

## Amati VCT plc and Amati VCT 2 plc

### INVESTOR GUIDE

**Prospectus Offer 2017/18 and 2018/2019  
to raise up to £20m in aggregate**

*“ Dr Paul Jourdan and his team at Amati seek well-managed, innovative and growing businesses operating in niche markets with high barriers to entry. Their disciplined and pragmatic approach, combined with plenty of experience, has helped to deliver good returns for investors over the long term. ”*

**Richard Troue**

Head of Investment Analysis, Hargreaves Lansdown

#### **Important Notice**

This leaflet constitutes a financial promotion pursuant to the Financial Services and Markets Act 2000, and has been approved by and is issued by Amati Global Investors Limited (“Amati” or “The Manager”). It is not for publication or distribution to persons outside the United Kingdom. It is not an offer or invitation to apply for shares in Amati VCT plc (“Amati VCT”) or Amati VCT 2 plc (“Amati VCT 2”, together the “Amati VCTs”).

Applications for shares must be made solely on the basis of a thorough consideration of the information contained in the Amati VCTs’ Prospectus dated 27 October 2017 (the “Prospectus”) as a whole by the investor. An investment in the Amati VCTs is suitable only for investors

who are capable of evaluating the risk and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. Investors should check their eligibility for income tax relief with a professional adviser. Rates and conditions of tax relief are subject to change. Changes in legislation in respect of VCTs in general, and qualifying investments in particular, may adversely affect the Amati VCTs’ ability to meet their objectives and/or reduce the level of returns which would otherwise have been achieved. The information in this leaflet is intended as a summary only of information contained in the Prospectus and not as a substitute for reading the Prospectus.

## The Offer

**The Amati VCTs aim to make long term investments in innovative businesses which have the potential to become successful AIM-quoted growth companies.**

Amati Fund Managers seek to identify the most promising of the next generation of AIM companies which raise money and which qualify for VCT investment, to provide them with capital at an early stage of their development, and to support them through their growth as long-term shareholders. It takes time to build up a portfolio of successful and dynamic businesses. We believe that both VCTs have now substantially achieved this goal within their portfolios, with a significant number of companies in the portfolio reporting results showing rapid growth.

### Facts about Top 10 Holdings

- The ten largest qualifying investments in each VCT were all capitalised at more than £100m.
  - three of the top 10 capitalised at over £400m in Amati VCT and four in Amati VCT 2.
- Nine of the top ten Amati VCT holdings now pay dividends, as do eight for Amati VCT 2.
- The unweighted average term of these investments thus far is around 5 years for Amati VCT and 8 years for Amati VCT 2.

- The unweighted average share price returns from these top ten investments since they were added to the respective portfolios (based on our investment price blended across more than one round in the case of follow-on investments), were 676% for Amati VCT and 847% for Amati VCT 2.
- In both VCTs, the top 10 holdings represent over 50% of the value of the portfolios and provide a strong set of core holdings.

Source: Amati Global Investors as at 30 September 2017.

### The Manager – Amati Global Investors

Amati Global Investors is a specialist fund management business based in Edinburgh with a highly experienced and talented investment team with collectively over 50 years experience, specialising in smaller companies quoted in London, both AIM and fully listed. With assets under management of more than £200m, Amati also manages the award-winning TB Amati UK Smaller Companies Fund and Amati AIM IHT Portfolio Service.

### Amati VCTs and UK Smaller Companies Team



**Paul Jourdan**  
Fund Manager



**Douglas Lawson**  
Fund Manager



**David Stevenson**  
Fund Manager



**Rachel Le Derf**  
Investor Relations  
Manager



**Jason Rolf**  
Business Development  
Manager

## Dividend Reinvestment Option:

Both the Amati VCTs operate schemes whereby dividends can be automatically reinvested in new shares, which will themselves attract 30% income tax relief (if held for five years) as well as tax free dividends, and which will not be subject to capital gains tax (subject to an investment limit of £200,000 in any tax year). Further information on each Dividend Reinvestment Scheme (DRIS) is available from Amati.

## Key Benefits/Reasons to Invest

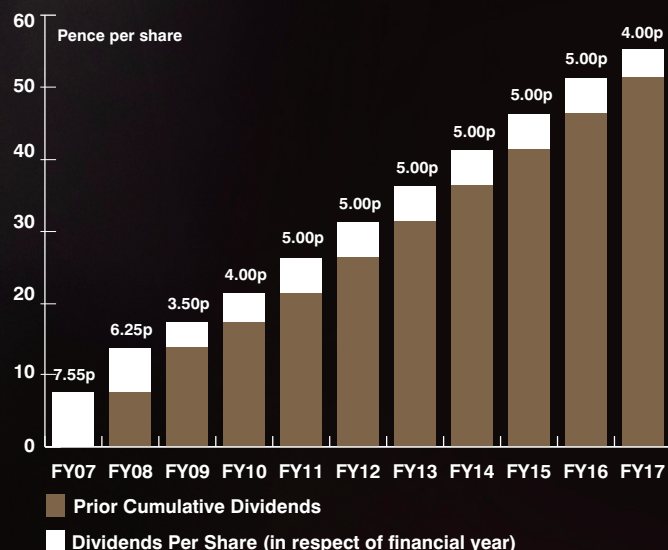
The Investment Manager has an impressive track record of being able to identify the most promising early-stage growth companies on AIM, this having been recognised through numerous industry awards over recent years for UK Smaller Companies Investments.

- AIM has become arguably the most successful stock market in the world for companies valued at less

than £500m, and that it will offer a continued flow of excellent new qualifying investment opportunities.

- A portfolio focused on companies quoted on AIM, rather than on private unquoted companies, provides flexibility when realising portfolio holdings because of the greater liquidity of publicly traded companies.
- Subscribers for new shares in the Amati VCTs benefit from the strength and depth of the maturing portfolio of companies built up in the portfolios over many years.
- Tax free dividends, targeted at 5-6% of year-end NAV (although there is no guarantee the targets will be met).
- Income tax relief can be claimed to the value of 30% of your investment subject to a VCT investment limit of £200,000 per tax year.
- Non-qualifying investment is held in the TB Amati UK Smaller Companies Fund, which means that cash awaiting investment can be productively employed.

## Amati VCT Dividends Since Launch (to October 2017)

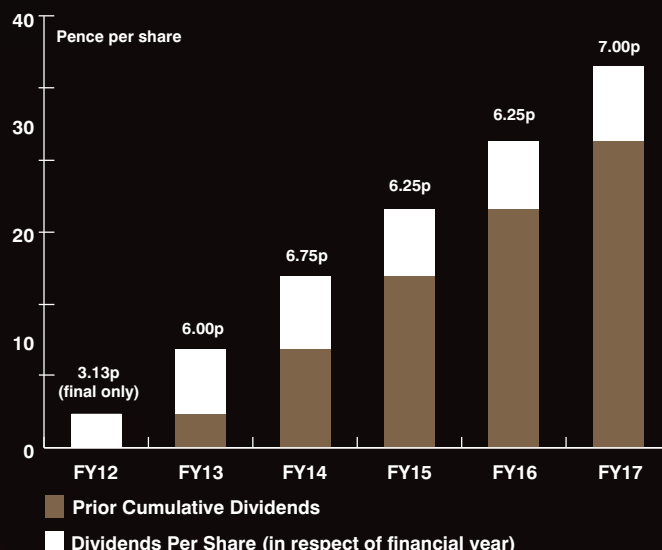


Total dividends since launch: 55.30p

Source: Amati Global Investors Ltd

Past performance is not a reliable indicator of future results.

## Amati VCT 2 Dividends Since Merger (to October 2017)



Total dividends since merger: 35.38p

Source: Amati Global Investors Ltd

Past performance is not a reliable indicator of future results.

## Risk warnings - please see Risk Factors on pages 15 to 18 of the Prospectus

The value of your investment and the income from it can go down as well as up and you may not get back the amount invested, even allowing for the tax reliefs. An investment in Amati VCT or Amati VCT 2 may not be suitable for your circumstances and you should seek professional advice before investing. Past performance should not be taken as a guide to future performance. New legislation in relation to VCTs has been introduced frequently over the last few years, the most recent of which imposes stricter limits on the nature and extent of investments made by VCTs, which in turn could impact on the tax-advantaged status of the shareholdings of individual investors and reduce returns to shareholders. Amati VCT or Amati VCT 2 shares, although listed, may be difficult to sell. Although Amati VCT and Amati VCT 2 have consistently bought back shares in the market over the last five years, this may not be the case in the future. An investment in Amati VCT or Amati VCT 2 should be regarded as a long term investment. Shareholders must retain their shares for five years to retain their initial income tax relief. Many of the investments made by Amati VCT or Amati VCT 2 will be in companies whose securities have limited liquidity and which may therefore be difficult to realise. Investments in such companies are substantially riskier than those in larger companies. If Amati VCT or Amati VCT 2 loses its HMRC approval, tax reliefs previously obtained may be lost. The levels of charges for VCTs are generally higher than for unit trusts and open ended investment companies. The foregoing is only a summary and more details are set out on pages 15 to 18 of the Prospectus.

## Investment Policy

The investment objectives of the Companies are to generate tax free capital gains and regular dividend income for their shareholders, primarily through Qualifying Investments in AIM-traded companies and through Non-Qualifying Investments as allowed by the

VCT legislation. The Companies will manage their portfolios to comply with the requirements of the rules and regulations applicable to VCTs from time to time. The Companies' policy is to hold a diversified portfolio across a broad range of sectors to mitigate risk.

## Background to Amati VCT plc

Amati VCT was launched by Paul Jourdan at First State Investments in March 2005 as First State Investments AIM VCT. In 2007 Paul Jourdan moved to Noble Fund Managers, and the VCT was renamed Noble AIM VCT. In 2010 Noble Fund Managers was renamed Amati Global Investors, and the VCT was renamed Amati VCT. Paul Jourdan has been manager of the trust throughout, being joined by Douglas Lawson in 2008 and David Stevenson in 2012.

## Background to Amati VCT 2 plc

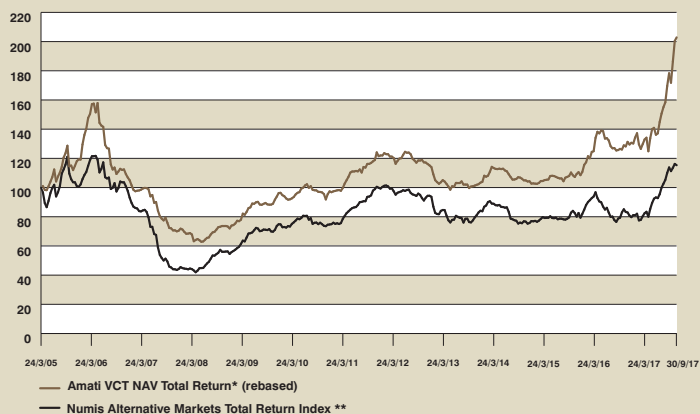
The management of Amati VCT 2 was taken on by Amati in March 2010. It incorporates the three Singer & Friedlander AIM VCTs which launched between 1998 and 2001, and which merged in 2006; the merged company was renamed ViCTory VCT in 2009. In February 2011 Amati also took on the management of Invesco Perpetual AiM VCT. In November 2011, having reached a point where Amati felt confident that the portfolio rebalancing had been appropriately completed for both ViCTory VCT and Invesco Perpetual AiM VCT (which had been renamed Amati VCT 2), the two VCTs undertook a merger, forming what is now Amati VCT 2, and the shares were consolidated to bring the NAV per share back close to 100p. This marked an effective re-launch, and made it easier for shareholders to monitor progress from that point.

## Potential Merger

The Directors of each Company are considering merging Amati VCT and Amati VCT 2. The Directors of each of the Companies believe that the portfolios of the Amati VCTs have been managed with the same mandates now for seven years, and have therefore become substantially aligned. Where there are distinct historic holdings, principally Craneware and Sprue Aegis in the case of Amati VCT and Accesso and Brooks Macdonald in the case of Amati VCT 2, these

would all remain significant holdings in a combined portfolio, with the additional diversification being beneficial for both sets of shareholders. As a result, the Boards of both VCTs believe that the cost savings which would be achieved by merging the two companies are a compelling reason to do so, as they should result in lowering the ongoing charges by around 0.25% per year, which goes directly to boosting shareholder returns by the same amount.

## Amati VCT Track Record



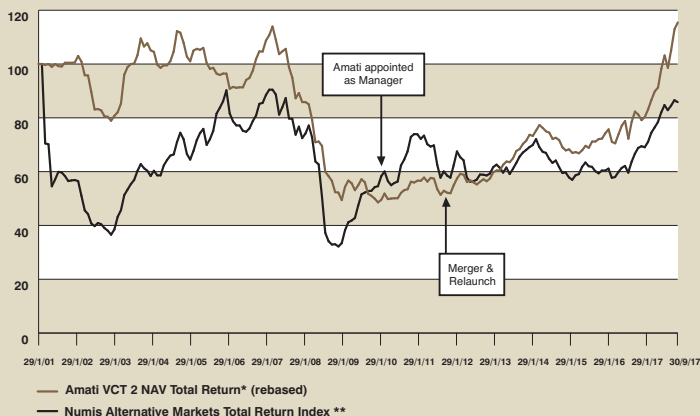
Source: Amati Global Investors Ltd as at 30 September 2017

\* NAV Total Return, uses NAV per share, net of fees, assuming dividends are re-invested on the ex-dividend date, excluding tax reliefs and up-front costs. Return since launch is calculated from 29/01/2001 (date of first allotment of shares).

\*\* Numis Alternative Markets Total Return Index

# Take-on date: 25 March 2010

## Amati VCT 2 Track Record



Source: Amati Global Investors Ltd as at 30 September 2017

## Top 12 Holdings

### Amati VCT

As at 30 September 2017

	% of total assets
TB Amati UK Smaller Companies Fund	9.7
Keywords Studios plc	7.9
Quixant plc	7.0
Frontier Developments plc	6.6
Craneware plc	4.9
Tristel plc	4.4
Idox plc	4.2
Learning Technologies Group plc	3.9
GB Group plc	3.7
AB Dynamics plc	3.5
Ideagen plc	3.5
Premier Technical Services Group plc	2.9

### Amati VCT 2

As at 30 September 2017

	% of total assets
TB Amati UK Smaller Companies Fund	8.8
Keywords Studios plc	7.9
Accesso Technology Group plc	7.4
Quixant plc	6.7
Frontier Developments plc	6.6
Tristel plc	4.1
Idox plc	3.8
GB Group plc	3.6
Learning Technologies Group plc	3.6
Brooks Macdonald Group plc	3.4
Ideagen plc	3.2
AB Dynamics plc	3.1

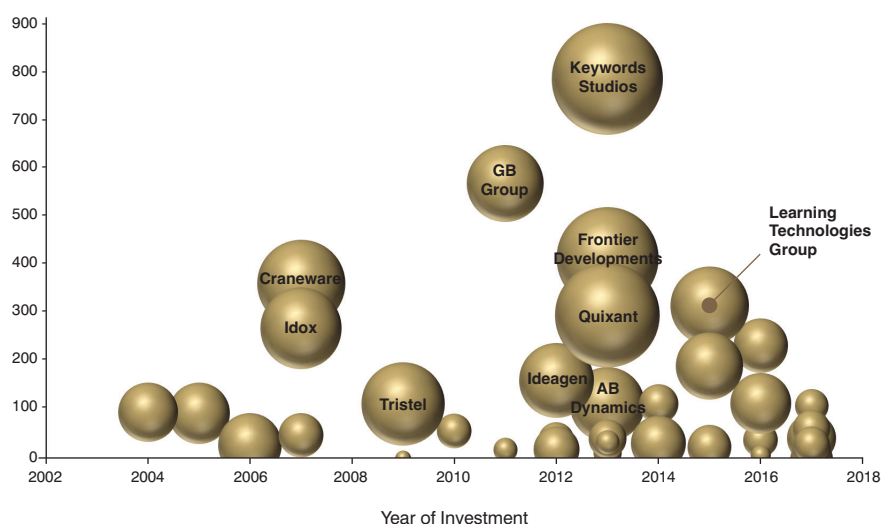
The portfolio of Qualifying Investments in each Company as at 30 September 2017 is analysed by date of initial investment and market capitalisation. The size of the circles represents the relative size of the holdings in the portfolio by value. The top 10 qualifying portfolio companies are labelled.

“The Amati VCTs provide investors with access to a diversified portfolio of quality growth companies, typically with strong competitive advantages such as ownership of intellectual property, while avoiding highly leveraged businesses. The team at Amati have a very strong record of investing in smaller companies on AIM where there are a wealth of under-researched opportunities”

**Jason Hollands,**  
MD, Business Development &  
Communications, Tilney Investment  
Management Services

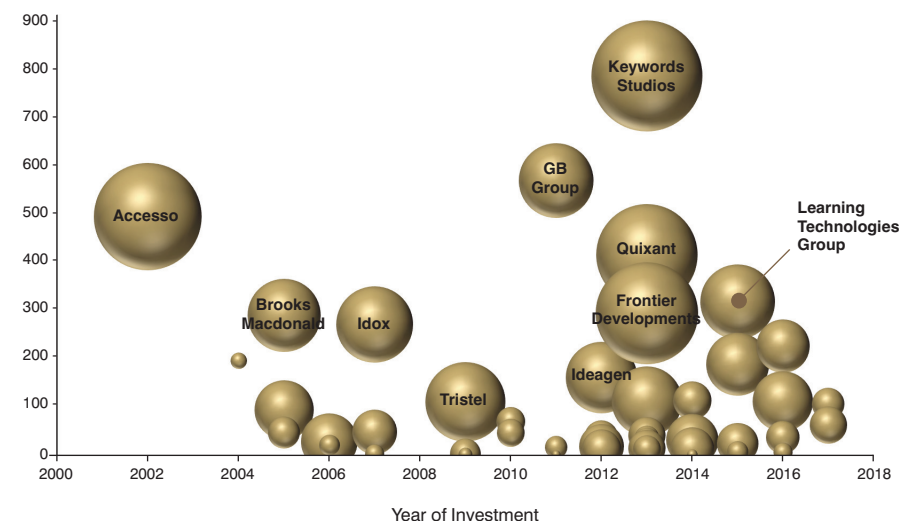
### Amati VCT

Market Capitalisation (£m)



### Amati VCT 2

Market Capitalisation (£m)



Source: Amati Global Investors as at 30 September 2017

## Details of the Offer

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### Offer Costs:

The Net Asset Value used for pricing the share allotments will be the last published NAV per share adjusted to reflect the closing mid-prices of the shares held in the portfolios of the VCTs where these are traded at a spread (the "Adjusted NAV per share"), whereas the published NAVs are based on closing bid-prices.

For existing shareholders and for subscriptions through authorised financial intermediaries the cost of the Offers will be 1% which is applied by way of the subscription price of the shares purchased. The subscription price will be the Adjusted NAV per share divided by 0.99.

For other subscribers the cost of the Offers will be 3%, which is also applied by way of the subscription price of the shares purchased. The subscription price will be the Adjusted NAV per share divided by 0.97.

### Advisor Charging:

Fees for initial advice can be facilitated through the application process.

### Trail commission:

Annual trail commission of 0.375% per annum (limited to 5 years) is available to authorised execution-only, off platform intermediaries, and will be paid by the Manager. (Note that trail commission is no longer payable in respect of applications received through an intermediary acting in an advisory capacity, nor those made on a fund platform).

### Minimum subscription:

In each tax year, £4,000 in one VCT or £5,000 (£2,500 in each VCT) if applying for both VCTs, and thereafter multiples of £500.

### Annual management fee:

1.75% of net assets and no performance fees.

### Last reported Ongoing Charges Figures:

Amati VCT & Amati VCT 2: 2.4% of net assets  
Annual cap on running costs: 3.5% of net assets

### Timetable:

2017/2018 Offers open 30 October 2017  
2017/2018 Offers close 12 noon on 4 April 2018  
2018/2019 Offers open 8am on 6 April 2018  
2018/2019 Offers close 12 noon on 31 August 2018  
The first allotment related to the 2017/18 Offers is expected on or before 20 November 2017 and thereafter on a monthly basis (or at other such times at the Manager's discretion as it considers in the best interests of the relevant VCTs).

## How to apply

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If you are considering applying for the Offers, you should read the Prospectus which contains the full terms and conditions and the subscription form. It is recommended that you seek professional advice.

The Prospectus is available from fund platforms, financial advisers or can be downloaded from [www.amatiglobal.com](http://www.amatiglobal.com)

To request a hard copy of the prospectus or if you have any subscription queries, please either email [info@amatiglobal.com](mailto:info@amatiglobal.com) or call Samantha Dalby on our dedicated investor line: 0131 503 9115.

### Further information

You are most welcome to call Amati Global Investors to speak to one of the fund managers. Please contact us on 0131 503 9115.

### For intermediary sales

Please contact Rachel Le Derf or Jason Rolf on 0131 503 9100 or email: [info@amatiglobal.com](mailto:info@amatiglobal.com)



### Manager

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Email: [info@amatiglobal.com](mailto:info@amatiglobal.com)  
Web: [www.amatiglobal.com](http://www.amatiglobal.com)  
Calls are recorded and monitored.

### Receiving Agent

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17 West Street  
Farnham  
Surrey GU9 7DR  
Tel: 01252 821390  
Email: [AmatiOffer@shareregistrars.uk.com](mailto:AmatiOffer@shareregistrars.uk.com)

Amati Global Investors Limited is authorised and regulated by the Financial Conduct Authority

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