

Portfolio commenced 8 June 2009

OBJECTIVE:

To outperform inflation.

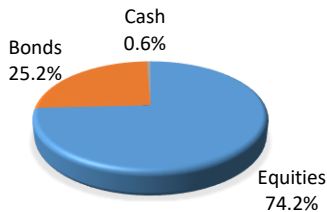
STRATEGY:

Actively managed with a long-term bias to real assets e.g. equities.

The Portfolio normally invests in a wide range of ETFs to gain significant diversification and exceptional liquidity at very low cost.

Top Holdings as at 30 th April 2018	%
VANGUARD FTSE 100	9.9
VANGUARD GLOBAL VALUE FACTOR	9.7
SPDR FTSE UK ALL SHARE	9.7
POWERSHARES FTSE RAFI US 1000	8.2
ISHARES FTSE 100	7.9
ISHARES JAPAN CORE	7.3
ISHARES CORE EM IMI	6.6
UBS US CORP 1-5 GBP HDG	5.8
PIMCO EMG MKTS LOC BND	5.5
UBS BBG BC US L CP (HG GBP)	5.2

OVERALL ASSET ALLOCATION



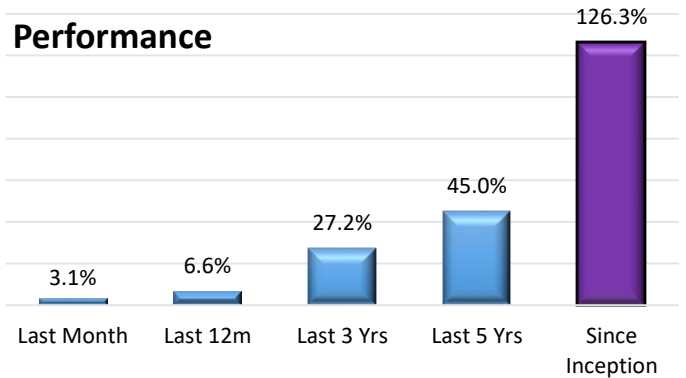
Underlying Holdings Key Statistics (Source: Bloomberg)

Bonds Component				
No. Holdings	Yield to Maturity	Maturity (Yrs from Today)	Modified Duration	S&P Rating
499 Gov. Bonds, 1,236 Corp. Bonds	4.5%	9.1 Yrs	5.9	BBB+
Equities Component				
No. Holdings	Dividend Yield	Price to Book Ratio	BEST P/E Ratio *	BEST LTG EPS**
6,628 Equities	3.2%	1.5x	13.6x	9.1%

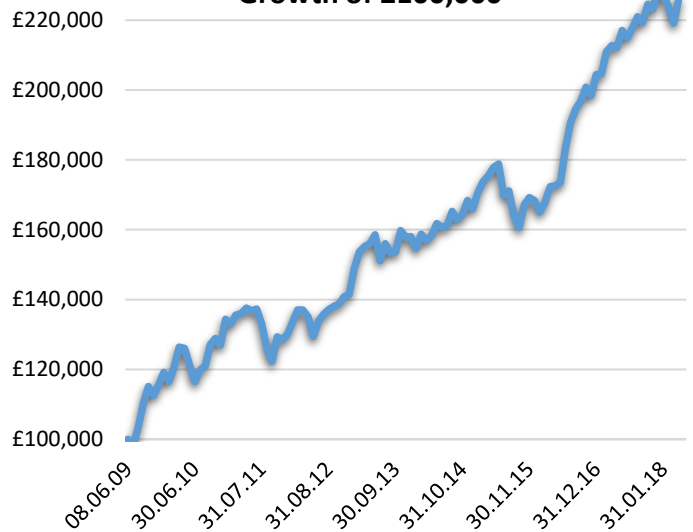
*Ratio of Price to Best 12m Forward EPS

**Weighted Median Compound Annual Growth Rate of the Operating Earnings per Share (EPS) over the company's next full business cycle (typically 3-5 years)

Performance



Growth of £100,000



Rolling Returns

12m to 30.04.18	12m to 30.04.17	12m to 30.04.16	12m to 30.04.15	12m to 30.04.14	12m to 30.04.13	12m to 30.04.12	12m to 30.04.11
6.6%	23.0%	-3.0%	12.3%	1.5%	15.6%	-1.9%	9.1%

Source: SCM Private LLP

Past performance should not be seen as a guide to future returns. 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.

Fees & Charges



ANNUAL MANAGEMENT CHARGE: 0.4% +VAT	0.48%
Underlying ETF costs (KIID Ongoing Charge)	0.26%
Est. Dealing Costs (transaction costs of buying & selling ETFs of 0.08% pa + underlying transaction costs within ETFs of 0.07% pa)	0.15%
Custody & Administration fee	0.12%
TOTAL COST OF INVESTING	1.01%

WINNERS 2017

50 Most Influential • PAM Awards
Investment Manager of The Year • Acquisition International

WINNERS 2016

UK Long-Term Return Fund of the Year • ACQ5
Transparency Champions • Transparency Taskforce
Fund Manager of The Year • Acquisition International
Inspirational Women Innovators - Gina Miller • Brummell
UK Leading Fund Management Firm of the Year • ACQ5
UK Game Changers of the Year (FM) - Alan & Gina Miller • ACQ5

WINNERS 2015

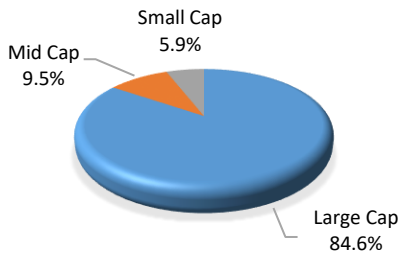
Best Long-Term Returns • Wealth & Money Management
UK Game Changers of the Year (FM) - Alan & Gina Miller
Most Innovative Fund Management Firm UK • Wealth & Money Management

WINNERS 2014

City Champions - Alan & Gina Miller for Moral Leadership • Spears

Underlying Holdings (Source: Bloomberg)

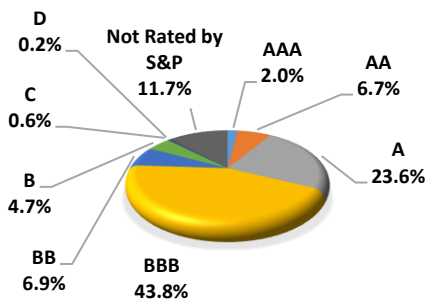
EQUITIES BY SIZE



Equities by Region

United Kingdom	34.1%
North America	20.0%
Western Europe (Ex-UK)	18.0%
Japan	11.2%
Asia Pacific (Ex-Japan)	10.5%
Eastern Europe (incl. Russia)	3.1%
Africa / Middle East	1.1%
South & Central America	0.9%
Central Asia	0.9%

FIXED INCOME BY S&P RATING



Last 3 years annualised volatility

SCM Long-Term Return	7.8%
UK Gilts (Bloomberg UK Govt All>1 Yr)	7.2%
US Equities (MSCI USA)	10.4%
UK Equities (MSCI UK)	11.1%
UK Index-Linked Gilts (Barclays UK Infl. Linked)	11.4%
Europe Excluding UK Equities (MSCI Eur. Ex UK)	12.7%
Asia Pacific Excl. Japan Equities (MSCI Asia Ex Jap)	15.6%
Emerging Markets Equities (MSCI EM)	15.8%
Japan (MSCI Japan)	16.5%

Asset Allocation Changes and Market Commentary - no changes in April.

Recently, the JP Morgan CEO, Jamie Dimon predicted a rise in US Treasury yields from 3% to 4%. I regard this as **“round number bias”** - the human tendency to pay special attention to “round” numbers. The July 2005 Accounting Review found that analysts who round their forecasts *“are less informed, exert less effort, and have fewer resources”*.

Despite such bearishness, if one looks at the US 10-year yield (blue line) vs inflation expectations (red line), the US Treasuries real yield (lower graph) is higher than it has been in the last few years:



Two assets in which we are invested, US\$ emerging market bonds and US\$ Corporate Bonds, appear undervalued after their recent falls.

US\$ Emerging Market Bonds, now offer yields of c. 5.7% pa. The graph below shows a leading ETF performance vs money flows and indicates investors tend to invest after outperformance and sell after underperformance:



Meanwhile, compared to UK or European corporate bonds, US corporate bonds offer significantly higher yields across maturities on similar risk – we use currency hedged ETFs in this area to gain the extra return without any extra currency risk:

	USD US Corp A+, A, A- Yield 10 th May 2018	GBP UK Non-Financials A+, A, A- Yield 10 th May 2018	EUR Europe Corporate A+, A, A- Yield 10 th May 2018
5 Year Maturity	3.5% pa	1.8% pa	0.5% pa
10 Year Maturity	3.9% pa	2.4% pa	1.4% pa
15 Year Maturity	4.2% pa	2.7% pa	1.8% pa

Source: Bloomberg LP

Alan Miller - Chief Investment Officer, 14th May 2018

Performance is based on the monthly performance of the first client discretionary portfolio after all charges. Individual client portfolios may differ due partly to differences in the timing of initial investment or withdrawals or rebalancing. The SCMP Long-Term Return (£) Benchmark is inflation (the return of the UK RPI All Items Index). Investing in Exchange Traded Funds may expose the investor to a number of risks, some of which are specific to Exchange Traded Funds and some of which are general investment risks. Discretionary portfolios are not subject to the same regulatory constraints as UCITS and other regulated funds. Risk and performance can change over time and the SCM Direct Portfolios may not be suitable for all types of investor. The tax treatment of investments depends on each investor’s individual circumstances and is subject to changes in tax legislation. We aim to provide investors with simple, understandable information so they can make fully informed decisions. If you are unsure about the suitability of our investment portfolios, please contact an independent financial adviser. SCM Direct is a trading name of SCM Private LLP which is authorised and regulated by the Financial Conduct Authority to conduct investment business. Company registered in England and Wales, no. OC342778.

The value of investments can go down in value as well as up, so you could get back less than you invest. Exchange rates may cause the value of overseas investments and income from them to rise and fall. It is therefore important that you understand the past performance is not a guide to future returns. SCM Direct does not give personal advice.