

Portfolio commenced 1st June 2011

OBJECTIVE:

To outperform cash.

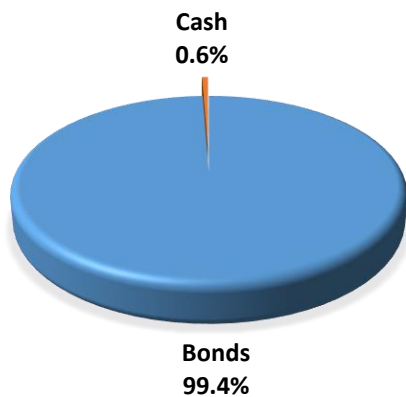
STRATEGY:

Actively managed. This well-diversified portfolio is made up of cash, credit and fixed interest investments. 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 of May 2018

Top Holdings as at 31 st of May 2018	%
UBS BARCLAYS EMG MKTS SOV GBP HDG	15.1
UBS US LIQUID CORP GBP HDG	15.0
UBS US LIQUID CORP 1-5 GBP HDG	15.0
ISHARES GBP CORP BND EX-FIN	12.4
ISHARES JPM USD EM CORP BND	9.8
PIMCO SOURCE EMG MKT LOCAL	8.2
ISHARES CORE CORP BOND	8.0
SPDR GBP COPORATE BD	7.5
ISHARES JPM USD EM GOV BND	4.4

OVERALL ASSET ALLOCATION

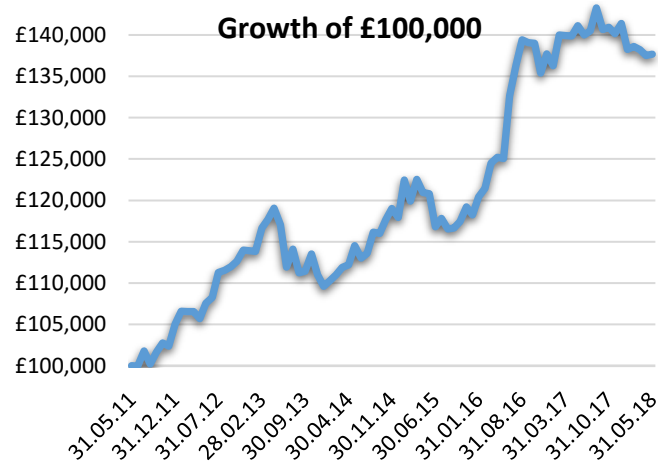
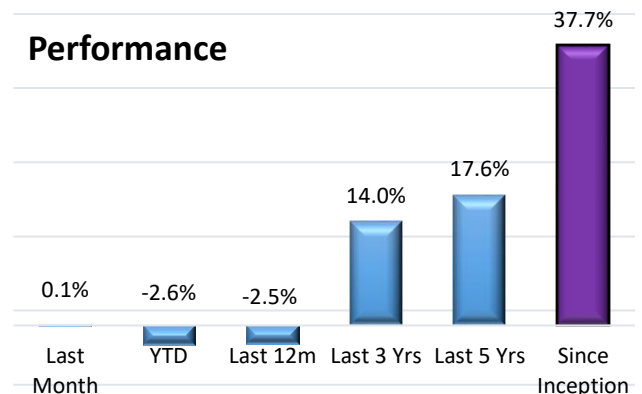


Underlying Holdings Key Statistics

(Source: Bloomberg)

No. Holdings	Yield to Maturity	Maturity (Yrs from Today)	Modified Duration	S&P Rating
809 Govt. Bonds 3,197 Corp. Bonds	4.3 %	10.2 Yrs	6.5	BBB+

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	12m to 31.05.13
-2.5%	12.8%	3.5%	5.5%	-2.2%	8.8%

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%
<i>Underlying ETF costs (KIID Ongoing Charge)</i>	0.33%
<i>Est. Dealing Costs (transaction costs of buying & selling ETFs of 0.12% pa + underlying transaction costs within ETFs of 0.09% pa)</i>	0.21%
<i>Custody & Administration fee</i>	0.12%
TOTAL COST OF INVESTING	1.14%

WINNERS 2017

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

WINNERS 2016

UK Long-Term Return Fund of the Year • ACQS
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 • ACQS
UK Game Changers of the Year (FM) - Alan & Gina Miller • ACQS

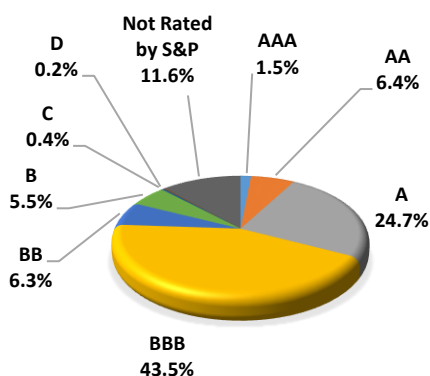
WINNERS 2015

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

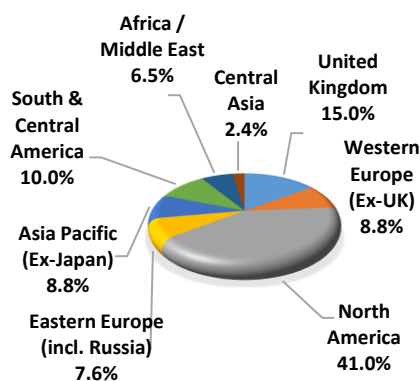
FIXED INCOME BY S&P RATING



Last 3 years annualised volatility

Asset Class	Volatility
SCM Bond Reserve	6.1%
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%

FIXED INCOME BY REGION (OF ISSUER)



Asset Allocation Changes and Market Commentary

During May we switched the short-term GBP corporate Bonds (7.8% of the portfolio) into a range of our existing holdings, including an extra 2.0% in short term US corporate bonds hedged back into GBP and an extra 5.2% in medium term US corporate bonds hedged back into GBP. We also switched the 4.5% SPDR EM Local Government Bond holding into the iShares EM Local Government Bond.

The main effect of the various changes has been to further increase the weighted average yield to maturity of the underlying bonds held from 4.1% pa to 4.3% without reducing the average credit quality or significantly extending the weighted average maturity:

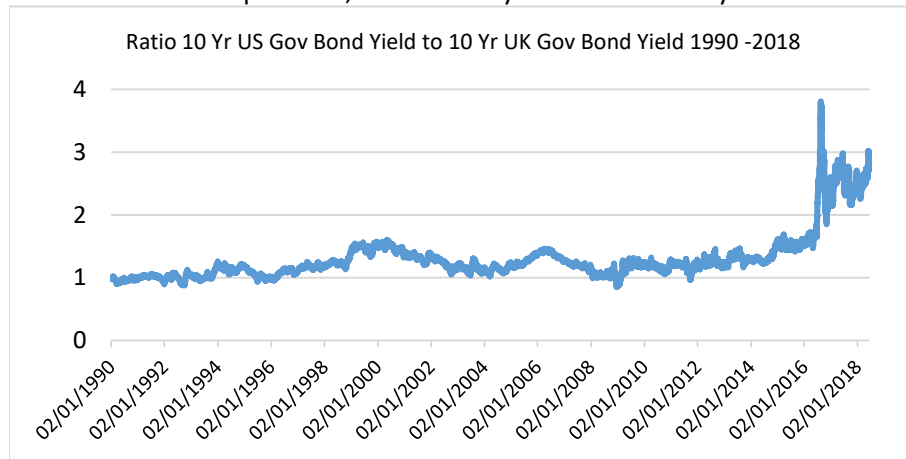
	Yield to Maturity	Maturity	S&P Rating
As at End May 2018	4.30%	10.2 Yrs	BBB+
As at End April 2018	4.10%	9.9 Yrs	BBB+

As you can see from below, comparing two of the changes you can see why the overall yield would have increased:

	Yield to Maturity	Maturity	S&P Rating
UBS US 1-5 Yr Corp Bonds (GBP Hedged)	3.25%	3.41 Yrs	A-
iShares 0-5 Yr Corp Bonds	1.96%	2.85 Yrs	A-
iShares EM Local Govt Bonds	6.41%	7.68 Yrs	BBB
SPDR EM Local Govt Bonds	5.65%	8.15 Yrs	BBB

Source: Bloomberg LP

Currently, 30% 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 that 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, 14th 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 Direct Bond Reserve (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.