AMATI GLOBAL INVESTORS

Risk Management Policy

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INTRODUCTION

Business of the Firm

Amati Global Investors Limited ("Amati", "the Firm" or "AGI") provides investment management services to the WS Amati UK Listed Smaller Companies Fund ("SMCO"), the WS Amati Strategic Metals Fund ("ASMF"), the WS Amati Global Innovation Fund ("AGIF") and Amati AIM VCT plc (the "VCT") (together, "the Funds"). Amati also provides an AIM IHT portfolio service ("AIM IHT") to retail clients.

SMCO, ASMF and AGIF are managed on behalf of Waystone Management (UK) Limited ("Waystone"), the Authorised Corporate Director of WS Amati Investment Funds (the umbrella company) and on behalf of the Board of the VCT ("the VCT Board"). AIM IHT is managed on behalf of private clients. Waystone and the VCT Board are primarily responsible for the risk management of the Funds and provide independent oversight to Amati's portfolio management activities in respect of the Funds. Amati is responsible for the risk management of AIM IHT. This policy deals with the risk management framework inherent in Amati's investment and operational activities and does not reduce the responsibilities of or limit the liabilities of those parties who take formal responsibility for risk management of the investment vehicles Amati is appointed to manage.

Regulatory Framework

This Risk Management Policy ("Policy") provides an overview of the risk management framework in place at Amati and has been designed to be consistent with the Undertakings for Collective Investment in Transferable Securities ("UCITS") Directive, the Alternative Investment Fund Managers Directive ("AIFMD"), the FCA's Collective Investment Schemes Handbook ("COLL"), the FCA regulatory principles and industry best practice guidance.

Detailed investment and borrowing limits apply to all UCITS funds.

Strict investment restrictions apply to VCTs to ensure that trusts are invested in qualifying investments. HMRC rules apply to AIM portfolios used for IHT mitigation. Amati follows all the relevant legislation and guidance.

Amati applies the principles of proportionality that allow Amati's risk management framework to be calibrated to its business activities, in recognition of the Funds it manages on behalf of the other parties and the relevant restrictions and limits that apply.

Responsibility and the role of Risk Management

Risk management is inherent in the provision of Amati's investment management services. In addition, Amati itself is exposed to business and operational risks that require oversight and management. Whilst Waystone and the VCT Board have ultimate responsibility for risk management of the Funds, both have delegated the day to day portfolio management to Amati and, as such, inherently involves an obligation on Amati to manage the risks of the funds we manage responsibly. This Policy:

1. Identifies the principal risks for each of the Funds and the AIM IHT portfolios;
2. Explains our approach to managing risk in the Funds, the AIM IHT portfolios and in our business.
3. Identifies the techniques, tools and arrangements used in our risk management arrangements;
4. Explains the techniques, tools and arrangements for the assessment and monitoring of liquidity risk under normal and exceptional liquidity conditions including the use of regularly stress-testing;
5. The allocation of responsibilities pertaining to risk management;
6. The use of risk limits and how these are aligned with the risk profile of the portfolios as set out in the relevant prospectuses and marketing communications;
7. Risk management reporting
8. The nature of the potential conflicts of interest by not having an independent risk management function and the reasons why these measures are reasonably expected to result in independent performance of the risk management function.

This policy is reviewed and its effectiveness assessed at least annually, or where we adopt materially different risk management arrangements or undertake investment management which has a materially different risk profile.

Derivative Usage

Where the Funds are permitted to use derivative instruments to maximise returns or hedge risks, the risks must be properly managed and mitigated. The prospectus of SMCO, ASMF & AGIF permits the use of derivatives with the aim of reducing the risk profile of the fund, reducing costs or generating additional capital or income, in accordance with Efficient Portfolio Management (“EPM”). However, Amati does not use derivatives in its management of the Funds, and has no current intention of doing so.

The prospectus of the VCT does not permit use of derivatives. The Firm does not use derivatives in the management of the AIM IHT portfolios. Accordingly, derivative risk management is not addressed in this Policy. Should Amati use derivatives either for EPM or to manage the AIM IHT portfolios, Amati will establish formal arrangements for the management of the risks associated with the use of derivatives and amend this Policy accordingly.

Leverage

Leverage is a method by which the Funds may be increased through the borrowing of cash and/or securities. Where the use of leverage is permitted, the risks must be managed prudently and within specific limits. Each of the Funds may, within the limits set out in the FCA’s COLL rules and the relevant Articles of Association, utilise borrowings to provide flexibility in the investment and, for the VCT, its dividend policies. However, as at the date of this document, the Funds have no borrowing facilities in place and do not intend to employ any form of leverage. The AIM IHT portfolios do not borrow. Accordingly, leverage risk is not addressed in this Policy. In the event that the Funds do use leverage as a method to manage portfolio returns, Amati will establish formal arrangements for the management of leverage risk and amend this Policy accordingly.

RISK CATEGORIES

Market Risk

Market risk arises from losses that could be incurred due to changes in market factors such as price movements and political and event risks. SMCO, the VCT and the AIM IHT portfolios invest in UK listed equities, and ASMF & AGIF invest in equities listed on certain international markets, which means that all are exposed to price fluctuations and other associated risks in the markets.

Our Funds and the AIM IHT portfolios are subject to investment restrictions defined in law, regulation, or set out in the prospectus or investment policy documents and Amati has established automated pre- and post-trade compliance checks to prevent breaches of the investment restrictions.

Equity Risk

The Funds and the AIM IHT portfolios may be subject to equity risks where a portfolio may change in value due to price fluctuations. Adverse changes in equity prices can either be systemic (affecting all equities) or non-systemic (security specific). Equity risks are controlled daily by the investment managers through a formal asset allocation and investment selection process with the Funds and AIM IHT portfolios, with appropriate diversification (where possible) to manage equity risk. Our investment strategy is the long-term holding of investments and trading volumes are relatively low. We monitor a range of risk parameters such as liquidity, market cap, beta, position size relative to benchmark and instrument and sector weightings, as well as various measures of risk-adjusted performance. We believe that our bottom-up, high conviction investment strategy, together with the underlying nature of the investable universe, mean that the primary risk will be stock liquidity.

Interest Rate Risk

The companies we invest can be exposed to interest rate risk directly through their own levels of borrowing and indirectly through their sensitivity to interest rate changes in the wider economy. The investment managers consider interest rate risk within their macro-economic and stock specific research. We measure the susceptibility of the portfolios to interest rate risk in our stress and scenario testing.

Currency Risk

Currency risk arising from fluctuations in non-sterling currency is limited for Amati in respect of SMCO, the VCT and the AIM IHT portfolios. These investments are primarily in UK investments and share classes denominated in GBP only, so there is no direct exposure to currency risk. However, diversification is looked for through companies involved in international activities to balance our exposure to the domestic economy. These investments therefore may have exposure to currency risk which is considered in our stock specific research. In relation to ASMF & AGIF, the funds' financial assets are mainly invested in equities and other transferrable securities whose prices are generally quoted in currencies other than Sterling. This can give rise to a direct currency exposure, which may create a currency gain or loss to the fund on conversion to Sterling. To address this issue the managers of ASMF and ASIF have the ability to hold cash in other currencies to mitigate currency risk and/or to align the currency exposure to the denomination of the assets in the relevant benchmark.

Commodity Risk

We do not invest in Commodities in SMCO, AGIF, VCT or AIM IHT and the direct risks associated with rising and falling commodity prices do not apply, except insofar as individual securities are exposed to commodities prices by virtue of their operations or markets. These risks are considered in our stock specific research. ASMF, however, invests almost exclusively in companies exposed to commodities prices by virtue of their operations or markets, and is thus much more susceptible than the other funds and the IHT portfolios to fluctuations in certain commodity markets and to price changes due to trade relations. Any negative changes in commodity markets that may be due to changes in supply and demand for commodities, market events, political events, regulatory developments, other catastrophic events, or other factors that the Investment Manager cannot control could have an adverse impact on those companies.

Portfolio Liquidity Risk

The Firm maintains a level of liquidity in the portfolios we manage appropriate to the underlying obligations, based on an assessment of the relative liquidity of the investment assets in the market, the time required for liquidation, the price or value at which those assets can be liquidated, and their sensitivity to other market risks or factors.

We treat liquidity as a distinct area of risk, and construct the portfolio such that it allows us to benefit from the exceptional returns quite commonly given by micro-cap stocks, while ensuring that we maintain sufficient flexibility and liquidity in the advent of the market taking a downturn. Smaller cap positions are likely to take longer to liquidate and we monitor the overall liquidity of the portfolio to ensure that we are not overweight microcap stocks with infrequent trading characteristics.

We measure and monitor the liquidity profile of the investment portfolios taking into account the profile of the investor base for our products and services and their reasonable liquidity expectations based on the information provided in the prospectus, the investment policy documents and in marketing communications, including the relative size of investments and the redemption terms offered.

We maintain limits for the liquidity or illiquidity of the portfolios we manage, consistent with the underlying obligations and redemption policy communicated. We monitor compliance with those limits and where they are exceeded or likely to be exceeded, we determine the required (or necessary) course of action.

Portfolio Liquidity Stress Testing

We conduct stress tests, under normal and exceptional liquidity conditions, which enable us to assess the liquidity risk of each portfolio we manage. The stress tests:

(a) are conducted on the basis of reliable and up-to-date information

(b) simulate a shortage of investment liquidity and atypical redemption requests

© account for valuation sensitivities under stressed conditions

(d) are conducted at least annually.

Regular stress tests are also conducted to assess the potential impact of large redemptions or market dislocation.

Where we invest in other collective investment undertakings, we monitor the approach adopted by the managers of those other collective investment undertakings to the management of liquidity, including conducting periodic reviews to monitor changes to the redemption provisions of the underlying collective investment undertakings in which we invest, except where those collective investment undertakings are actively traded on a regulated market.

Within the limits imposed by the nature of the products in relation to which we provide investment services, Amati has never considered it necessary to put into effect such tools and arrangements, including special arrangements, necessary to manage any atypical liquidity risks in the portfolios we manage. Were we to need to, we would make arrangements with Waystone and the VCT Board and communicate with our IHT AIM investors, at all times ensuring fair treatment for all investors.

However, we acknowledge that:

1. Waystone is responsible (in respect of SMCO, ASMF & AGIF) for any temporary suspension of redemptions in the event of atypical redemption flows that cannot be managed;
2. The VCT is listed, so liquidity is provided in the relevant market;
3. Our AIM IHT portfolios are intended for long-term investment managed on a discretionary basis. Typically, these portfolios do not require liquidity and it would be the investors' decision to redeem their investment at a time of restricted liquidity, not ours.

We operate appropriate escalation measures in the liquidity management system and procedures to address anticipated or actual liquidity shortages or other distressed situations in the portfolios we manage.

Market Liquidity

Market liquidity risks arise where the Firm is unable to unwind investment positions due to redemptions and market disruptions. The small cap universe of stocks encompasses some of the highest levels of risk and likewise the highest levels of potential reward in unleveraged equity investing. The AIM market and smaller company securities are characterised by lower levels of trading volumes and greater price sensitivity compared to larger capitalised securities and markets.

Product Liquidity

Product liquidity is highly relevant to SMCO, ASMF & AGIF, which offer daily redemption terms. Individual holdings are monitored (in real time) in terms of the number of days trading volume and the average daily turnover value they represent. A picture is built up through time of how individual stocks react to news events, assisting ongoing portfolio control. Firstly, the positioning of the funds relative to the constituent index weightings in its benchmark is monitored. This occurs alongside an appraisal of portfolio liquidity across market cap and index bandings, with a focus on controlled exposure to companies which are around £100 million (SMCO) and $100 million (ASMF). We seek to diversify liquidity risk through holding stocks capitalized up to £2 billion (SMCO) and $5 billion (ASMF), alongside those at the lower end of the liquidity spectrum. Individual holdings start from an initial 1-2% weighting, and can be expandable to 3%+, according to liquidity, degree of conviction, and to allow for cost averaging. This approach is less relevant for AGIF, which generally targets much larger companies and which has an average weighted market capitalisation in excess of $50 billion.

We usually keep around 4-6% of SMCO and AGIF in cash in order to have flexibility to participate in equity placings and advantageous pricing situations. ASMF would normally be more fully invested. In normal conditions, if we had to liquidate some of our holdings in SMCO, we would target our larger, more liquid holdings. We have around 15%-20% of at any time in 'non-benchmark' holdings, conviction calls that also offer higher levels of liquidity. This means that for practical purposes access to liquidity would be higher than a 'vertical' anaylsis of the liquidity profile of the portfolio would suggest. Further, as noted above we normally run with a significant cash buffer, which means that some cash could be used to meet redemptions pending the liquidation of stock positions. ASMF is much smaller and has a higher average weighted market cap, and we would therefore not anticipate any significant liquidity constraints under normal trading conditions.

The investor base of SMCO is very diverse, with approximately 1,000 advisory/DFM firms and thousands of retail investors, the latter group whose shares are held on platforms such as Hargreaves Lansdown, Fidelity , AJ Bell etc and which represent over 12% of AUM. The target markets for ASMF & AGIF are essentially the same as that for SMCO, and both funds are beginning to develop similarly diverse investor bases.

As a closed-end fund there is less direct impact of the above on the VCT, where the shares in issue are fixed and are not redeemable from the fund. In terms of liquidity challenges of the portfolio companies themselves, we model the liquidity profile and market cap distribution, while strictly controlling exposure to unquoted companies as well as the illiquid 'tail' of AIM. The non-qualifying portfolio is structured so as to complement the qualifying portfolio in terms of liquidity, market cap and geographical spread. A typical starting position is 1.5% of the portfolio, although a high conviction stock might account for 3%, and a long-term core holding might account for as much as 6-7% of the portfolio. The top 10 holdings typically account for c. 40-50% of the portfolio, although this will vary according to market conditions and the ability to trim large positions when liquidity permits. We typically hold between 65-75 stocks in the fund.

In respect of the AIM IHT Service, we target a diversified portfolio of between 30-40 holdings in well-financed and profitable companies, each with 2-5% weightings. We focus on high quality, mature, structural growth stocks at the higher end of the AIM liquidity spectrum.

Credit and Counterparty Risk

The Firm has access to a wide network of regulated brokers, all of which are subject to initial and ongoing due diligence in order to assess the risk of default. All counterparties are selected on the basis of quantitative and qualitative criteria including:

- The institution's size and soundness (share capital)

- Regulatory authorisation

- Costs of services

- Ease of access to information about current and future transactions

- Type of services provided and level of efficiency in execution.

Transactions are settled on a DVP basis meaning that our portfolios are not exposed to counterparty risk.

Concentration Risk

The portfolio managers seek to ensure a diverse range of investments in accordance with the relevant regulation, fund prospectus, investment policy documents and marketing communications. Individual holdings generally start from an initial 1-2% weighting and can be expandable to 3%+ according to liquidity, degree of conviction and to allow for cost averaging. Individual holdings will not normally have a weighting above 5%.

Operational Risk

Operational risks associated with the fund management activity relate to amongst other matters, errors in order execution, the absence of one or more investment managers and business continuity risk. Risks are tracked in an operational risk register and reviewed by the Board at least annually. The Firm assesses the adequacy of its capital resources relative to its operational and business risks and records this:

1. in an Internal Capital Adequacy and Risk Assessment (“ICARA”)
2. in a public disclosure (as set out in MIFIDPRU 8) made on our website

The Firm has negotiated liability insurance to reduce the impact to the firm’s capital of the crystallisation of its operational risks.

RISK MANAGEMENT

Risk Governance

Amati has not established a formal Risk Committee; however, responsibility for risk has been assigned to a specific Risk Manager who reports to the Amati Board. We have established and maintain risk management arrangements that:

(a) identify, measure, manage and monitor on an ongoing basis all risks relevant to investment strategies of the portfolios we manage;

(b) ensure that the risk profile of the portfolios we manage are consistent with our disclosures to investors in accordance with any prospectus and marketing information in accordance with statutory investment limits set in regulations or in the prospectus and any internal risk limits set by AGI;

© monitor compliance with any formal or informal risk limit that has been set;

(d) provide regular updates to the governing body of the Firm and, where applicable, to Waystone and the VCT Board at a frequency that reflects the nature, scale and complexity of the portfolios we manage;

(e) provide all the necessary authority and access to all relevant information necessary for those responsible for risk management to fulfil those tasks effectively.

Risk Responsibility

The Risk Manager is a member of the Management Team of Amati and is supported by other members of the Management Team.

Those engaged in the performance of the risk management function are not supervised by the portfolio management function and are not engaged in the performance of portfolio management and so are independent. They are compensated in accordance with the achievement of the objectives linked to the risk management and other related control functions e.g. compliance, independent from the performance of the operating units, including the portfolio management function. The remuneration of the Management Team responsible for delivering the risk management function is directly overseen by the Remuneration Committee.

On a quarterly basis the Risk Manager provides Amati’s Board of Directors with a summary of the activity during the period under review (e.g. investment limits exceeded, liquidity, stress and scenario tests conducted and results). Daily risk reports are produced and any issues identified are escalated for explanation and resolution by the portfolio managers.

Governance Framework

Bodies	Role/responsibilities	Composition/members	Frequency of meetings
Board of Directors	· Setting and agreeing the risk framework within which portfolios are managed · Setting and agreeing the operational risk appetite and capital adequacy for the Firm · The final determining body for risk management decisions	Paul Jourdan – CEO and Director David Stevenson – Director Alison Clark – Director Ian Mattioli – NED	Quarterly
Management Team	· Approving the risk management procedures · Approving the internal risk management limits, supplemental to external limits and restrictions · Reviewing the situation presented by risk management	Paul Jourdan – CEO and Director David Stevenson – Director Alison Clark – Director Rachel Le Derf – Head of Sales, Marketing & Investor Relations Wulf Rajek – Head of IT, Systems Development & Cybersecurity Andrew Lynn – Head of Risk and Compliance	Monthly
Risk Manager	· Developing the risk management procedures · Ensuring risk management Procedures are appropriate, effective and complied with · Reporting to the Board of Directors and the Management Team	Andrew Lynn – Head of Risk and Compliance Ruth Duguid – Risk and Compliance Manager	Formally as above and ad hoc

The Risk Manager monitors the portfolios' exposure to the various risks, verifying compliance with investment limits, informing the Management Team and the Board of the risk policy and suggesting any measures that would enable the risk management policy to be improved. The Risk Manager also provides risk reporting to Waystone and the VCT Board who are legally responsible for the risk management of our funds.

The rules and constraints implicit in the investment mandates, the IA sector classifications and investment objectives are embedded in our proprietary dealing system, which is not only used for order management but also for pre-and post-trade compliance monitoring. Compliance alerts and warnings are generated in respect of the following:

1. spread of assets and asset class;
2. concentration of ownership;
3. country of incorporation;
4. economic activity of constituent companies;
5. non-benchmark stocks; and
6. approved markets.

The Risk and Compliance team monitors all transactions in real time and any transactions that would result in the breach of a portfolio or regulatory threshold (or would approach a threshold) are flagged up and (if applicable) blocked automatically to prevent trading until released by Compliance. The compliance team monitors all transactions in real time and any transaction that would result in a breach of a portfolio or regulatory threshold (or would approach a threshold) are flagged up and, if applicable, blocked automatically to prevent trading until released by Compliance.

This information is cross-checked with tools such as Refinitiv and our own proprietary systems. The Risk Manager is able to carry out all the checks required including stress and scenario testing to identify extreme events that could trigger significant losses in the Funds.

In relation to operational and other risks inherent in our business activities, Amati has a proactive approach to risk assessment and management. Our ‘three lines of defence’ are, broadly, that we consider risks when carrying out our day to day business activities at the level of each business unit and take immediate action to mitigate or avoid risks as soon as they materialise; that we identify, monitor, document and manage risks through a combination of the Amati Online Dealing System, the Compliance Manual, the Compliance Risk Assessment Matrix, the Procedures Manual, the ICARA and the standing agenda items within our Compliance Report at monthly management team meetings and quarterly board meetings; and that we further strengthen our risk framework and provide an extra level of assurance through an annual audit process, together with an external monitoring programme commensurate with the scale and scope of our activities.

With respect to SMCO, ASMF & AGIF, all activity in this area forms part of the monthly compliance confirmation to the ACD, which is in turn monitored by the Depositary of the umbrella company and which provides an additional layer of oversight.

The Authorised Corporate Director (ACD) and the Depositary together monitor SMCO, ASMF & AGIF to ensure that the requirements for UCITS funds are satisfied, and also conduct regular inspections to make sure that our systems and processes are robust. They have established robust systems for internal control and monitor their effectiveness on an ongoing basis. These internal control systems aim to ensure the maintenance of proper accounting records, the reliability of financial information and the safeguarding of company assets. SMCO, ASMF & AGIF are reviewed on a monthly basis by the Risk Committee of the ACD, using a range of risk metrics and with the overall responsibility for ensuring that Amati is meeting the investment objectives of the Fund and delivering consistent risk-adjusted returns for shareholders. In relation to liquidity monitoring specifically, the Risk Committee considers a report provided by an independent third party on each client fund, which combines the portfolio with trading volume data to calculate approximate days to liquidate, then allocates this into several liquidity ‘buckets’ to give an overview of the liquidity profile of the fund at both constituent and portfolio level. Regular stress tests are also conducted to assess the potential impact of large redemptions or market dislocation.

Amati uses Refinitiv to run liquidity tests and calculate risk ratios in parallel to the monitoring performed by Waystone. We also have data from FE Trustnet to support our ongoing monitoring. This data forms the basis of monthly and quarterly reporting to the Management Team and the Board respectively.

In respect of the VCT, we have rigorous procedures in place to monitor compliance with VCT rules. Our back office produces a VCT test each week as part of the ongoing monitoring of the qualifying status of VCT investments, which is then reconciled internally by Amati. The process is externally monitored by Philip Hare & Associates our VCT advisor, to ensure compliance with the regulatory regime. Philip Hare & Associates works closely with Amati but reports directly to the VCT Board.

The independent Board of the VCT has established robust systems for internal control and monitors their effectiveness on an ongoing basis. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of financial information and the safeguarding of company assets. A comprehensive review of the company's control systems is undertaken annually, and includes consideration of the key risks in three major areas: corporate strategy and compliance with laws and regulations; financial management and company reporting; and relationships with service providers.

In relation to AIM IHT, Amati has established robust systems for internal control and monitors their effectiveness on an ongoing basis. The stocks chosen for the Model Portfolio are those that to the best of our knowledge are likely to qualify for Business Property Relief (BPR), and as such could potentially provide up to 100% inheritance tax relief after a holding period of two years (subject to the final determination of HMRC, which is on a retrospective basis). James Brearley & Sons Limited is the Administrator and Custodian for the Service and is authorised and regulated by the Financial Conduct Authority (reference number: 189219) and as such is required to have internal and external audit procedures in place, as well as meeting all its regulatory and compliance obligations. Philip Hare & Associates provides advisory services to Amati on the BPR status of prospective holdings, and issues an annual monitoring report on the BPR status of the portfolio. It also advises on material transactions undertaken by portfolio companies, to determine whether a corporate event would prejudice the continuing BPR status of the holding.

For each fund or service, we prepare a risk profile which sets out the relevant material risks identified for each strategy that is approved by the Board of Directors.

Risk Identification, Measurement and Management

The Firm uses independent valuation sources, reconciliation processes and pre- and post-trade checks to:

1. accurately identify, measure, manage and monitor at any time the risks to which the portfolios are or might be exposed to; and
2. ensure compliance with any risk limits we choose to set.

The Firm uses Refinitiv to:

1. conduct periodic liquidity tests to review the validity of address risks arising from large redemptions and market dislocation and which include model-based forecasts and estimates;
2. conduct, periodic appropriate stress tests and scenario analyses to address risks arising from potential changes in market conditions that might adversely impact the portfolios we manage.

The Firm has established, implemented and maintains adequate procedures that:

1. in the event of actual or anticipated breaches of the risk limits we set, result in timely remedial actions in the best interest of investors;
2. ensure we manage portfolios in accordance with the liquidity expectations communicated in the relevant prospectus, fund documentation and/or in marketing communications.

For SMCO, ASMF & AGIF, a monthly report is sent to show our compliance with investment restrictions, relating to which Waystone performing their own independent checks. Additionally, the Firm conducts an annual audit of all its automated investment constraints to ensure their continuing accuracy and validity.

Risk Limits

We establish and implement quantitative or qualitative risk limits, or both, for each portfolio we manage, taking into account all relevant risks. These risk limits, at least, cover the following:

(a)market risks;

(b)credit risks;

© liquidity risks;

(d)counterparty risks; and

(e)operational risks.

Those risk limits are aligned with the risk profile of the portfolios as disclosed to investors.

Risk Information

The reliability of data used by the risk management function is ensured by:

1. Independent valuation of all investment portfolios;
2. Daily reconciliation and confirmation of all investment positions;
3. Independent provision of data used in stress and scenario testing;
4. Annual audit of rules, regulatory limits and investment parameters embedded in the dealing system; and
5. Back-testing (where possible) of the reliability of stress-tested models.

ANNEX I – RISK CATEGORIES AND PROFILES

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Market Risk	The Fund aims to provide long term (periods of 5 years or more) capital growth through investment in a diversified portfolio of UK smaller companies. It is managed to comply with the IA sector classification, which requires that 80% of the portfolio is invested in the bottom 10% by value of listed companies domiciled in the UK, involving a target universe ranging from the Alternative Investment Market (“AIM”) to fully listed constituents of the Small Cap and Mid 250 indices.	The regulatory framework is covered by FCA Handbook COLL 5.2.6A - COLL 5.2.11A	The rules and constraints implicit in the investment mandate, IA sector classification and investment objective and policy of the Fund are embedded in our proprietary dealing system. Initial holdings are typically introduced at a 1-2% weighting, expandable to 5% subject to liquidity, and to allow for cost averaging. Maximum exposures are limited to 5%, except that the 5% limit is increased to 10% in respect of up to 40% of the value of the Fund. The Fund must not acquire transferable securities (other than debt securities) which do not carry voting rights and represent more than 10% of such securities issued by a body corporate. At least 80% of the Fund is invested in shares, equity-related securities or bonds in UK Smaller Companies. UK Companies are those companies incorporated or domiciled in the UK, or companies that 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. Up to 10% of the Fund may be invested in collective investment schemes. Holdings in unapproved securities must not represent more than 10% of the value of the Fund. Exposure to warrants must not represent more than 5% of the value of the Fund. Derivatives can only be used for Efficient Portfolio Management only. Underwriting commitments must be fully covered on any business day, such that if all possible obligations arising from them had to be met in full, there would be no breach of any limit in the COLL Sourcebook or any other parameters outlined in the prospectus. The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of a sub-fund. This limit is raised to 10% where the counterparty is an approved bank.

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Interest Rate risk	The Fund may invest in instruments exposed to interest rate risks such as money market instruments, credit and fixed Interest securities	The regulatory framework is covered by FCA Handbook COLL 5.2.6A - COLL 5.2.11A	The Manager does not currently invest in instruments that have a direct exposure to interest rate risk.
Currency Risk	The Fund's financial assets are mainly invested in equities and other transferrable securities whose prices are generally quoted in Sterling. The Fund may also invest in other securities whose prices are quoted in other currencies. This can give rise to a direct currency exposure which may create a currency gain or loss to the fund on conversion to Sterling.	The Fund may invest (up to 20%) in shares, equity-related securities or bonds in or issued by companies which are not issued by UK smaller companies, as well as money market instruments, cash or near cash.	The Manager limits the fund's currency exposure to small non-Sterling cash balances only.
Commodity Risk	The Fund may not undertake transactions in derivatives on commodities or commodities.	N/A	N/A
Liquidity Risk	Securities in smaller companies are generally less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading.	N/A	We maintain limits for the liquidity or illiquidity of the funds we manage, consistent with the underlying obligations and redemption policy communicated.
Leverage	Borrowing is permitted from an Eligible Institution or an Approved Bank for the use of a Sub-fund on terms that the borrowing is to be repayable out of the Scheme Property.	Borrowing may not, on any business day, exceed 10% of the value of a Sub-fund.	There are no borrowing facilities in place and there is no intention of utilising the permitted borrowing powers.
Derivatives	The Investment Manager may employ derivatives with the aim of reducing the risk profile of the Fund, reducing costs or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM"), which means investment decisions involving transactions that are entered into for one or more of the following specific aims: the reduction of risk; the reduction of cost; or the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund as described in the Prospectus and the general provisions of the Collective Investment Schemes sourcebook ("COLL") and the UCITS Directive. To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Sub-fund), the risk of loss to the fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated.	FCA Handbook COLL 5.3	The Manager does not currently use derivatives.
Valuation	The Funds exposures could be hard to value or exposed to trading limitations making them hard to value. However, all investments (with the exception of some non-material Contingent Value Rights) are listed on regulated markets and accurate prices are readily available to the ACD and to Amati.	The ACD is responsible for valuation according to FCA Handbook COLL 5.2.5 - COLL 5.2.6. and COLL 6.3	Both the ACD and the Manager use the same or easily reconcilable pricing sources.
Credit Risk	The value of a fixed interest security will fall in event of the default or reduced credit rating of the issuer. Generally, the higher the yield, the higher the perceived credit risk of the issuer.	The regulatory framework is covered by FCA Handbook COLL 5.2.6A - COLL 5.2.11A	The Manager does not currently invest in instruments that have a direct exposure to interest rate risk.
Counterparty Risk	The fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.	N/A	All transactions are carried out by the Delivery Versus Payment method, which minimizes the risk of settlement default.

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Concentration Risk	The risk of excessive exposure in the fund to an individual issuer or group of a financial instrument or instruments.	COLL 5.2.29	The Manager will typically hold no more than 5% of an individual issuer.
Operational Risk	The risk of loss to the Manager resulting from inadequate or failed internal processes, people and systems or from external events, that could lead to the financial distress and / or the operational fragility of the Manager.	FCA Handbook GENPRU 1.2	The Manager operates operational risk identification and management processes supporting of its regulatory obligations.

	Nature of exposure	Regulatory Limits	Internal Limits
Market Risk	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 regulatory framework is covered by FCA Handbook COLL 5.2.6A - COLL 5.2.11A	The rules and constraints implicit in the investment mandate, investment objective and policy of the Fund are embedded in our proprietary dealing system. Initial holdings are typically introduced at a 1-2% weighting, expandable to 5% subject to liquidity, and to allow for cost averaging. Maximum exposures are limited to 5%, except that the 5% limit is increased to 10% in respect of up to 40% of the value of the Fund. The Fund must not acquire transferable securities (other than debt securities) which do not carry voting rights and represent more than 10% of such securities issued by a body corporate. At least 80% of the Fund is invested in shares, equity-related securities or bonds in mining companies listed in developed markets worldwide. From time to time, the Fund may also hold equity-like instruments (such as American depositary receipts, warrants (no more than 5%) and contingent value rights) as well as convertible loan notes and investment grade bonds issued by such companies. To the extent not fully invested in such companies, up to 20% of the portfolio may be invested in other transferable securities, cash, near cash and money market instruments. Up to 10% of the portfolio may be invested in collective investment schemes (which may include funds giving exposure to underlying commodity prices or collective investment schemes managed by the ACD and its associates). Exposure to warrants must not represent more than 5% of the value of the Fund. Derivatives can only be used for Efficient Portfolio Management only. Underwriting commitments must be fully covered on any business day, such that if all possible obligations arising from them had to be met in full, there would be no breach of any limit in the COLL Sourcebook or any other parameters outlined in the prospectus. The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of a sub-fund. This limit is raised to 10% where the counterparty is an approved bank.

	Nature of exposure	Regulatory Limits	Internal Limits
Interest Rate risk	The Fund may invest in instruments exposed to interest rate risks such as money market instruments, credit and fixed interest securities, including convertible loan notes and investment grade bonds.	The regulatory framework is covered by FCA Handbook COLL 5.2.6A - COLL 5.2.11A	The Manager does not currently invest in instruments that have a direct exposure to interest rate risk, but if it did so such investments would not be expected to represent a significant element of the portfolio.
Currency Risk	The Fund's financial assets are mainly invested in equities and other transferrable securities whose prices are generally quoted in currencies other than Sterling. This can give rise to a direct currency exposure which may create a currency gain or loss to the fund on conversion to Sterling.		The Manager has the ability to control the non-sterling balances so as to optimise currency exchange.
Commodity Risk	The Fund invests in companies that are susceptible to fluctuations in certain commodity markets and to price changes due to trade relations. Any negative changes in commodity markets that may be due to changes in supply and demand for commodities, market events, political events, regulatory developments, other catastrophic events, or other factors that the Investment Manager cannot control could have an adverse impact on those companies.		The Manager has the ability to adjust exposure to certain commodities in response to changing market dynamics or macroeconomic developments.
Liquidity Risk	Securities in smaller companies are generally less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading.	N/A	We maintain limits for the liquidity or illiquidity of the funds we manage, consistent with the underlying obligations and redemption policy communicated.
Leverage	Borrowing is permitted from an Eligible Institution or an Approved Bank for the use of a Sub-fund on terms that the borrowing is to be repayable out of the Scheme Property.	Borrowing may not, on any business day, exceed 10% of the value of a Sub-fund.	There are no borrowing facilities in place and there is no intention of utilising the permitted borrowing powers.
Derivatives	The Investment Manager may employ derivatives with the aim of reducing the risk profile of the Fund, reducing costs or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM"), which means investment decisions involving transactions that are entered into for one or more of the following specific aims: the reduction of risk; the reduction of cost; or the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund as described in the Prospectus and the general provisions of the Collective Investment Schemes sourcebook ("COLL") and the UCITS Directive.To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Sub-fund), the risk of loss to the fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated.	FCA Handbook COLL 5.3	The Manager does not currently use derivatives.
Valuation	The Funds exposures could be hard to value or exposed to trading limitations making them hard to value. However, all investments (with the exception of some non-material Contingent Value Rights) are listed on regulated markets and accurate prices are readily available to the ACD and to Amati.	The ACD is responsible for valuation according to FCA Handbook COLL 5.2.5 - COLL 5.2.6. and COLL 6.3	Both the ACD and the manager use the same or easily reconcilable pricing sources.
Credit Risk	The value of a fixed interest security will fall in event of the default or reduced credit rating of the issuer. Generally, the higher the yield, the higher the perceived credit risk of the issuer.	The regulatory framework is covered by FCA Handbook COLL 5.2.6A - COLL 5.2.11A	The Manager does not currently invest in instruments that have a direct exposure to interest rate risk.

	Nature of exposure	**Regulatory Limits**	**Internal Limits**
Counterparty Risk	The fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.	N/A	All transactions are carried out by the Delivery Versus Payment method, which minimizes the risk of settlement default.
Concentration Risk	The risk of excessive exposure in the fund to an individual issuer, group of a financial instrument or instruments, or focus on a single or limited number of industry sectors.	COLL 5.2.29	The Manager will typically hold no more than 5% of an individual issue.
Operational Risk	The risk of loss to the Manager resulting from inadequate or failed internal processes, people and systems or from external events, that could lead to the financial distress and / or the operational fragility of the Manager.	FCA Handbook GENPRU 1.2	The Manager operates operational risk identification and management processes in order to meet its regulatory obligations.

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Market Risk	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 shares or equity related securities issued by companies listed on global equity markets (including emerging markets) that create value from innovative products, services and business models that address key challenges facing businesses, consumers and societies at large.	The regulatory framework is covered by FCA Handbook COLL 5.2.6A - COLL 5.2.11A	The rules and constraints implicit in the investment mandate, IA sector classification and investment objective and policy of the Fund are embedded in our proprietary dealing system. Initial holdings are typically introduced at a 1-2% weighting, expandable to 5% subject to liquidity, and to allow for cost averaging. Maximum exposures are limited to 5%, except that the 5% limit is increased to 10% in respect of up to 40% of the value of the Fund. The Fund must not acquire transferable securities (other than debt securities) which do not carry voting rights and represent more than 10% of such securities issued by a body corporate. At least 80% of the Fund is invested in shares or equity-related securities issued by companies listed on global equity markets (including emerging markets). Holdings in unapproved securities must not represent more than 10% of the value of the Fund. Exposure to warrants must not represent more than 5% of the value of the Fund. Derivatives can only be used for Efficient Portfolio Management only. Underwriting commitments must be fully covered on any business day, such that if all possible obligations arising from them had to be met in full, there would be no breach of any limit in the COLL Sourcebook or any other parameters outlined in the prospectus. The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of a sub-fund. This limit is raised to 10% where the counterparty is an approved bank.

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Interest Rate risk	The Fund may invest in instruments exposed to interest rate risks such as money market instruments, credit and fixed Interest securities	The regulatory framework is covered by FCA Handbook COLL 5.2.6A - COLL 5.2.11A	The Manager does not currently invest in instruments that have a direct exposure to interest rate risk.
Currency Risk	The Fund's financial assets are mainly invested in equities and other transferrable securities whose prices are generally quoted in currencies other than Sterling. This can give rise to a direct currency exposure which may create a currency gain or loss to the fund on conversion to Sterling.	The Fund may invest (up to 20%) in other transferable securities, collective investment schemes, exchange traded products, money market instruments, cash and near cash to protect returns in certain market conditions (e.g. severe market downturns).	The Manager has the ability to control the non-sterling balances so as to optimise currency exchange.
Commodity Risk	The Fund invests in companies that are susceptible to fluctuations in certain commodity markets and to price changes due to trade relations. Any negative changes in commodity markets that may be due to changes in supply and demand for commodities, market events, political events, regulatory developments, other catastrophic events, or other factors that the Investment Manager cannot control could have an adverse impact on those companies.	N/A	N/A
Liquidity Risk	There may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price, as a result of inadequate trading volume or restrictions on trading.	N/A	We maintain limits for the liquidity or illiquidity of the funds we manage, consistent with the underlying obligations and redemption policy communicated.
Leverage	Borrowing is permitted from an Eligible Institution or an Approved Bank for the use of a Sub-fund on terms that the borrowing is to be repayable out of the Scheme Property.	Borrowing may not, on any business day, exceed 10% of the value of a Sub-fund.	There are no borrowing facilities in place and there is no intention of utilising the permitted borrowing powers.

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Derivatives	The Investment Manager may employ derivatives with the aim of reducing the risk profile of the Fund, reducing costs or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM"), which means investment decisions involving transactions that are entered into for one or more of the following specific aims: the reduction of risk; the reduction of cost; or the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund as described in the Prospectus and the general provisions of the Collective Investment Schemes sourcebook ("COLL") and the UCITS Directive.To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Sub-fund), the risk of loss to the fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated.	FCA Handbook COLL 5.3	The Manager does not currently use derivatives.
Valuation	The Funds exposures could be hard to value or exposed to trading limitations making them hard to value. However, all investments are listed on regulated markets and accurate prices are readily available to the ACD and to Amati.	The ACD is responsible for valuation according to FCA Handbook COLL 5.2.5 - COLL 5.2.6. and COLL 6.3	Both the ACD and the manager use the same or easily reconcilable pricing sources.
Credit Risk	The value of a fixed interest security will fall in event of the default or reduced credit rating of the issuer. Generally, the higher the yield, the higher the perceived credit risk of the issuer.	The regulatory framework is covered by FCA Handbook COLL 5.2.6A - COLL 5.2.11A	The Manager does not currently invest in instruments that have a direct exposure to interest rate risk.
Counterparty Risk	The fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.	N/A	All transactions are carried out by the Delivery Versus Payment method, which minimizes the risk of settlement default.
Concentration Risk	The risk of excessive exposure in the fund to an individual issuer or group of a financial instrument or instruments.	COLL 5.2.29	The Manager will typically hold no more than 5% of an individual issue.
Operational Risk	The risk of loss to the Manager resulting from inadequate or failed internal processes, people and systems or from external events, that could lead to the financial distress and / or the operational fragility of the Manager.	FCA Handbook GENPRU 1.2	The Manager operates operational risk identification and management processes in order to meet its regulatory obligations.

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Market Risk	The investment objective of the Company is to generate tax free capital gains and regular dividend income for its Shareholders, primarily through Qualifying Investments in AIM-traded companies and through Non-Qualifying Investments as allowed by the VCT legislation. The Company will manage its portfolio to comply with the requirements of the rules and regulations applicable to VCTs from time to time. The Company's policy is to hold a diversified portfolio across a broad range of sectors to mitigate risk.	The regulatory framework is covered by the Finance Act 2020. Our interpretation of the Act relies on guidance published by HMRC in the Venture Capital Schemes Manual. Whilst the Company will make Qualifying Investments primarily in companies traded on AIM or Acquis, the Company may also make Qualifying Investments in companies likely to seek a quotation on AIM or Acquis. With regard to the Non-Qualifying portfolio, the Company makes investments which are permitted under the VCT regulations, including investment in shares or units in Alternative Investment Funds (AIF) or Undertakings for Collective Investment in Transferable Securities (UCITS) funds, as well as shares in other companies which are listed on a regulated market such as the Main Market of the London Stock Exchange. For continued approval as a VCT under the ITA the Company must, within three years of raising funds, maintain at least 80% of its value (based on cost price, or last price paid per share if there is an addition to a holding) in Qualifying Investments. 30% of all monies raised in a financial accounting period must be invested in Qualifying Investments by the anniversary of that accounting period. The Company must have at least 10% by VCT Value of its Qualifying Holdings in shares which carry no preferential rights to dividends or assets on winding up and no rights to be redeemed. Any investments made by the Company in shares or securities of another company must not represent more than 15% of the Company's Net Asset Value at the time of purchase. The Company should not make an investment in a company which causes that company to receive more than £5 million (£10 million for a Knowledge Intensive Company) of State Aid investment funding, including from VCTs in the 12 months ending on the date of the investment. The Company should not make an investment in a company which causes that company to receive more than £12 million (£20 million for a Knowledge Intensive Company) of State Aid investment funding. The Company should not make an investment in a company where the company's first commercial sale was more than 7 years (10 years for a Knowledge Intensive Company) prior to the Company's investment, unless the amount raised meets a turnover test, or the proceeds of the investment are enabling the company to enter a new product market or new geographic market. The Company must only make Qualifying Investments or certain Non-Qualifying Investments permitted by section 274 ITA 2007.	The fund managers have collective responsibility for ensuring that portfolios under their control adhere to the relevant parameters and legislation relating to VCTs. Our proprietary dealing system is used for order and trade management, and is also used for pre- and post-trade compliance monitoring. The compliance monitoring system allows the monitoring of trades and portfolios to ensure that our portfolio construction parameters, client restrictions, account guidelines, regulatory requirements, and risk exposure limits are adhered to and our reporting obligations are fully met. The dealing system generates alerts when certain regulatory thresholds relating to the percentage of the shares in issue of a portfolio constituent are breached. Alerts relating to Takeover Panel requirements are also generated automatically by the dealing system. These alerts are monitored and acted on by the administration team, independently from the fund managers, and functions as an extra level of compliance monitoring. The regulatory checks and compliance monitoring described above take place under the guidance and control of Amati's compliance officer, whose sole function within the organisation is to ensure that adequate risk and compliance controls are in place. Initial holdings are typically introduced at a 1-2% weighting, expandable to 4% subject to liquidity, and to allow for cost averaging.

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Interest Rate risk	The assets of the portfolio which are not in Qualifying Investments will be invested by the Investment Manager in investments which are allowable under the rules applicable to VCTs. Currently, cash not needed in the short term is invested in a combination of the following (though ensuring that no more than 15% of the Company's Net Asset Value is invested in any one entity at the time of purchase): (i) the WS Amati UK Listed Smaller Companies Fund (which is a UCITS fund), or other UCITS funds approved by the Board; (ii) direct equity investments in small and mid-sized companies and debt securities, in each case listed on the Main Market of the London Stock Exchange; and (iii) cash or cash equivalents (including money market funds) which are redeemable within 7 days.		*The Manager does not currently invest in instruments that have a direct exposure to interest rate risk.*
Currency Risk	The Fund's financial assets are mainly invested in equities and other transferrable securities whose prices are generally quoted in Sterling.		The Manager does not generally invest in non Sterling assets or liabilities.
Commodity Risk	The Fund may not undertake transactions in derivatives on commodities or commodities.	N/A	N/A
Liquidity Risk	Securities in smaller companies are generally less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading.	The Company is a closed-ended investment company. Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. Shareholders wishing to realise their investment will be required to dispose of their Shares on the stock market. Accordingly, the ability of Shareholders to realise any value in respect of their Shares is dependent on the existence of a liquid market in the Shares and the prevailing market price of such Shares. There is a limited secondary market for shares in VCTs (primarily because initial VCT income tax relief is only available to individuals who subscribe for newly issued shares rather than upon the purchase of existing issued shares).	We monitor liquidity, market cap and sector weightings, while limiting exposure to unquoted companies and avoiding the illiquid 'tail' of the AIM, insofar as this is consistent with the investment objective and policy of the fund. The operation of the Company's share buyback policy is intended to provide a degree of liquidity for investors but if the Company is unable to maintain its share buyback policy, investors may find it difficult to realise their investments.
Leverage	The Company may, within the limits set out in its Articles, utilise borrowings to provide flexibility in its investment and dividend policies. The Articles allow the Company to borrow up to an amount equal to its adjusted capital and reserves (as defined in the Articles). However, the Board has indicated that it will restrict the borrowings of the Company to an amount which will not, without the previous sanction of an ordinary resolution by Shareholders, exceed an amount equal to 25% of the adjusted capital and reserves of the Company.	N/A	The Company has no borrowing facilities in place and the Board has no intention of utilising any borrowing powers.
Derivatives	The Fund may not undertake transactions in derivatives.	N/A	N/A

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Valuation	The Funds exposures could be hard to value or exposed to trading limitations making them hard to value. Link Alternative Fund Administrators Limited calculates the Company’s Net Asset Value on a weekly basis (the weekly Net Asset Value taking into account weekly changes in market prices of the listed and traded investments of the Company, together with any significant change in the value of any other investment of the Company).	Quoted investments are valued in accordance with International Financial Reporting Standards.	Unquoted investments are priced at the Investment Manager’s valuation in accordance with International Private Equity Venture Capital Valuation Guidelines.
Credit Risk	The value of a fixed interest security will fall in event of the default or reduced credit rating of the issuer. Generally, the higher the yield, the higher the perceived credit risk of the issuer.	N/A	The Manager does not generally invest in fixed income instruments.
Counterparty Risk	The fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.		All transactions are carried out by the Delivery Versus Payment method, which minimizes the risk of settlement default.
Concentration Risk	The risk of excessive exposure in the fund to an individual issuer or group of a financial instrument or instruments.		The Manager will typically hold no more than 5 % of an individual issuer.
Operational Risk	The risk of loss to the Manager resulting from inadequate or failed internal processes, people and systems or from external events, that could lead to the financial distress and / or the operational fragility of the Manager.	FCA Handbook GENPRU 1.2	The Manager operates operational risk identification and management processes in order to meet its regulatory obligations.

Risk Type	**Nature of exposure**	**Regulatory Limits**	**Internal Limits**
Market Risk	The Service operates on the basis of a Model Portfolio of AIM-quoted stocks, which provides the template for the discretionary management of portfolios held by clients of wealth managers and other intermediaries. The stocks chosen for the Model Portfolio are those that to the best of our knowledge are likely to qualify for Business Property Relief (‘BPR’), and as such could potentially provide up to 100% inheritance tax relief after a holding period of two years (subject to the final determination of HMRC). Dividends received from portfolio companies are reinvested.	As defined by the Inheritance Tax Act 1984. Amati uses JHC Figaro, an investment management platform provided by James Brearley. Dealing is monitored in real time by the Compliance function and all trades are signed off by Compliance, after having established that each security is eligible for inclusion in the portfolio, that the relevant investment parameters have been observed and any regulatory requirements have been met. Pre-trade and post-trade compliance checks are integrated with our own proprietary dealing system.	The Service targets a diversified portfolio of between 30-45 holdings, each with 2%-5% weighting. Portfolio holdings are under constant re-appraisal in the light of market dynamics and we will adjust position sizes to maintain appropriate weightings. Although the presumption is always in favour of a medium to long term holding period, fundamental issues with a portfolio company, including signs of poor corporate governance or where the original investment premise no longer applies, would prompt an outright sale. Another key selling influence is competition for portfolio space within a normal range of 25-40 holdings. Existing positions will be substituted when they offer a poorer risk-reward ratio than new ideas, thereby maintaining strong conviction views within the portfolio. A deteriorating sector or macro outlook will also be an environmental factor determining when to sell or reduce holdings. Although built from a bottom-up, stock picking perspective, the fund is managed with real time monitoring of a range of risk parameters.
Interest Rate risk	The Service does not invest in instruments exposed to interest rate risks such as money market instruments, credit and fixed Interest securities	N/A	The Service is not exposed to interest rate risk.
Currency Risk	Client assets are mainly invested in equities and other transferrable securities whose prices are generally quoted in Sterling.	N/A	The Manager does not invest in non Sterling assets or liabilities.
Commodity Risk	The Service does not undertake transactions in derivatives on commodities or commodities.	N/A	N/A

Risk Type	**Nature of exposure**	**Regulatory Limits**	**Internal Limits**
Liquidity Risk	Securities in smaller companies are generally less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading.	N/A	We maintain limits for the liquidity or illiquidity of the constituents of the portfolios we manage, consistent with the underlying obligations and redemption policy communicated. Clients can exit the investment by giving three months' notice, although in most cases we would expect to liquidate the portfolio in a far shorter time. Most of the stocks in the model portfolio are at the higher end of the liquidity spectrum of AIM, albeit that the bid/offer spreads are typically wider than those of stocks on the Main Market. For illiquid stocks we have the facility to engage directly with a third- party broker in conjunction with the dealing desk at the James Brearley investment platform, in order to achieve best execution. Our target level of investment is 96% of funds available, but the figure may fluctuate above or below this level. We typically hold 2-4% of the portfolio in cash.
Leverage	The Service does not borrow on behalf of clients in the management of the Service.	N/A	N/A
Derivatives	The Service does not employ derivatives in the management of client portfolios.	N/A	N/A
Valuation	The Service's exposures could be hard to value or exposed to trading limitations making them hard to value. However, all investments are quoted on AIM and accurate prices are readily available to the Custodian and to Amati.	The Custodian is responsible for the valuation of client portfolios.	Both the Custodian and the Amati use the same or easily reconcilable pricing sources.
Credit Risk	The value of a fixed interest security will fall in event of the default or reduced credit rating of the issuer. Generally, the higher the yield, the higher the perceived credit risk of the issuer.		The Service does not invest in fixed income instruments.

Risk Type	Nature of exposure	Regulatory Limits	Internal Limits
Counterparty Risk	The fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.	N/A	All transactions are carried out by the Delivery Versus Payment method, which minimizes the risk of settlement default.
Concentration Risk	The risk of excessive exposure in the fund to an individual issuer or group of a financial instrument or instruments.	N/A	The Manager will typically hold no more than 5% of an individual issuer.
Operational Risk	The risk of loss to the Manager resulting from inadequate or failed internal processes, people and systems or from external events, that could lead to the financial distress and / or the operational fragility of the Manager.	FCA Handbook GENPRU 1.2	The Manager operates operational risk identification and management processes in order to meet its regulatory obligations.

ANNEX II – BIOGRAPHIES AND COMPETENCIES

PAUL JOURDAN – CEO AND DIRECTOR

1. co-founder and CEO of Amati
2. began his fund management career began in 1998 with Stewart Ivory, where he gained experience in UK, emerging market, and global equities
3. in 2000, Stewart Ivory was taken over by First State and became manager of what is now SMCO
4. in 2004 appointed Head of UK Equities at First State
5. in early 2005, launched Amati VCT plc and he also became the manager of Amati VCT 2 after the investment management contract moved to in 2010 (In 2018 Amati VCT merged into Amati VCT 2 which was then renamed Amati AIM VCT)
6. co-founded Amati in 2010, following the management buyout of Noble Fund Managers from Noble Group, having joined Noble in 2007 as Head of Equities
7. currently serves as a trustee of Clean Trade, a UK registered charity

DAVID STEVENSON – DIRECTOR

1. started career at KPMG where he qualified as a Chartered Accountant. He latterly specialised in corporate finance
2. moved into private equity with Dunedin Fund Managers
3. Assistant Director at SVM, where he also managed equity products including the UK Opportunities small/midcap fund which was ranked top decile for the 5 year period from inception to 2005
4. in 2005 co-founding partner of investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies
5. joined Amati in 2012 and has co-managed the WS Amati UK Listed Smaller Companies Fund and Amati AIM VCT since 2012, and the Amati AIM IHT Portfolio Service since 2014

ALISON CLARK – DIRECTOR AND COMPANY SECRETARY

1. trained with Ernst and Young in Glasgow
2. worked with Noble Group from 2008 to 2010
3. For the seven years prior to joining Amati in 2018, headed up the Finance team at Lindsays, a

Scottish law firm
4. joined Amati in 2018 and heads up the Finance and Operations of Amati
5. Chartered Accountant with the Institute of Chartered Accountants of Scotland

IAN MATTIOLI – NON-EXECUTIVE DIRECTOR

1. Co-founder and CEO of Mattioli Woods plc
2. 35+ years’ experience in financial services, wealth management and property businesses
3. LSE AIM Entrepreneur of the Year Award, 2008
4. CEO of the Year Award, City of London Wealth Management Awards, 2018
5. Non-Executive chairman of K3 Capital Group plc
6. Non-Independent Director of Custodian REIT plc

RACHEL LE DERF – HEAD OF SALES, MARKETING AND INVESTOR RELATIONS

1. worked with Paul Jourdan at First State Investments as Desk Assistant to the UK Equities team in 2005
2. moved to Noble Fund Managers before becoming one of the original partners of Amati
3. heads up all investor communication at Amati and is responsible for sales and marketing activity across the Amati funds
4. holds the IAQ from the Securities and Investment Institute

WULF RAJEK – HEAD OF IT AND SYSTEMS DEVELOPMENT

1. worked for twenty4help Knowledge Services GmbH (Dortmund, Germany) and Ltd (Newcastle upon Tyne, England & Linlithgow, Scotland) from 1998 until 2007; providing Microsoft Personal Operating Systems support to being Programme Manager and Supervisor at Sun Microsystems' Global Remote Support Centre
2. ran own business Armadillo Solutions
3. In 2001 completed a modern apprenticeship as “IT Systemkaufmann”
4. joined Noble Group in November 2007 to develop custom built in-house applications, primarily for the fund management team
5. joined Amati following the management buyout in 2010

ANDREW LYNN – HEAD OF RISK AND COMPLIANCE

1. responsible for risk and compliance at Amati and led the implementation of MiFID II legislation across the firm
2. holds the CISI Certificate in Global Financial Compliance
3. holds the CISI Certificate in Investment Operations
4. holds the CISI Certificate in Risk in Financial Services
5. holds the CFA UK Investment Management Certificate

RUTH DUGUID – RISK AND COMPLIANCE MANAGER

1. qualified as a solicitor in Scotland specialising in Property Finance, and went on to qualify as a solicitor in England and Wales
2. previously worked in the private legal sector in both Glasgow and Edinburgh
3. moved on to the area of Knowledge Management
4. joined Amati in 2017
5. remains a non-practising member of both The Law Society of Scotland and The Law Society