



SCM PRIVATE

SCM PRIVATE TEAMS UP WITH ASCENTRIC

IFAs and retail investors can now access outperforming active ETF portfolios that beat 85% of comparable funds at up to 50% of the cost

London 16 March 2011: SCM Private (SCM), the leading active manager of Exchange Traded Funds (ETFs), is pleased to announce availability of its top performing portfolios on Ascentric, the independent platform, making SCM's portfolios widely available to IFAs and their clients. Key Benefits of SCM Private's Model Portfolios on Ascentric include:

- Investments held in clients own name - NOT units in a fund.
- 100% transparency - client online access to their entire portfolio and performance, as at last night's close
- Significant reduction in dealing costs Vs a balanced managed or absolute return fund - achieved through dealing via low cost ETFs at low rates on the Ascentric platform
- Just 0.75% + VAT Annual Management Cost – reducing to 0.5% for large sums¹ - as SCM Private will be waiving their performance fees in full via the platform
- Ability to white label or co-brand on the platform

Both companies have experienced significant growth with SCM's assets under management growing by an average 50% per quarter since launch in June 2009. Ascentric is one of the fastest growing platforms, with assets growing over 119% last year fuelled by the growth in model portfolios, which now account for around 28% of its assets.

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

"We are extremely pleased to be on Ascentric's impressive platform whose growth in funds under administration proves they are being endorsed by an increasing number of IFAs. From our contact with IFAs, an increasing number are seeking an investment solution that allows them to retain complete control of their client relationships, their assets and their fund managers. This enables them to be fully RDR compliant as well as offering modern, efficient,

¹ 0.75% + VAT for client investments totally up to £10,000,000

0.5% + VAT for advisers with client investments totalling over £10,000,000

discretionary portfolio management. We are very pleased to be able to offer investors who are below our direct minimum investment level our investment management solution.”

Recent research by the Association of Independent Financial Advisers found that 45% of IFAs who use platforms e.g. Ascentric have done so to enhance their client proposition*. But model portfolios invested in ETFs have the added benefits of granting investors 100% transparency, saving fund administration costs, significant diversification, greater performance and liquidity at lower cost; up to 53% less costs than traditional funds.

	SCM Long-Term (Ascentric) Portfolio	SCM Absolute Return (Ascentric) Portfolio	Average IMA Fund **
Transparency	100% of portfolio	100% of portfolio	40% of fund - just top 10 holdings normally revealed regularly
Liquidity	Very High	Very High	Varies
Number of underlying stocks/bonds/commodities etc	2,634 currently	2,135 currently	Just 114 holdings on average
Annual Management Fee	From 0.5 to 0.75% pa +vat	From 0.5 to 0.75% pa +vat	1.25% pa on average
Average Fund Turnover	40% pa executed at very low cost via ETFs	69% pa executed at very low cost via ETFs	139% pa can be prohibitively expensive especially in UK stocks
Total Cost Savings Vs Equivalent IMA Sector Fund****	37%	53%	

Total Costs are calculated as annual management fee + fund expenses + platform fees + advisor fees + other underlying fund fees and expenses + dealing costs + performance fees

SCM’s specialist investment approach has produced excellent performance with both the SCM Long-Term and SCM Absolute Return Portfolios near the top of the performance table since inception.

	SCM Long-Term Portfolio (Via Ascentric)***	IMA Balanced Managed Fund Sector	SCM Position were it to be included in IMA Bal. Managed sector
Performance 8 th June 09 – 28 Feb 2011	+35.9%	+30.8%	SCM 10 th out of 139 i.e. in top 10%
	SCM Absolute Return Portfolio (Via Ascentric)***	IMA Absolute Return Fund Sector	SCM Position were it to be included in IMA Absolute Return sector
Performance 8 th June 09 – 28 Feb 2011	+28.7%	+11.2%	SCM 6 th out of 41 i.e. in top 15%

Richard Goodall, Sales and Marketing Director, Ascentric, said:

"The growing use of ETFs on the Ascentric platform highlights the demand among advisers for access to low cost, well diversified portfolios. We welcome the launch of SCM Private on Ascentric as it brings together Alan Miller's undoubted quality at managing money with our desire to broaden the depth and breadth of the investment solutions available on the platform."

ENDS

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Editors Notes:

SCM Private

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 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.

There are two portfolios:

The SCM Long Term Portfolio is akin to an old fashion pension fund with a benchmark of 70% equities, 22.5% bonds and 7.5% cash.

The SCM Absolute Return Portfolio is akin to a modern day hedge fund with a benchmark of cash.

Ascentric

Ascentric is a whole of market Wrap service, available exclusively to IFAs and offers a fully integrated online investment management and dealing platform. It also enables IFAs to transfer their clients’ assets onto a single platform to provide them with the ability to manage their client’s financial needs in just one place. This is obviously a considerable enhancement to the existing, time-consuming practice of IFAs introducing their clients to a number of different product providers.

In October 2007, a majority holding of Investment Funds Direct Group Limited was acquired by Royal London Group. For further information about Ascentric please visit www.ascentric.co.uk.

*Research conducted by NMG's IFA Census, but what are they investing in?

**Source: SCM based on Morningstar data on 2,167 funds across all IMA sectors

****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 platform fee of 0.25% pa for both portfolios, ETF costs of 0.35%

pa for the Long-Term and 0.33% pa for the Absolute Return portfolios (based on End Feb 2011 weighted average ETF total expense ratios), and dealing costs of 0.06% pa for the Long-Term and 0.12% pa for the Absolute Return portfolio (based on End Feb 2011 weighted average ETF spread of 0.18% for both portfolios, average turnover of 35% and 66% for the Long-Term and Absolute return portfolios respectively, and 70 transactions per year charged at £2 per transaction by Ascentric on an assumed £25,000 average portfolio).

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 0.57% pa (based on average turnover of 84.5% 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 an assumed extra level of underlying fund costs in a fund of fund structure 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 1.74% pa, dealing costs of 1.6% pa (based on average turnover of 245% pa, assumed buy/sell costs from above of 67 bp) and a performance fee of 1.05% pa (based on the assumption of a 7.5% pa underlying investment return and an average performance fee of 14.5% of the gain less 0.5% cash hurdle, i.e. 14.0% of 7.5% pa).

****Performance is shown after all fees and deductions including SCM Private annual management fee of 0.75%+vat pa, Ascentric platform fee of 0.25% pa and advisor fees of 0.5% pa and is based on the performance of the first client discretionary portfolio. Calculations based on quarterly returns provided by Financial Software Ltd and daily pricing data thereafter by Pershing Securities Ltd. All SCM Private Clients follow the same model portfolios. Discretionary portfolios are not subject to the same regulatory constraints as UCITS and other regulated funds. Performance can be affected by currency fluctuations. Over the 12 months to end Feb 2011, the SCM Long-Term portfolio would have produced a return of +11.8% and the SCM Absolute Return portfolio +10.7% based on the charges above.