

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 31 <sup>st</sup> October 2018	%
Vanguard FTSE 100 ETF	11.6
iShares Core MSCI Japan IMI ETF USD Acc	8.8
iShares Core MSCI EM IMI ETF USD Acc	8.8
SPDR® FTSE UK All Share ETF Acc	7.3
iShares Core FTSE 100 ETF GBP Dist	5.9
UBS ETF BlombgBarcl USD EM Sovn GBPH A	5.9
UBS ETF BlombgBarcl US LqCrp1-5Yr GBPH A	5.9
UBS ETF BlombgBarcl US Lq Corp GBPH A	5.9
iShares MSCI EMU ETF GBP H Dist	4.9
iShares JPMorgan \$ EM Corp Bd ETF \$ Dist	3.9

**Underlying Holdings Key Statistics** (Source: Bloomberg)

**OVERALL ASSET ALLOCATION**



**Bonds Component**

No. Holdings	Yield to Maturity	Maturity (Yrs from Today)	Modified Duration	S&P Rating
924 Govt. Bonds	4.7 %	9.1 Yrs	5.9	BBB+
3,368 Corp. Bonds				

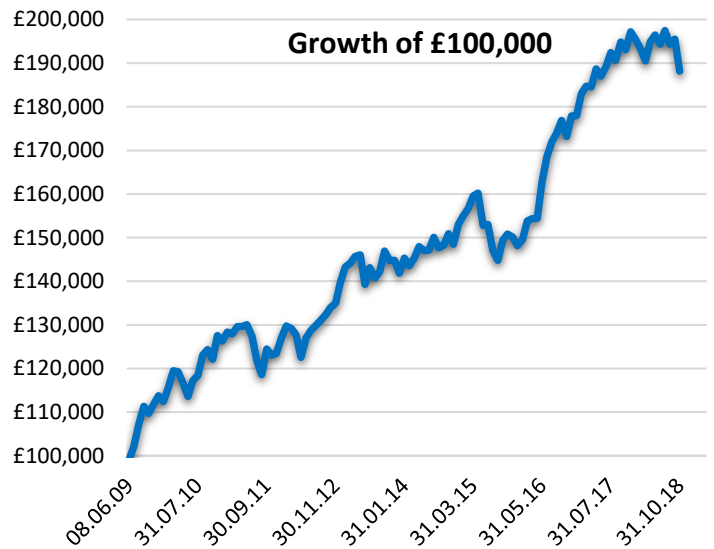
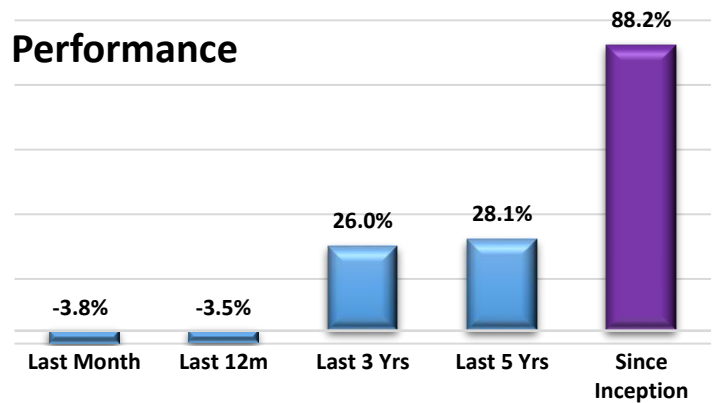
**Equities Component**

No. Holdings	Dividend Yield	Price to Book Ratio	P/E Ratio *	LTG EPS**
4,827 Equities	3.7%	1.5x	11.8x	10.2%

\*Price/projected earnings for a stock is the ratio of the company's most recent month-end share price to the company's estimated earnings per share (EPS) for the current fiscal year.

\*\* The estimated earnings growth over the next 5 years.

**Performance**



**Rolling Returns**

12m to 31.10.18	12m to 31.10.17	12m to 31.10.16	12m to 31.10.15	12m to 31.10.14	12m to 31.10.13	12m to 31.10.12	12m to 31.10.11
-3.5%	10.2%	18.5%	0.7%	1.0%	11.0%	6.3%	0.1%

Source: SCM Private LLP

Past performance is not a guide to future performance. The value of the investment and the income deriving from it can go down as well as up and can't be guaranteed. You may get back less than you invested.

**Fees & Charges**



<b>ANNUAL MANAGEMENT CHARGE: 0.4% +VAT</b>	<b>0.48%</b>
<i>Underlying ETF costs (KIID Ongoing Charge)</i>	0.25%
<i>Est. Dealing Costs (transaction costs of buying &amp; selling ETFs of 0.09% pa + underlying transaction costs within ETFs of 0.08% pa)</i>	0.17%
<i>Custody &amp; Administration fee</i>	0.12%
<b>TOTAL COST OF INVESTING</b>	<b>1.02%</b>

**WINNERS 2018**

Online Wealth Manager of the Year • *Global Business Insight Awards*  
 Business Women of the Year - Gina Miller • *CEO Today*  
 Excellence Award - Gina Miller • *Wintrade*

**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 • *Brummel*  
 UK Leading Fund Management Firm of the Year • *ACQ5*  
 UK Game Changers of the Year (FM) - Alan & Gina Miller • *ACQ5*

**WINNERS 2015**

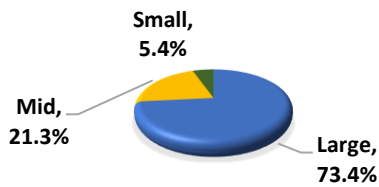
Best Long-Term Returns • *Wealth & Money Management*  
 UK Game Changers of the Year (FM) - Alan & Gina Miller • *ACQ5*  
 Most Innovative Fund Management Firm UK • *Wealth & Money Management*

**WINNERS 2014**

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

## Underlying Holdings (Source: Bloomberg)

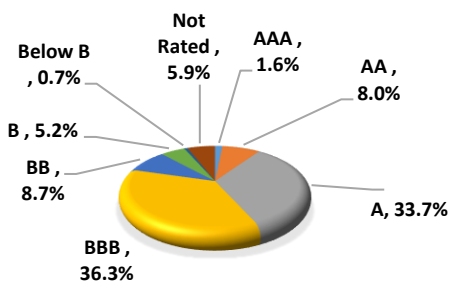
### EQUITIES BY SIZE



### Equities by Region

United Kingdom	42.5%
Japan	14.9%
Europe dev	14.0%
Asia dev	9.2%
Asia emrg	6.8%
Europe emrg	5.1%
North America	4.5%
Latin America	1.9%
Africa / Middle East	1.2%
Australasia	0.0%

### FIXED INCOME BY CREDIT RATING



### Last 3 years annualised volatility

SCM Absolute Reserve	6.5%
UK Corp Bonds (iBoxx Large Cap TRI Index)	6.6%
UK Gilts (Bloomberg UK Govt All>1 Yr)	7.2%
UK Equities (MSCI UK)	9.6%
US Equities (MSCI USA)	9.6%
Europe Excluding UK (MSCI Eur. Ex UK)	10.4%
UK Index-Linked Gilts (Barclays UK Infl. Linked)	11.3%
Asia Pacific Excl. Japan (MSCI Asia Ex Jap)	14.6%
Em Markets (MSCI EM)	14.6%
Japan (MSCI Japan)	14.8%

## Asset Allocation Changes and Market Commentary

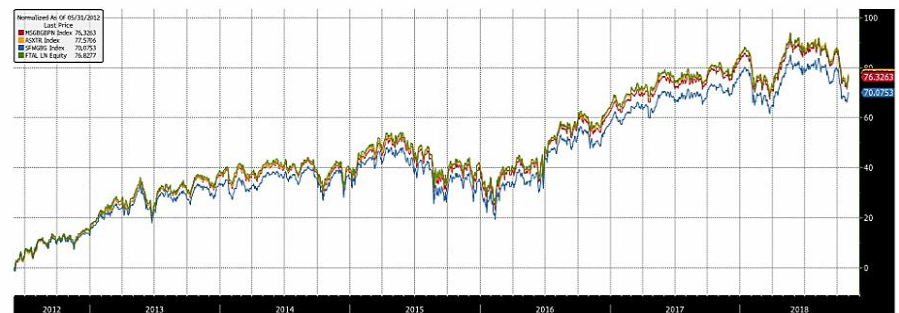
During October we reduced holding in a UK Corporate Bond ETF by 2.0% and switched into a US Floating Rate Note ETF, hedged back into sterling. Floating Rate Notes are bonds that have a variable coupon, equal to a money market reference rate, plus a quoted spread. Following the recent increases in interest rates these now look attractive compared to longer term UK sterling bonds as they offer an investment with a much shorter-term maturity (so less exposed to future rises), a higher credit rating but with an almost identical yield and cost:

	iShares USD Floating Rate Note (GBP Hedged)	iShares GBP corp bond ex financials
Maturity (years from now)	2.2 Years	14.5 Years
Yield to Maturity	2.97% pa	2.97% pa
S&P Credit Rating	A+	A-
Cost (including transaction costs)	0.2% pa	0.22% pa

Source: Bloomberg LP

On a separate point, with increased choice comes complexity. According to the FT, there are currently more than 3.7m different indexes, a rise of 438,000 in the last year. For example, within the UK equities ETF market, a Lyxor Core Morningstar UK ETF was launched with a Total Expense Ratio (TER) of 0.04% pa tracking a Morningstar UK index covering 97% of the UK market, and a L&G UK Equity ETF with a TER of 0.05% pa tracking the Solactive Core United Kingdom Large & Mid Cap Index. When we compared their underlying indexes against the traditional FTSE All-Share Index or our existing ETF tracking this index, the results are surprising. Our existing ETF (shown in green) has a higher TER of 0.2% pa, but it has (after costs) outperformed both the other two ETF underlying indexes (i.e. before costs), one by nearly 0.7% pa.

	Annualised Performance 31 <sup>st</sup> May 2012 to 31 <sup>st</sup> October 2018
MSGGBPN Index (Morningstar UK NR GBP)	+9.23% pa
ASXTR Index (FTSE All-Share Index Total Return)	+9.35% pa
SFWGBG Index (Solactive Core United Kingdom Large & Mid Cap Index TR)	+8.61% pa
FTAL LN Equity (SPDR FTSE UK All Share UCITS ETF)	+9.28% pa



Source: Bloomberg LP

Whether choosing bond or equity ETFs we apply the same principles, we choose the market or index first, then the cost second rather than the other way around.

**Alan Miller - Chief Investment Officer, 20<sup>th</sup> November 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.