



FACTSHEET • JULY 2024

WS Amati Strategic Metals Fund

Fund Objective

The Fund aims to provide capital growth over the long term (periods of 5 years or more). The Fund invests in mining companies listed in developed markets worldwide.

For further information on our objectives and policy, please view the Key Investor Information Document (KIID) [here](#).

Contact Details

Investment Manager	ACD of the Fund
Amati Global Investors Ltd 8 Coates Crescent Edinburgh EH3 7AL	Waystone Management (UK) Limited 20-22 Bedford Row London WC 17 4ED
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Key Information

Launch Date	March 2021
Fund Size	£63.5m
B Share Class	81.23p
Dealing Line	+44(0)115 988 8275
IA Sector	Commodities and Natural Resources
No. of Holdings	42
Minimum Investment	£1,000
Min Lump Sum Regular	£50/month
Share Type	Accumulation
Scheme Type	UK UCITS
ISIN	GB00BMD8NV62
Benchmark	MSCI World Metals and Mining Index (GBP)
Charges (no initial)	0.75% Annual Mgt Charge plus research charge of up to 0.10% (OCF capped at 1%)

Investment Team



Georges Lequime
Fund Manager



Mark Smith
Fund Manager

Ratings, Awards & Signatories



10 Largest Holdings

% OF TOTAL ASSETS

G Mining Ventures	7.1%
Pan American Silver Corp	6.8%
Fresnillo plc	6.0%
Eldorado Gold Corp	4.5%
MAG Silver Corp	4.5%
Contango Ore	4.2%
G2 Goldfields	4.2%
K92 Mining	4.0%
Liberty Gold Corp	4.0%
Atlantic Lithium	3.5%

Cumulative Performance

(B CLASS)

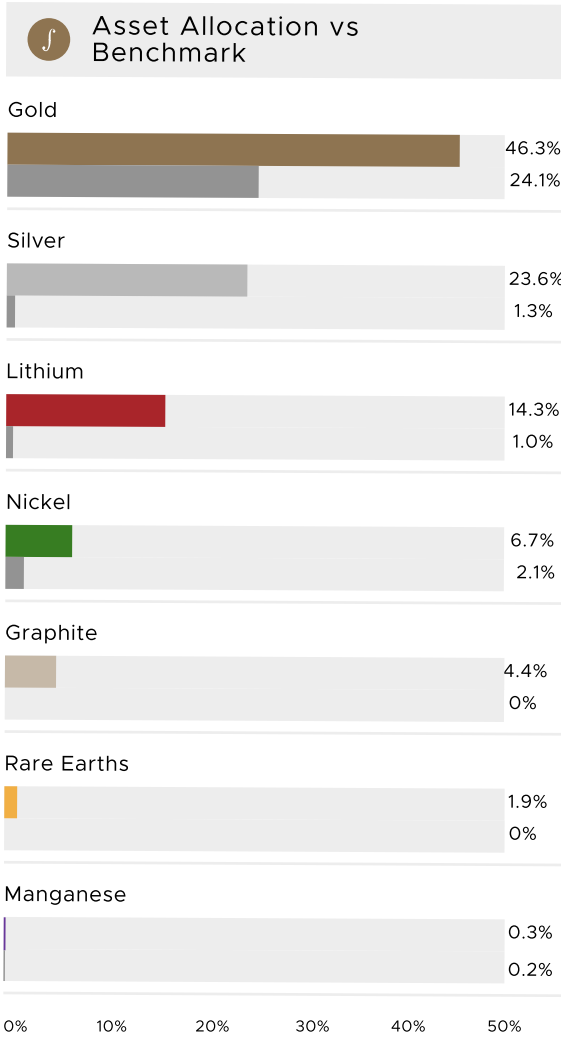
	Fund Return (%)*	Benchmark Return (%)**
1 month	-0.44	-0.89
3 months	-5.01	-3.88
6 months	14.78	4.06
1 year	-12.91	1.67
3 year	-21.42	18.31
Since Launch#	-18.77	28.82

Cumulative performance data as at 31/07/2024

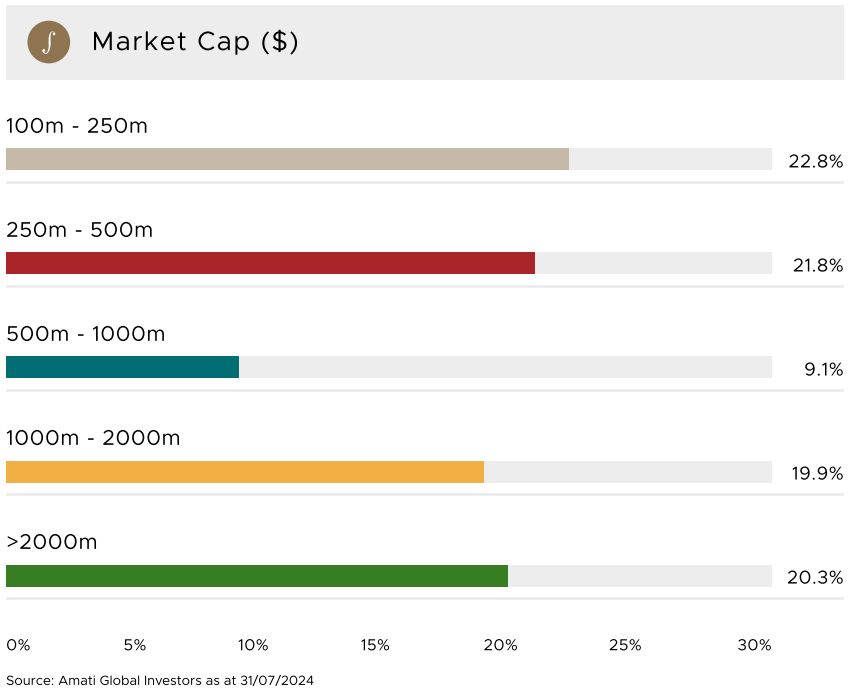
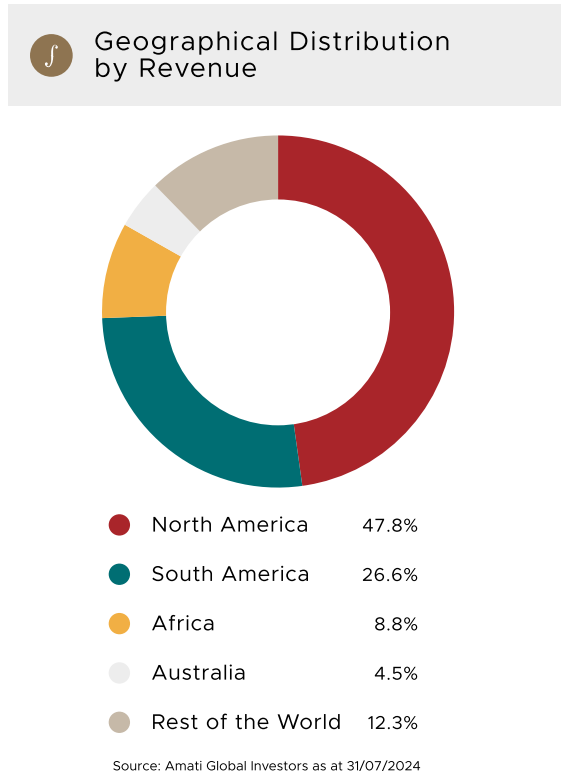
*WS Amati Strategic Metals Fund, Total Return

**MSCI World Metals and Mining Index (GBP), Total Return #15 March 2021

Past performance is not a reliable indicator of future performance.



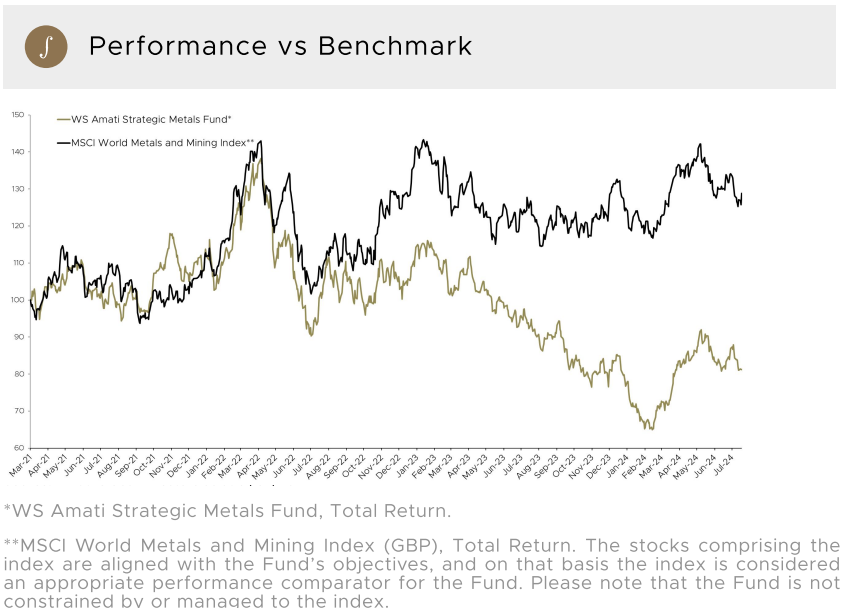
Source: Amati Global Investors as at 31/07/2024
 Benchmark weightings (in dark grey) only shown for asset classes in which the Fund has an allocation.



Fund vs Benchmark Market Cap

	WS Amati Strategic Metals Fund	MSCI World Metals and Mining Index
Number of Constituents	42	36
Market Cap (USD Millions)		
Median	281	18,456
Average	887	29,623
WAMC	1,576	61,185

Source: Amati Global Investors as at 31/07/2024



Sources: Waystone Management (UK) Limited, Financial Express Analytics and MSCI. Information in this factsheet is at the last valuation point of the month, except where indicated.

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Investment Report

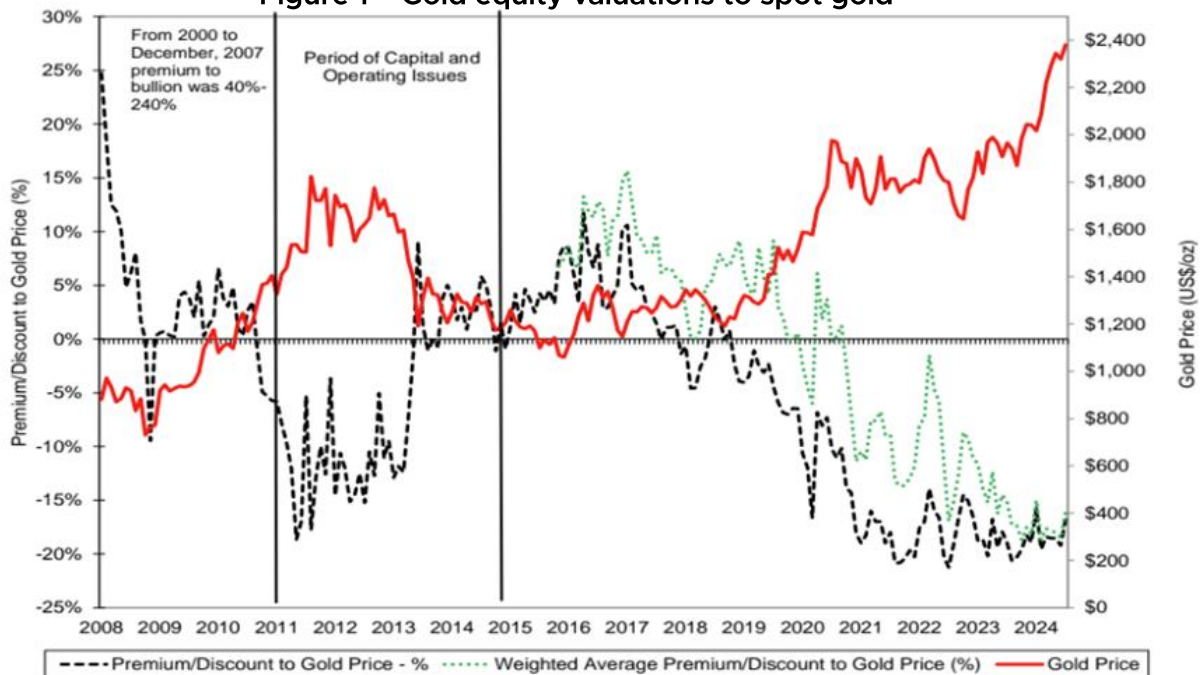
As expected, the FOMC kept policy rates unchanged on June 30th, although signalled it has moved closer to the first cut of this cycle. The Fed’s announcement confirmed that the current labour market and inflation trends are constructive for eventual rate cuts, adding that a rate cut could be on the table for the September meeting, if current inflation, labour market and economic growth trends persist.

The Gold sector has the potential to transition itself through excess FCF (free cash flow) generation enabling management teams to deleverage, increase shareholder returns and opportunistically grow (if required) via accretive transactions.

Just to recap if you are trapped in your ‘tech bubble’; in 2023 the gold price averaged \$1,940/oz and AISC (all in sustaining cost) averaged \$1303/oz across producers, i.e. ~\$640/oz AISC margin for the average gold producer. Today, at spot pricing (\$2442/oz) and 2024 average AISC of \$1400/oz, translates to ~\$1042/oz AISC margin for every oz produced. In other words, for every oz of gold produced in 2024 producers are now extracting an additional ~63% of incremental cash flow. In 2025 the economics of the precious metal producer equities could **Average** over 17% free cash flow yields!

Historical value erosion in the precious metals space has been due to 1) lack of FCF to attract generalists, 2) poor capital allocation at a time when natural resource peers (base/industrial) are improving; and 3) shrinking AUM from dedicated funds. Just 10yrs ago producers traded between 1.5- to-4.0x NAV(5%) at spot pricing. Today we are ~0.75x! Not arguing for a mean reversion trade to yield 2-4x returns in gold equities but producers showcasing better earnings / corporate discipline can certainly re-rate to >1x even on spot.

Figure 1 – Gold equity valuations to spot gold

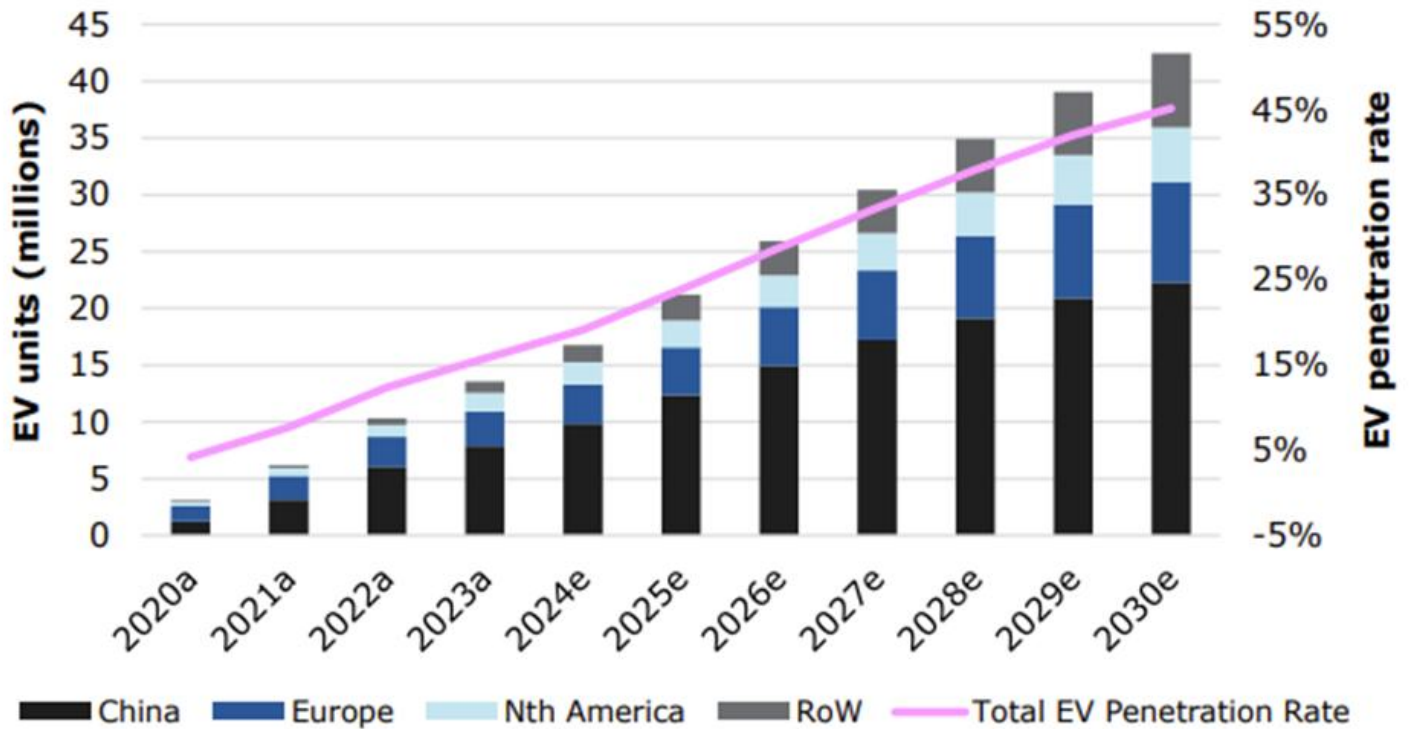


Source: Scotiabank

Following a strong Q2/24 performance by most base metal equities with exposure to the AI thematic, especially copper-linked equities, the recent easing in the copper price has resulted in a more cautious and selective near-term positioning, with investors at present looking for more evidence of Chinese buyers returning to the market. Since May 2024 over US\$20 billion in LME long copper positions have been closed out. We are watching the copper equity valuations for a suitable entry point.

The lithium market remains in a tough position as continued supply additions are paired with weaker demand growth. On the demand side, China EV sales growth remains robust (21% over 1H'24), offset by slower western market adoption which faces increasing headwinds (i.e., removal of purchase incentives, tariffs on Chinese exports). We now see the near-term outlook for continued strong growth in EV sales is more mixed in light of near-term market evolutions in key geographies. The EU is scheduled to adopt more stringent CO2 emission targets for cars and vans beginning in 2025, which could provide some opportunity for a recovery in demand for EVs in the EU. However, we also acknowledge the potential for any gains in the EU to be offset by a Trump election win in the US later this year.

Figure 2- EV sales vs. penetration rate



Source: RhoMotion; Canaccord Genuity

With lithium prices (sub \$1000/t; 6%) starting to eat into the cost curve, we are starting to see supply cuts from western operators. Removing high-cost supply (inc. lepidolite) from the market is leading to capacity curtailment/project deferrals (classic bottom-of-the-cycle signals). Moreover, we see current prices as being well below incentive levels (noting rising industry capital intensities and impacts on market balances over the medium/long term), while demand growth driven by EVs (and increasingly battery energy storage) remains robust, in our view.

Portfolio activity

The fund structure has essentially remained unchanged, with precious metals weighting accounting for 70%. We did add to 3 gold positions, taking advantage of attractive equity raisings. We will once again head to Denver for the precious metals conference in September, for 4 days of company meetings and presentations.



Written by
Mark Smith

 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 originally invested. Tax rates, as well as the treatment of OEICs, could change at any time. The investments associated with this Fund are concentrated in natural resources companies, which means that the Fund is subject to greater risk and volatility than other funds with investments across a range of industry sectors. The Fund invests in companies that have operations in developing markets and which therefore may be subject to higher volatility due to political, economic and currency instability. Shares in some of the underlying companies in the fund may be difficult to sell at a desired time and price. A dilution levy may be applied to the share price when the Fund is expanding or contracting. Should you buy or sell in these circumstances it may have an adverse impact on the return from your investment.

This factsheet does not provide you with all the facts you need to make an informed decision about investing in the Fund. Before investing you should read the Key Investor Information Document (KIID) and associated Fund documentation. If you are in any doubt as to how to proceed you should consult an authorised intermediary. Fund documentation can be requested from Waystone or Amati and is available to download from our website.

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