also ensure that portfolio holdings on average have lower balance sheet and funding risk, reducing the risk of permanent loss of capital.

INVESTMENT PROCESS

Five distinct stages to identify stock ideas

We adopt a disciplined idea generation, research, stock selection and portfolio construction process to identify and assess stock ideas for the Fund.

Our process consists of **five** distinct stages:

Innovation frontiers: we identify areas where we see tangible and valuable innovation that addresses a large and growing market. We prefer to back innovation which is already making a difference but has a lot further to grow, rather than making very long-term projections of what the world might look like in a decade's time.

Innovation clusters: we map out which companies are involved in the innovation frontier and stand to benefit from it – as Pioneers, Enablers or Adopters. We look across industries, regions and value chains to identify research targets.

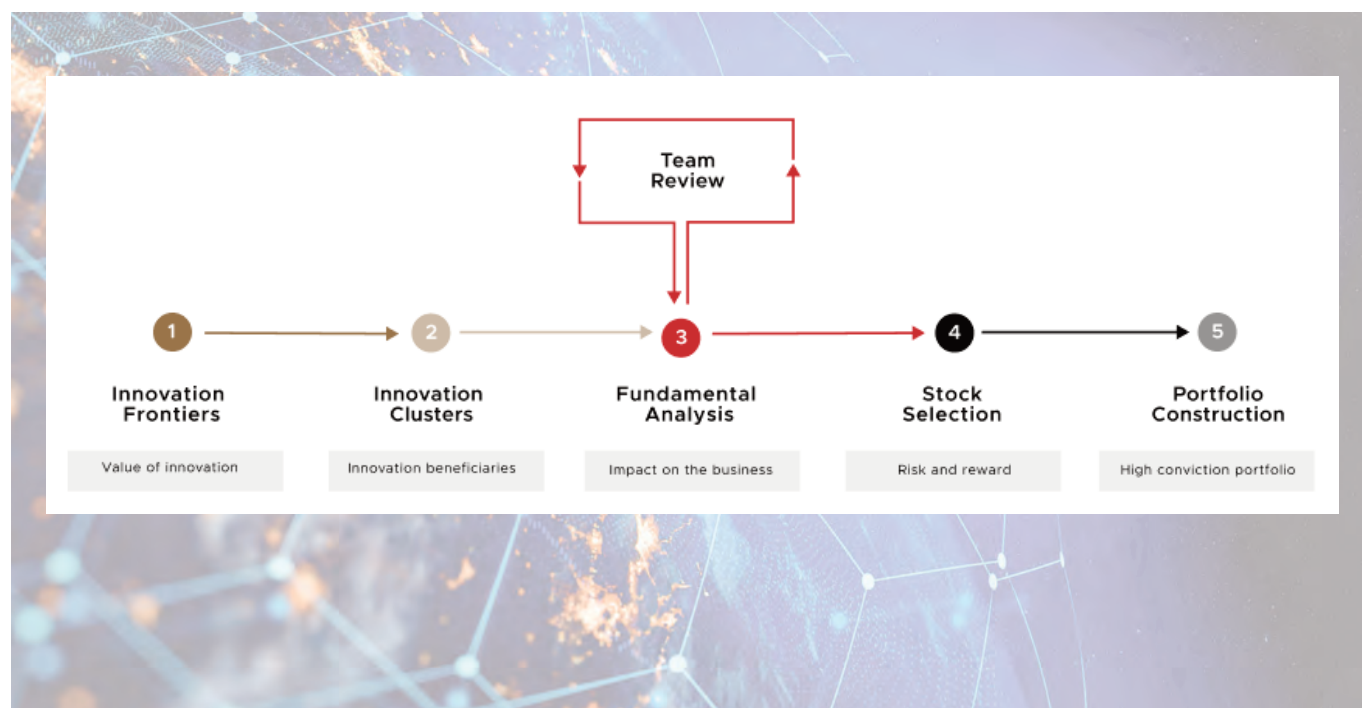
Fundamental analysis: we analyse the exposure of the company to the innovation and model the financial impact of innovation on the business, as well as assessing the sustainability of the business model. We look for companies where innovation success brings or perpetuates superior

growth, margins and return on capital with a 3 – 5-year investment horizon. Crucially, we also test whether our view is materially different from the market consensus.

Stock selection: we pick the highest conviction ideas which offer optimal risk / reward based on our non-consensus insight. We consider whether to back lower risk Enablers or Adopters or higher risk Pioneers.

Portfolio construction: we construct a high conviction, high active share portfolio which is suitably diversified by sectors, regions, innovation frontiers and by innovator categories.

This approach is backed by a broad range of information sources: hundreds of targeted company meetings per year, specialist information systems, external experts, as well as specialist industry and academic publications.



THE AMATI ADVANTAGE

At the leading edge of innovative industries

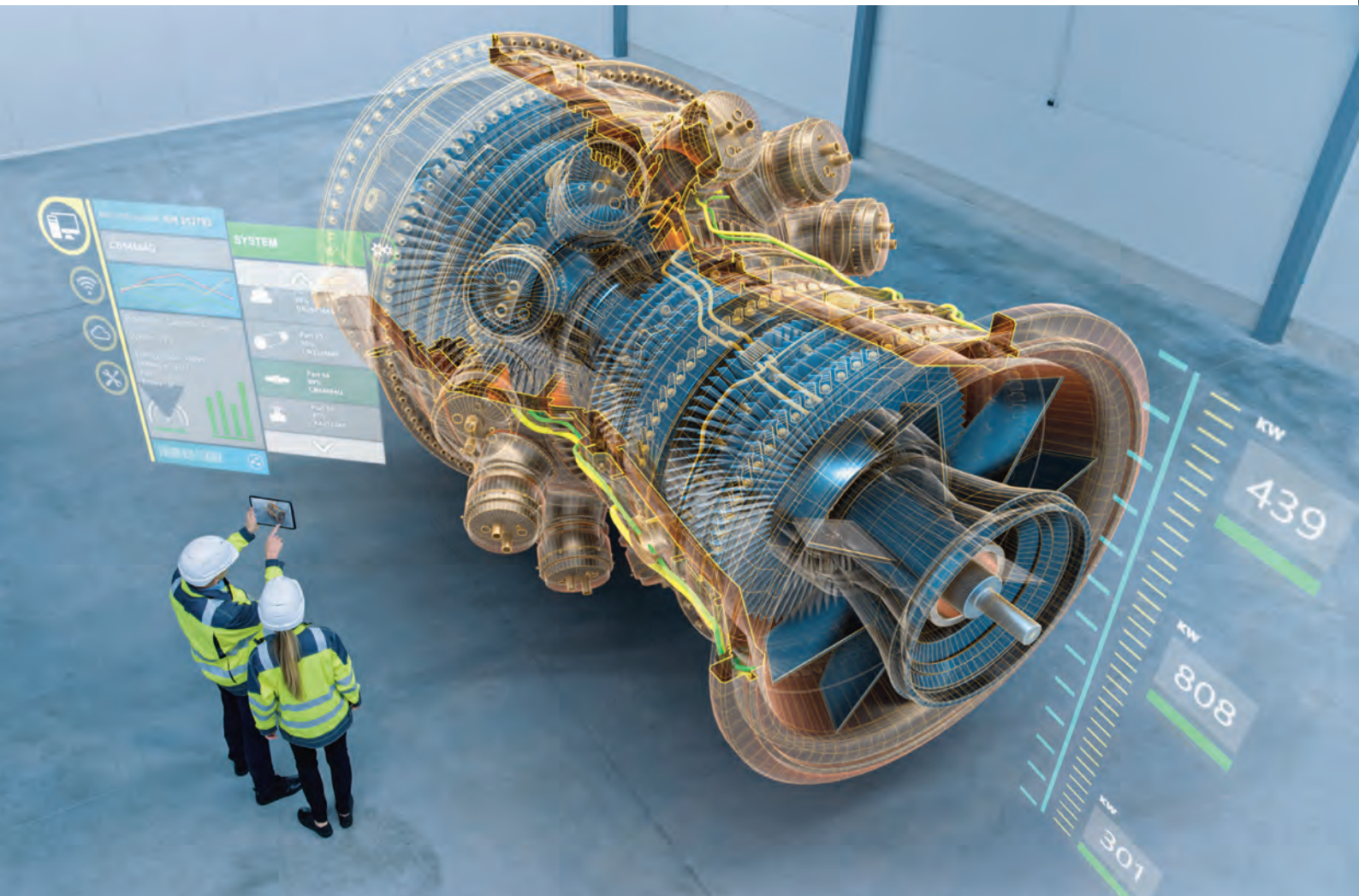
The Amati platform brings access to a network of innovators that is extremely valuable for our research.

The UK is a global centre of excellence in multiple innovation areas - healthcare, technology, materials science, specialist industrials to name a few. It consistently ranks among the most innovative countries on key innovation metrics.

Investment research across the Amati Smaller Companies and Venture Capital Trust puts us in daily, in-depth contact with companies at the leading edge of these innovative industries. We benefit from direct access to founder-entrepreneurs, senior executives and technical experts in these firms; with relationships often built over many years. This enables us to

identify promising areas of innovation, assess their value and build an understanding of the global ecosystem of companies that are involved. This research synergy provides us with a unique and tangible informational advantage in managing the Global Innovation Fund.

Amati Global Investors is a focused, specialist, independent, investor-run and investor-owned firm, with a patient, long term outlook, and a real alignment of interest between managers and clients. These values and alignment of interests extend to the Global Innovation Fund and its managers, who have invested a significant amount of their personal savings into this Fund.





DIVERSIFIED PORTFOLIO

Our balanced approach to innovation investment means we can capture both disruptive and incremental innovation opportunities across global markets. This helps us to actively manage the portfolio and ensure it is well-positioned throughout different market conditions and economic cycles.

Our valuation discipline, focus on profitability and cash generation means that the Fund tends to have reasonable valuation multiples and fundamental financial metrics. This more balanced investment approach should help us benefit from innovation even in an environment where interest rates rise to more normal levels, and where geopolitical tensions add a note of caution to markets.



The Fund portfolio comprises 30 to 40 stocks, diversified by geography, sector and market capitalisation.

We have a multi-sector approach but expect to have significant exposure to healthcare, information technology and industrials – sectors where innovation is more prolific.

We have an all-capitalisation approach but expect to be biased away from mega-cap companies which are often consensus holdings in other global funds.

We have a style-agnostic approach but expect to have a bias to growing companies through the investment cycle.

ETHICAL

Our commitment to responsible investment

Amati Global Investors recognises that managing investments on behalf of clients requires considering a wider set of responsibilities in addition to seeking to maximise financial returns for investors.

Industry practice in this area is evolving rapidly and at Amati we have sought to define and strengthen our principles accordingly.

Consideration of environmental, social and governance (ESG) issues has always been implicit in our investment decision-making process. In practice, almost every interaction with investee or potential investee companies involves engaging on some aspect of ESG.

In fact, our responsible investment approach is ESGH - where H stands for human rights. Human rights concerns as well as wider ESG issues are fully integrated into our investment decision-making process. This reflects our commitment to considering the impact of our investments on people as well as the planet.

We are a signatory of the Principles for Responsible Investment (PRI), the world's leading proponent of responsible investment. We are also signatories to the UK Stewardship Code, which sets high standards for those investing money on behalf of UK savers and pensioners, and those that support them.

The results of our engagement with investee companies vary and will depend on the degree of influence we have, which is linked to the size of our shareholding. In the interests of transparency and accountability, we publish our voting record on companies' proposals to shareholders every quarter on our website.

We always try to make a positive difference, even if only at the margins. Importantly, we almost always engage directly with the company itself and our views are not mediated by a broker or by an institutional proxy voting adviser.

INVESTMENT CHECKLIST

Human Rights:

- Adopting and advocating for a Clean Trade approach
- Avoiding companies that tacitly support oppressive regimes

Social:

- Worker safety
- Labour relations
- Community and governmental relations

Governance:

- Robust anti-corruption measures
- Board and share structure
- Well-managed supply chain contractors

Environmental:

- Appropriate environmental procedures
- Adequate waste disposal systems
- Initiatives to reduce emissions

Our ESG Statement is available on our website. It provides an overview of how our investment process takes account of our responsibility to represent investors in our funds in their capacity as shareholders in portfolio companies. It also explains the more complex issue of how our investment decisions consider the broader social and environmental impact of these companies.



Clean Trade Approach

Companies are becoming increasingly global in their operations, regardless of where they are registered or headquartered. For all Amati funds, including the WS Amati Global Innovation Fund, we have a global perspective when assessing ESGH issues in relation to current or potential future investee companies.

Amati CEO Dr Paul Jourdan is a founder trustee of the Clean Trade organisation which pursues a vision of a world free from the workings of the “natural resource curse”, which works to deepen conflict and perpetuate oppression, corruption and poverty. Its overarching mission is to secure the rights of all people to their natural resource wealth.

Clean Trade argues that where the level of freedom in a country falls below certain thresholds, there can be no reasonable expectation that Article 1(2) of the International Covenants on Human Rights being satisfied. In practice, this means Amati avoids investing in companies extracting natural resources from countries with severely authoritarian regimes, where civil liberties are greatly compromised, and governments are not at all accountable to citizens.

Clean Trade founding principles relate to natural resources industries, but this framework is relevant to innovation as well. Innovation in areas like law enforcement, surveillance or military technology can make societies less just and people less free if they fall in the wrong hands or governed poorly. Labour standards

and environmental impact in technology supply chains, or negative social externalities of technological products and services are also more acute risks in countries with weaker freedoms. This is something we consider when managing the WS Amati Global Innovation Fund.

Freedom House Score

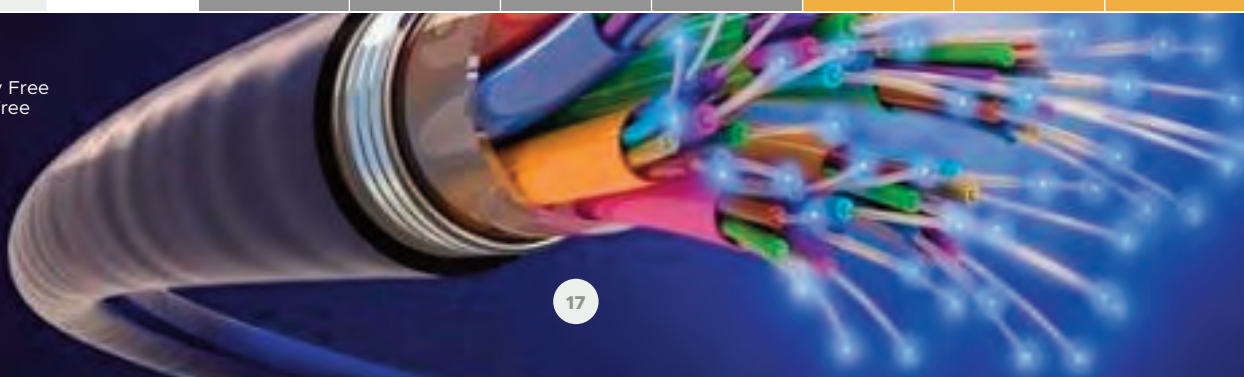
Using the Freedom House scale provides clarity, transparency and accountability on investment decisions. It is based on a methodology developed by an organisation whose reports are widely used by international policy makers, the media and political and business leaders.

Amati aims to avoid investing in companies operating in any country that scores 15 or below, or companies which serve to perpetuate such regimes in other ways. Where a country scores more than 15, but is still rated as Not Free, we would raise questions on human rights in relation to specific company projects or operations. We would need to be convinced that we had received positive and credible responses in relation to safeguarding human rights before deciding to invest. We would require clarity on this issue before considering the investment merits of the company’s projects.

Our guiding principle is that an investment should only be made where the benefits of foreign investment in terms of economic development are likely to outweigh risks to human rights more generally.

		Political Rights score						
		0-5*	6-11	12-17	18-23	24-29	30-35	36-40
Civil Liberties Score	53-60	PF	PF	PF	F	F	F	F
	44-52	PF	PF	PF	PF	F	F	F
	35-43	PF	PF	PF	PF	PF	F	F
	26-34	NF	PF	PF	PF	PF	PF	F
	17-25	NF	NF	PF	PF	PF	PF	PF
	8-16	NF	NF	NF	PF	PF	PF	PF
	0-7	NF	NF	NF	NF	PF	PF	PF

Key:
F = Free
PF = Partly Free
NF = Not Free







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WS Amati Global Innovation Fund – Key Information

Fund Type: OEIC

IA Sector: Global

SEDOL: BKVF3N7

ISIN: GB00BKVF3N76

AMC: 0.75% (OCF capped at 1%)

Minimum lump sum investment: £1,000

Regular savings investment: £50/month

Settlement: T+4

Benchmark: MSCI ACWI

Domicile: UK

ACD: Waystone Management (UK) Limited

Depository: NatWest

WS Amati Global Innovation Fund is available on most major fund platforms, please consult our website www.amatiglobal.com or contact the fund's ACD, Waystone on +44 (0)345 922 0044 for details.

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Amati Global Investors is authorised and regulated by the Financial Conduct Authority. Calls are recorded and monitored. Date of publication: September 2022.