

## SCM Private Announces Availability on Præmium IFA Platform Giving Access to Alan Miller's Outperformance from Just 0.5% + VAT\*

London: November 25, 2010 – SCM Private, the pioneering wealth manager and Exchange Traded Funds (ETFs) specialists, are pleased to announce their model portfolios managed by Alan Miller, previously only available to high net worth clients direct, are now available via Præmium's Discretionary Platform Service (*dps Select*).

SCM's unique combination of **Performance + Diversification + Transparency + Less Fees** is continually actively managed, and offers investors a third option of *Actively Passive* compared to the traditional Active v Passive.

	SCM Long-Term Portfolio (£) Præmium Model	IMA Balanced Managed Sector	SCM Absolute Return Portfolio (£) Præmium Model	IMA Absolute Return Sector
<b>PERFORMANCE*</b> 8 <sup>th</sup> June 2009-31 <sup>st</sup> Oct 2010	+ 28.9%	+25.6%	+24.4%	+8.2%

### Other benefits of investing with SCM Private via the Præmium Platform

- **0.75% + VAT Annual Management Fee – reducing to 0.5% for large sums\*** - as SCM Private will be waiving their performance fees in full
- **Investments held in clients own name** - NOT units in a fund
- **100% transparency** - Client access via web to full portfolio and performance as at last night's close
- **High levels of diversification** through utilising Exchange Traded Funds (ETFs) with typically 1,000-2,500 different underlying stocks / bonds / commodities held
- **Actively managed** with turnover typically 40% pa for the Long Term Portfolio and 69% pa for the Absolute Return Portfolio.
- **33% to 48% saved in the Total Costs of Investment\*** Vs an average IMA Balanced Managed Fund of Funds or Absolute Return Fund. SCM calculates the Total Costs of Investment as: annual management fees + fund expenses + dealing costs + underlying ETF/Sub Fund Costs + Advisor Fees + Custody Service Fees + Performance Fees.
- **Over 84% saved in dealing costs\*** Vs an average IMA Balanced Managed Fund of Fund or Absolute Return Fund - utilising Præmium unique method of pooling all the individual client deals together as just one

### Alan Miller, Founding Partner and Fund Manager at SCM Private, says:

"By accessing us via the Præmium *dps Select* platform, advisers can retain complete control of the relationship with their clients, their assets and their chosen manager. We are very pleased to be able to roll out our offering to enable investors to achieve more for less."

### Præmium Platform

Præmium's Discretionary Platform Service (*dps*) provides advisers and wealth managers with an online platform that allows the IFA to 'select' models from one or more Discretionary Portfolio Managers to best fit the needs of each of their clients.

- Præmium's exceptionally efficient rebalancing and custody service lowers trading costs

- Low cost underlying assets, highly efficient trading and competitive management charges reduces excessive performance drag on investments
- 100% transparency of Investor's portfolio and charges incurred – unlike in a normal fund structure (where SCM estimate just 41% typical transparency) \*
- Models can be blended by the IFA to match the requirements of the end investor
- Ability to offer portfolios via different wrappers e.g. ISAs, SIPPs, Offshore Bonds etc.
- RDR ready so client sees all individual elements of fees including IFA's fees
- Allows advisers to take true ownership of client offering real expert investment and tax advice thereby increasing client satisfaction and retention rate

**John Martin, Managing Director at Præmium, commented:**

“When SCM approached Præmium, they wanted an approach that offered something new. Our technology suits their investment strategy, allowing them to adjust their models whenever necessary. An investment manager needs to ensure that they and the end investors are always appropriately positioned. Alan clearly has a fantastic reputation and we are delighted there is such synergy between our two firm's offerings.”

ENDS

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**Notes to Editors**

**PORTFOLIO FACTS:**

The SCM Private Long-Term Portfolio (£) is akin to an old fashioned pension fund. It was launched on the 8<sup>th</sup> June 2009 with a benchmark of 42% UK Equities, 28% MSCI World-ex UK Equities, 15% UK Gilts, 7.5% Index-Linked Gilts and 7.5% Cash.

The SCM Private Absolute Return Portfolio (£) is akin to a modern day hedge fund. It was launched on the 8<sup>th</sup> June 2009 with a benchmark of cash.

**About SCM Private**

SCM Private is an investment management company established in June 2009 with a unique, modern approach to managing money. The company offers investors a combination of passive investment instruments – Exchange Traded Funds (ETFs) - that are genuinely and continuously actively managed – but with much lower dealing costs, commission, price spreads and taxes when compared to traditional funds. As specialist active ETF managers, Alan Miller who is the co-founder

and fund manager, uses his vast active stock picking experience to conduct 'under the bonnet' research by investigating thoroughly how indexes are constituted.

In terms of fees and costs, SCM Private is amongst the lowest in the industry and publishes all fees in full, with no hidden charges and all clients treated the same. The only discount is on amount invested. Since inception both portfolios have been top quartile showing that SCM private is delivering well above average performance at well below average costs.

## **About Præmium**

Præmium developed its Portfolio Administration and Separately Managed Account (SMA) technology in Australia where it is now a market leader in the provision of SMA solutions. In the UK, Præmium helps deliver innovative investment solutions to Advisers in a cost efficient manner, whilst increasing the value of their business. Investors gain access to low cost transparent investment portfolios offering them a more enriched investment experience than they otherwise would receive.

Præmium's proprietary portfolio administration service, V-Wrap, now enjoys considerable success in the Australian market. The value of investments administered by V-Wrap has grown to in excess of AUD42bn (as of end of September 2010). V-Wrap administers more than 44,000 accounts for over 500 financial services organisations. Præmium's clients include some of Australia's largest financial service providers.

### **\*Basis of Various Calculations**

SCM Private performance is shown after all fees and deductions including SCM Private annual management fee of 0.75%+vat pa, the Præmium custody service fee of 0.35% pa and advisor fee assumed of 0.5% pa, and is based on the performance of the first client discretionary portfolio. All SCM Private Clients follow the same model portfolios. Individual client portfolios may differ principally as a result of the timing of cash flows in or out of each portfolio. SCM Private performance calculations are based on quarterly returns provided by Financial Software Ltd and daily pricing data after quarter ends provided by Pershing Securities Ltd.

Clients of advisors on the Præmium platform with more than £10m invested within the SCM portfolios pay an annual management fee of 0.5%+vat pa.

The Total Costs of Investment has been calculated as follows for SCM Private: an annual management fee of 0.75%+vat pa for both portfolios, an advisor fee of 0.5% pa for both portfolios, a custody service fee of 0.35% pa for both portfolios, ETF costs of 0.35% pa for the Long-Term and 0.31% pa for the Absolute Return portfolios (based on weighted average ETF total expense ratios), and dealing costs of 0.09% pa for the Long-Term and 0.14% pa for the Absolute Return portfolio (based on an average ETF spread of 0.23% and 0.21%, average turnover of 40% and 69%, and insignificant commissions for the Long-Term and Absolute Return portfolios respectively through the Præmium platform method of pooling orders).

The Total Costs of Investment has been calculated as follows for the average IMA Balanced Managed Fund of Fund (using Morningstar data wherever possible): average net expense ratio of 1.82% pa, dealing costs of 0.6% pa (based on average turnover of 90% pa, assumed average asset split of 49% UK equities, 17% MSCI World-Ex UK equities, 16% Bonds exposure, 11% other assets and 7% cash with buy/sell costs of 102 bp, 41 bp, 25 bp, 56 bp and 0 respectively i.e. a weighted average of 67 bp), and sub fund costs of 0.84% pa (based on a balanced managed fund of fund investing 93% of its portfolio via other funds with an average institutional expense ratio of 0.9% pa).

The Total Costs of Investment has been calculated as follows for the average IMA Absolute Return Fund (using Morningstar data wherever possible): average net expense ratio of 1.71% pa, dealing costs of 1.5% pa (based on average turnover of 228% pa, assumed buy/sell costs from above of 67 bp) and a performance fee of 1% pa (based on the assumption of a 7.5% pa underlying investment return and an average performance fee of 13.5% of the gain less a 0.5% cash hurdle, i.e. 13.0% of 7.5% pa).

SCM Private analysed the largest 10 active IMA UK All Companies Funds, and found that the most recent update for most investors was contained within their monthly factsheets. The average % of the portfolio revealed to investors was just 41% by value and 12% by number of stocks held.

### **Important Information**

**Past performance is not a reliable indicator of future performance and values of investments can go down as well as up.  
SCM Private is authorised and regulated by the Financial Services Authority.**

**The return for the Long Term Portfolio (£) and Absolute Return Portfolio (£) based on these charges, would have been +15.3% and +13.7% respectively during the 12 months to 31<sup>st</sup> October 2010.**

**The asset allocation of the SCM Private Long-Term (£) and Absolute return (£) discretionary portfolios have been within the relevant IMA sector guideline parameters. Discretionary portfolios are not subject to the same regulatory constraints as UCITS and other regulated funds. Performance can be affected by currency fluctuations.**

**Risk and performance can change over time. Up-to-date information can be obtained from SCM Private. All opinions are correct as of the date of this release and are subject to change without notice. Please note that nothing in this document should be interpreted as financial advice.**