

Portfolio commenced 8 June 2009

OBJECTIVE:

To substantially outperform cash whilst aiming to reduce downside risk. Please note that whilst we aim to achieve positive returns over three year rolling periods, there is no guarantee that such a return will be achieved over this or any other period.

STRATEGY:

Actively managed and may be all equity, all bonds or all cash. It normally invests in a wide range of ETFs to gain significant diversification and exceptional liquidity at very low cost.

Top Holdings as at 31st May 2018 %

VANGUARD FUNDS PLC FTSE 100	11.6
ISHARES III PLC CORE MSCI JAPAN IMI	8.6
ISHARES CORE MSCI EM IMI	7.6
SPDR FTSE UK ALL SHARE	7.2
UBS EM SOVEREIGN GBP HEDGED	5.9
UBS US LIQUID CORP GBP HEDGED	5.9
UBS US LIQUID CORP 1-5YR GBP HEDGED	5.9
ISHARES CORE FTSE 100	5.9
ISHARES III PLC GBP CORP BOND EX-FIN	4.9
XTRACKERS MSCI EMU	4.8

Underlying Holdings Key Statistics (Source: Bloomberg)

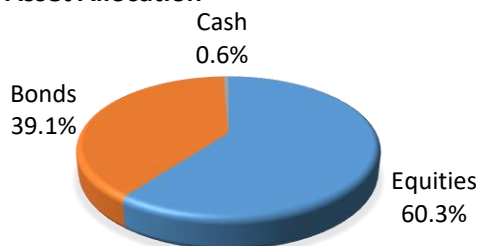
Bonds Component				
No. Holdings	Yield to Maturity	Maturity (Yrs from Today)	Modified Duration	S&P Rating
809 Gov Bonds 3,197 Corp Bonds	4.29%	10.16	6.5	BBB+

Equities Component				
No. Holdings	Dividend Yield	Price to Book Ratio	BEST P/E Ratio *	BEST LTG EPS**
5,780	3.27%	1.59	13.38	8.69%

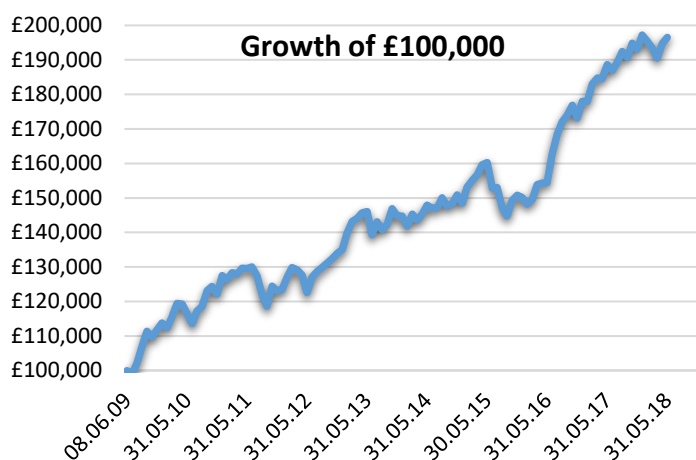
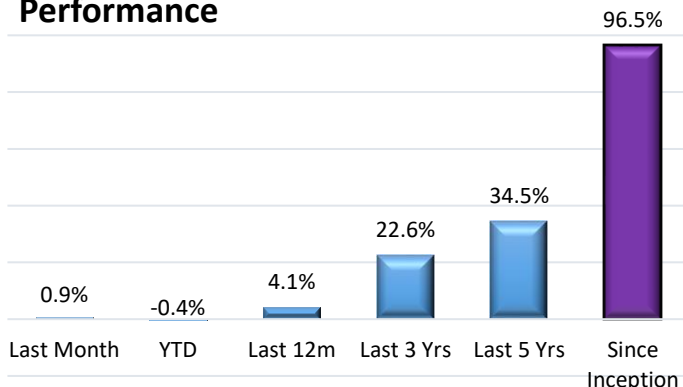
*Ratio of Price to Best 12m Forward EPS

**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)

Overall Asset Allocation



Performance



Rolling Returns

12m to 31.05.18	12m to 31.05.17	12m to 31.05.16	12m to 31.05.15	12m to 31.05.14
4.1%	22.2%	-3.6%	8.3%	1.3%

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)	0.25%
Est. Dealing Costs (transaction costs of buying & selling ETFs of 0.09% pa + underlying transaction costs within ETFs of 0.07% pa)	0.16%
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

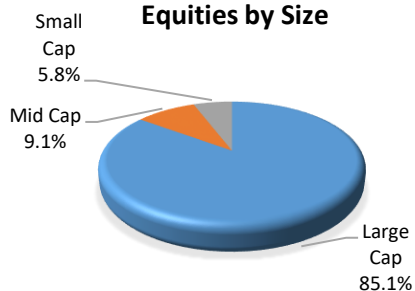
Best Long-Term Returns • Wealth & Money Management
UK Game Changers of the Year (FM) - Alan & Gina Miller
Most Innovative Fund Management Firm UK • Wealth & Money Manager

WINNERS 2014

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

Underlying Holdings *(Source: Bloomberg)*

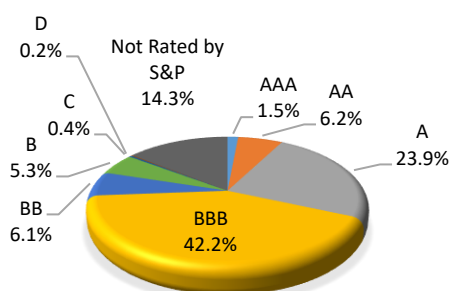
Equities by Size



Equities by Region

United Kingdom	37.7%
Asia Pacific (Ex-Japan)	14.6%
Japan	14.8%
Western Europe (Ex-UK)	20.3%
Eastern Europe (incl. Russia)	5.1%
Africa / Middle East	1.7%
South & Central America	1.1%
North America	3.5%
Central Asia	1.3%

Fixed Income by S&P Rating



Last 3 years annualised volatility

SCM Absolute Return	7.1%
UK Gilts (Bloomberg UK Govt All>1 Yr)	7.2%
US Equities (MSCI USA)	10.3%
UK Equities (MSCI UK)	10.3%
UK Index-Linked Gilts (Barclays UK Infl. Linked)	11.3%
Europe Excluding UK Equities (MSCI Eur. Ex UK)	12.4%
Asia Pacific Excl. Japan Equities (MSCI Asia Ex Jap)	15.4%
Emerging Markets Equities (MSCI EM)	15.9%
Japan (MSCI Japan)	16.4%

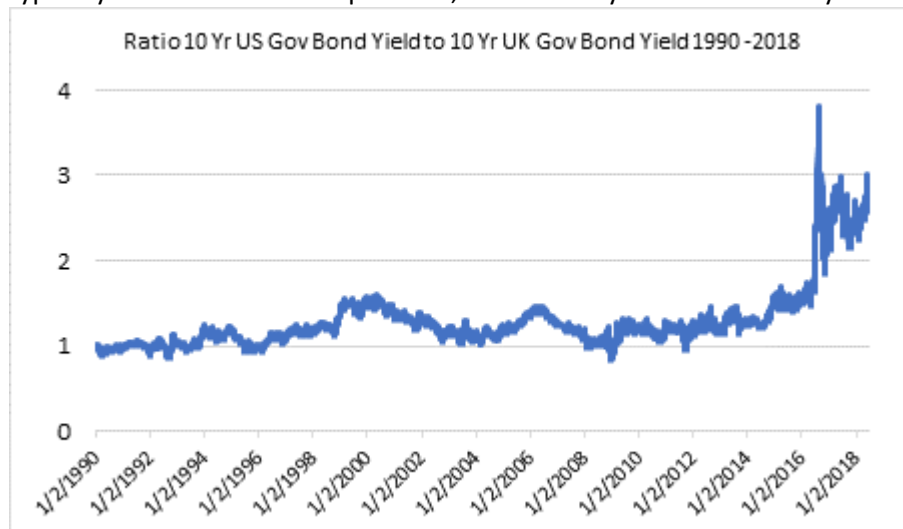
Asset Allocation Changes and Market Commentary

During May we made several changes to the fixed income holdings and have now replicated the full list of ETFs held within our Bond Reserve Portfolio into the Absolute Return Portfolio thereby further diversifying the underlying holdings and range of fixed income asset classes. The table overleaf, details that the Absolute Return Portfolio now contains 809 Government Bonds and 3,197 Corporate Bonds, and the overall yield to maturity is 4.3% pa whilst maintaining the credit rating of BBB+.

The main changes were as follows:

Added/New	% of Portfolio
iShares GBP Corp Bond Ex-Financials	1.7%
iShares GBP Corp Bond	3.2%
SPDR GBP Corp Bond	3.0%
iShares EM Government Bonds	3.9%
Vanguard EM Government Bonds	1.6%
iShares EM Local Government Bonds	1.8%
Reduced/Sold	% of Portfolio
iShares GBP Corp Bonds 0-5 Years	-6.0%
UBS US Corp Bonds 1-5 Yrs GBP Hedged	-0.8%
UBS EM Sovereign Bond GBP Hedged	-4.2%
PIMCO EM Local Currency Bonds	-4.3%

Currently, 11.8% of the Portfolio is invested in US Corporate Bonds, hedged into GBP. An indicator of the gap between US and UK yields can be shown from the graph below, which shows the ratio of US 10 yr Government Bonds vs UK. Over the period of 1990 to 2015, US Government Bond yields have typically been 1.2x the UK equivalent, but currently the ratio is nearly 3x:



Source: Bloomberg LP

[Alan Miller](#) - Chief Investment Officer, 18th June 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 SCM Absolute Return (GBP) Benchmark is the Barclays Benchmark Overnight GBP Cash 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.