

WS Amati Global Innovation Fund Quarterly Review

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By
Graeme Bencke, Fund Manager



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Financial market performance in the second quarter of 2026 has been characterised largely by two subjects: conflict and AI. The incredible ramp-up in spending across all elements of AI related infrastructure led to huge outperformance for any associated companies, from chip producers all the way to companies constructing the data centres. The leading AI model developers such as OpenAI, Alphabet and Meta have all been raising new capital to fund the incredible build-out - and are expecting to spend even more in the coming 12 months. This tsunami of capital captured almost all the attention of investors, with more traditional sectors either being sold or simply overlooked. The Asian players such as SK Hynix and TSMC disproportionately benefitted as their involvement became more obvious, leading to an outperformance of Emerging Markets over the period. Such was the exuberance in the market that a string of AI related IPOs was mooted, with SpaceX getting to market first with a valuation of close to \$3 trillion shortly after listing.

Beyond AI, it was the conflict in and around Iran which dominated news headlines, even if the impact on asset prices was substantially lower. After the initial spikes in energy prices subsided, investors showed little concern about the events in the Persian Gulf, with many financial commentators assuming a low impact resolution as the likely outcome. At the time of writing hostilities have again broken out and there appears to be scant evidence of an 'easy fix'.

The broadening of interest away from the highly concentrated AI headline companies, such as Nvidia, proved to be a helpful environment for the Fund, providing a period of material outperformance against the MSCI ACWI benchmark. Our four top contributors were all caught up in the excitement to some

extent, with three being semiconductor producers and one being an equipment supplier into that industry.

The latter, **MKS**, provided the biggest single boost to the Fund's returns and is a notable beneficiary of innovation in the design of modern chips. Rather than single layers of tiny transistors, many modern chips have multiple layers like a wafer biscuit, and electrons need to travel up and down through these layers. MKS' products help to make this possible. AI's insatiable appetite for memory, particularly High Band Memory (HBM), has created a wave of greater demand for the chips which MKS helps to create.

One of the leading producers of HBM chips is **Samsung Electronics**, which was the next largest contributor to performance over the quarter. After some initial teething problems with its new product range gave us an attractive entry point into the stock, Samsung went on to regain its leading position in one of the most complicated industrial processes known to man. **Allegro Microsystems** is perhaps better known as a sensor company, creating advanced position and movement sensors for use in areas such as robotics. However as a provider of specialist semiconductor chips into the datacentre market they too saw a sharp increase in demand, as well as share price performance.

While there remains great uncertainty over the ultimate impacts of AI on other industries, one area in particular appears to be under some threat. Simple software packages which can be quickly replicated using AI agents will likely face a difficult future, and likewise providers of services which are highly process based or repetitive will certainly be automated out of existence.



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However, equity markets in their enthusiasm for the AI opportunity have written off many companies which we are confident have many years of demand growth ahead. Specialist software providers in often highly regulated industries will be extremely difficult to replicate and there is little incentive for users to do so. Companies such as **PTC** and **Autodesk** are often foundational for the clients that use them, and they are embracing AI to improve their offering and the efficiency of their customers. The way their businesses are effectively being written off in the minds of investors creates a very attractive investment opportunity in our view, and our 3-5 year time horizon gives plenty of runway for a more balanced view to assert itself. Although both companies weighed on performance, the largest single detractor was **Globant**, the US listed IT services and digital engineering business. It too was a casualty of the excessive extrapolation we believe investors are currently making and we have been gently adding on weakness to all three names.

Activity

We purchased only one new holding in the quarter, **ATS**, a Canadian listed supplier of advanced automation solutions to numerous different market segments, including industrial, life sciences and logistics. After some years of underspending on automation there are a number of notable drivers of demand over the coming years, not least a simple element of pent-up demand. As a material capital outlay, customers must feel confident of making a sufficient return on an investment into automation, and the uncertainties of rising interest rates, rapidly changing trade agreements (tariffs) and even ongoing military conflicts have made this a difficult call. However, the picture on many fronts is improving and the incentive of

government assistance in reshoring and recreating local production in critical sectors like defence and technology is driving a return in demand. Even the arrival of more capable AI tools is now a tailwind. The weak recent performance of the equipment sector, combined with the concentration of attention of investors on the AI supernova, has provided us with what we think will be an excellent entry point for ATS. Beyond the improving macro trends and the technological inevitability of greater use of automation, ATS is also exposed to a number of fast growing end markets of particular interest to us from an innovation angle, such as radiopharmaceuticals, nuclear energy revival and expansion, and the expansion of peptide-based medical treatments such as GLP-1s.

In order to fund the purchase we sold our position in **Eli Lilly** which, after its strong performance, we felt more fully reflected the value of the opportunities ahead for the business.

Outlook

It seems foolish to attempt to provide an outlook for the coming quarter, given the current uncertainties in the Middle East, not to mention the ongoing geopolitical pressure in Ukraine/Russia and even the increasing confidence of China on the global stage. However our process is not designed to predict these events but rather to attempt to see through them to the underlying cycles of innovation that profoundly affect our economies. Here we remain very confident in the innovation frontiers in which we are invested. Higher oil and commodity prices may increase the costs borne across the economy but over time this simply requires a greater emphasis on productivity, and it is innovation that will provide the solutions.

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Risk Warning

Past performance is not a reliable guide to future performance. The value of investments and the income from them may go down as well as up and you may not get back the amount originally invested. Tax rates, as well as the treatment of OEICs, could change at any time. The return on investments in overseas markets may increase or decrease as a result of exchange rate movements. There may be occasions where there is an increased risk that a position in the Fund cannot be liquidated in a timely manner at a reasonable price. In extreme circumstances this may affect the ability of the Fund to meet redemption requests upon demand. A dilution adjustment 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 review 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 Prospectus and the Key Investor Information Document (KIID). The Prospectus sets out the main risks associated with the Fund and the KIID shows you how costs and charges might affect your investment. If you are in any doubt as to how to proceed you should consult an authorised financial intermediary.

Fund documentation is available on request and can be downloaded from Waystone [here](#) or from our [website](#).

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