

Portfolio commenced 1st June 2011

OBJECTIVE:

To outperform cash.

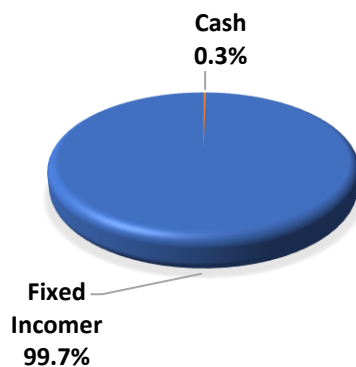
STRATEGY:

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 October 2018 %

UBS ETF BlombgBarcl USD EM Sovn GBPH A	15.2
UBS ETF BlombgBarcl US LqCrp1-5Yr GBPH A	15.1
UBS ETF BlombgBarcl US Liq Corp GBPH A	15.0
iShares JPMorgan \$ EM Corp Bd ETF \$ Dist	9.9
PIMCO EM Advtg Lcl Bd Res ETF Acc USD	8.2
iShares Core £ Corp Bond ETF GBP Dist	8.0
SPDR® Blmbg Bcly Stlg Corp Bd ETF	7.5
iShares £ Corp Bond ex-Fncl ETF GBP Dist	7.4
iShares \$ Floating Rate Bd ETF GBPH Dist	5.0
iShares JPMorgan EM Lcl Govt Bd ETF\$Dist	4.4

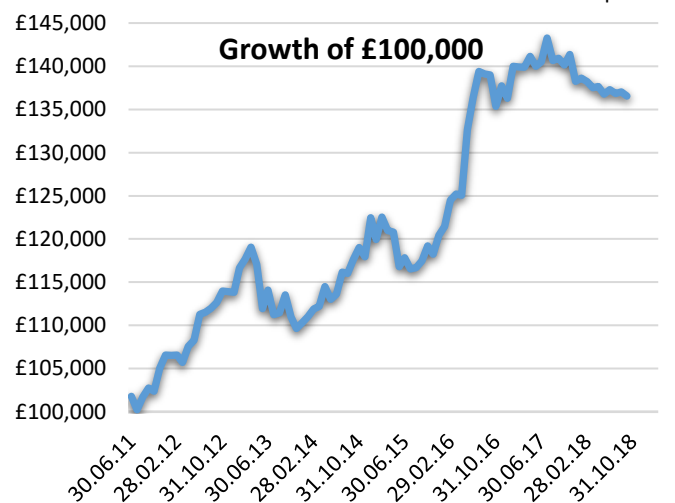
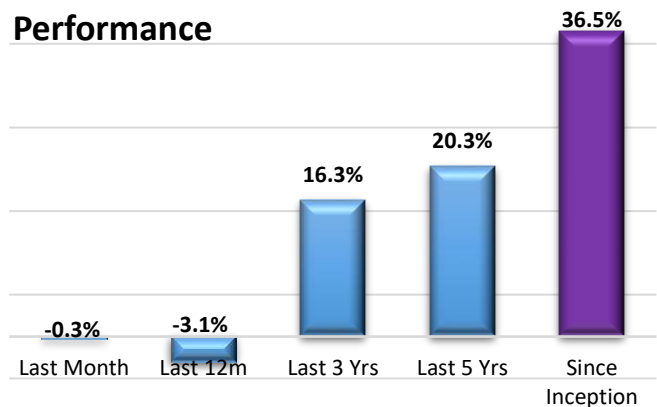
OVERALL ASSET ALLOCATION



Underlying Holdings Key Statistics

No. Holdings	Yield to Maturity	Maturity (Yrs from Today)	Modified Duration	S&P Rating
798 Govt. Bonds	4.9 %	9.1 Yrs	5.9	BBB+
2,897 Corp. Bonds				

Performance



Rolling Return

12m to	12m to	12m to	12m to	12m to	12m to
31.10.18	31.10.17	31.10.16	31.10.15	31.10.14	31.10.13
-3.1%	1.4%	18.3%	-0.2%	3.6%	0.8%

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



ANNUAL MANAGEMENT CHARGE: 0.4% +VAT	0.48%
<i>Underlying ETF costs (KIID Ongoing Charge)</i>	<i>0.32%</i>
<i>Est. Dealing Costs (transaction costs of buying & selling ETFs of 0.07% pa + underlying transaction costs within ETFs of 0.12% pa)</i>	<i>0.19%</i>
<i>Custody & Administration fee</i>	<i>0.12%</i>
TOTAL COST OF INVESTING	1.11%

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*

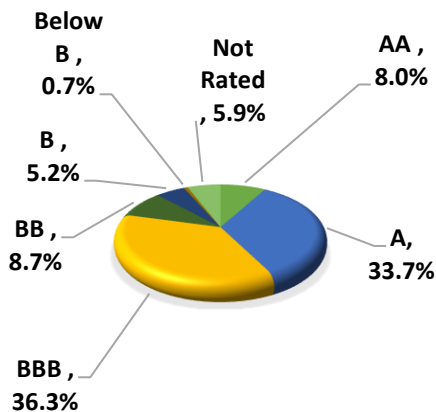
WINNERS 2015

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*

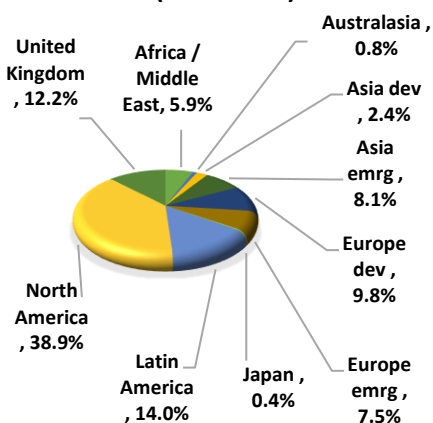
OVERALL ASSET ALLOCATION



Last 3 years annualised volatility

Asset Class	Volatility
SCM Bond Reserve	5.5%
UK Corp Bonds (iBoxx Large Cap TRI Index)	6.6%
UK Gilts (Bloomberg UK Govt All>1 Yr)	7.2%
US Equities (MSCI USA)	9.6%
UK Equities (MSCI UK)	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%

FIXED INCOME BY REGION (BY ISSUER)



Asset Allocation Changes and Market Commentary

During October we reduced holding in a UK Corporate Bond ETF by 5.0% 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

The Floating Rate ETF (the blue line in the middle of the graph below) also has a less volatile performance based on the last 6m performance:



Source: Bloomberg LP

With increased choice comes complexity, and according to the [FT](#), there are currently more than 3.7m different indexes, a rise of 438,000 in the last year. Following the growth in fixed income indexes, these now account for about 16% of the overall index universe. This requires managers utilising indexes and ETFs such as SCM to be robust in our 'under the bonnet' research to ensure we choose the best ETFs – in terms of cost, risk and returns for our portfolios.

Whether it be bonds or equities, we have found some of these newer indexes whilst allowing a cheaper fee to be charged by the ETF issuer, come at a price. The price is often a significantly inferior track record vs the mainstream equivalent. We always choose the market or index first, then the cost second rather than the other way around.

[Alan Miller](#) - Chief Investment Officer, 20th 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 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.