



SCM PRIVATE

SCM PRIVATE, FOUNDED BY ALAN MILLER, CONTINUES TO INNOVATE BY LAUNCHING NEW LOW COST BOND PORTFOLIO, LOWERING FEES AND RETURNING OUTSTANDING TWO YEAR PERFORMANCE

- ***SCM Private Bond Reserve Portfolio launched – fees from just 0.3% pa, actively managed***
- ***Annual performance fees dropped for direct clients; fees via IFAs dropped to 0.5% pa***
- ***Existing Portfolios – outperformed over 77% comparable active funds; at 50% of the cost***

London 16 June 2011: SCM Private, the innovative wealth manager and Exchange Traded Funds (ETFs) specialist, which has pioneered an **Actively Passive** investment approach, **marks its two year anniversary** with the launch of the SCM Private Bond Reserve Portfolio and fee reductions that continue its philosophy of putting investors first.

The SCM Private Bond Reserve Portfolio will invest primarily in cash, corporate bonds and emerging market debt, through ETFs, and offer investors a number of advantages over traditional bond funds including:

- **Low fees** - annual management fees of just **0.3%+ VAT** through an IFA, and **0.5% + VAT** for direct clients
- **Solid yield** - the underlying average flat yield of the bonds is currently **4.9% pa** before all costs
- **Strong investor safeguards** – not more than 25% of the Portfolio invested in any single ETF; no investment in short or leveraged ETF; no investment in ETFs with less than 100% collateral; not more than 50% in foreign currency ETFs; all ETFs London Stock Exchange listed
- **Indexed based to reduce volatility** – the Portfolio is invested in a wide spread of indexes, which back testing has shown significantly reduces portfolio volatility
- **Wider spread of underlying bonds** – currently 659 corporate and government bonds versus an average IMA bond fund which holds just 183 bonds
- **Full transparency** – clients will see 100% of their investments online, with values updated daily
- **Co-investing** – SCM's founding partners have committed a seven figure sum to the new Portfolio

Alan Miller, founder and CIO of SCM Private, said:

“The launch of this new bond portfolio is in direct response to a growing appetite from clients, investors and IFAs. With interest rates set to continue at low levels, many investors are seeking a low risk, low volatility investment, with the objective of outperforming cash.”

EXISTING PORTFOLIOS OUTPERFORM OVER 77% OF COMPARABLE TRADITIONAL FUNDS AT 50% OF THE COST

Since inception in 8 June 2009, SCM Private's two existing portfolios – The SCM Private Absolute Return Portfolio and The SCM Private Long Term Portfolio - have significantly outperformed most comparable funds.

SCM Private Absolute Return Portfolio – Performance numbers since inception (2 years to 8 June 2011)

- +28.2% for the SCMP Absolute Return Portfolio
- +11.6% for the average comparable IMA Absolute Return Fund
- SCMP Absolute Return Portfolio has therefore beaten 88% of the comparable funds

Over the last 12 months:

- +11.7% for the SCMP Absolute Return Portfolio
- + 4.2% for the average comparable IMA Absolute Return Fund
- SCMP Absolute Return Portfolio has therefore beaten 90% of the comparable funds.

SCM Private Long-Term Return Portfolio – Performance number since inception (2 years to 8 June 2011)

- +34.3% for the SCMP Long-Term Return Portfolio
- +31.8% for the average comparable IMA Balanced Managed Fund
- SCMP Long Term Portfolio has therefore beaten 79% of comparable funds

Over the last 12 months:

- +13.5% return for the SCMP Long-Term Return Portfolio
- +11.6% for the average comparable IMA Balanced Managed Fund
- SCMP Long Term Return Portfolio has therefore beaten 77% of comparable funds

Costs

- TER of the SCM portfolios for direct clients, including VAT is **0.9% pa**
- This compares to **1.8% pa** for the average IMA Absolute Return or Balanced Managed Fund
- SCM Private estimates the real savings are substantially higher, if the all hidden costs (including dealing expenses, performance fees and other fund charges within multi-asset funds) were included.

PASSING ON ECONOMIES OF SCALE BY REDUCING FEES

SCM announces the abolition of its 5% performance fee for direct clients (compared with an average of 15 – 20% for many Absolute Return funds). All direct clients will therefore pay 0.75% + VAT for investments from £250,000, including all associated custody and administration costs that most other fund managers charge for. For clients accessing SCM Private via an IFA, the annual management fee will be just 0.5% + VAT (before platform and IFA fees).

Alan Miller added:

“Since launching SCM Private, we have remained fully committed to putting our clients first and are pleased to announce the waiving of the 5% performance fee to direct clients and the reduction of fees via IFAs. We are able to achieve this through our philosophy of passing on the benefits of our “lean and mean” structure to our clients, rather than just to shareholders. The performance of our two existing portfolios demonstrates the benefits of removing layers of needless fees and costs, whilst emphasising active asset allocation and total transparency. The complacent traditional fund management industry would do well to sit up and take notice of a new modern approach to fund management.”

ENDS

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Notes to Editors

SCM Private is a specialist investment management company established in June 2009 with a unique, modern approach to managing money. The company offers investors an actively passive management solution that combines 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 ETF managers, Alan Miller who is the co-founder and investment 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 fairest in the industry and publishes all fees in full, with no hidden charges and 100% transparency. All direct clients are treated the same, i.e. private investors, institutions or charities; with the only discount available being on the amount invested. Since inception SCM Private has delivered well above average performance at well below average costs.

Important Information

The average number of holdings held by an IMA bond fund was based on the average of 721 funds as at the end of December 2010.

SCM Private Performance calculations are based on quarterly performance returns provided by Financial Software Ltd for the first SCM client discretionary portfolio after deducting the annual management fee of 0.75%+vat; all clients follow the same model portfolios. Individual clients’ portfolio performance may differ principally as a result of the timing of client investments or rebalancing and the impact of different dealing cost charges between the different platforms where applicable. Discretionary portfolios are not subject to the same regulatory constraints as UCITS and other regulated funds. Performance can be affected by currency fluctuations. The value of investments and the income from them can go down as well as up and investors may not recover the amount of their original investment. The tax treatment of investments depends on each investor’s individual circumstances and is subject to changes in tax legislation.

The SCM Private annual management fee of 0.75%+vat pa reduces to 0.5%+vat for over £10m directly invested SCM portfolios. The portfolios are available through IFAs on the Ascentric, Praemium and Transact platforms, at a charge of just 0.5% + VAT excluding platform and IFA fees.

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 risk characteristics of the SCM Model Portfolios may not be suitable for all types of investor. Risk and performance can change over time. Please note that nothing in this document should be interpreted as financial advice. Investing in Exchange Traded Funds may expose the investor to a number of risks, some of which are specific to Exchange Traded Funds.