

Portfolio commenced 8 June 2009

OBJECTIVE:

To outperform inflation.

STRATEGY:

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

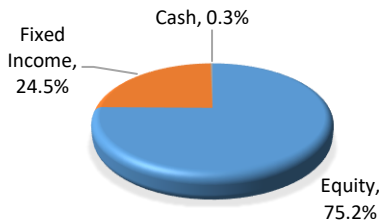
The Portfolio normally invests in a wide range of ETFs to gain significant diversification and exceptional liquidity at very low cost.

Top Holdings as at 31st March 2019

Vanguard FTSE 100 ETF	9.8
Lyxor Core Morningstar UK NT (DR) ETF	9.7
UBS ETF Fact MSCI USA PrmVal H GBP A dis	9.1
iShares Core FTSE 100 ETF GBP Dist	8.0
Vanguard Global Value Factor ETF USD Acc	7.7
iShares Core MSCI EM IMI ETF USD Acc	5.4
iShares Core MSCI Japan IMI ETF USD Acc	5.3
iShares MSCI EMU ETF GBP H Dist	5.0
UBS ETF BlombgBarcl USD EM Sovn GBPH A	3.9
UBS ETF BlombgBarcl US Liq Corp GBPH A	3.9

Underlying Holdings Key Statistics

OVERALL ASSET ALLOCATION



Bonds Component

No. Holdings	Yield to Maturity	Maturity (Yrs from Today)	Modified Duration	S&P Rating
713 Gov Bonds	4.2%	8.6 Yrs	6.0	BBB+
2,489 Corp Bonds				

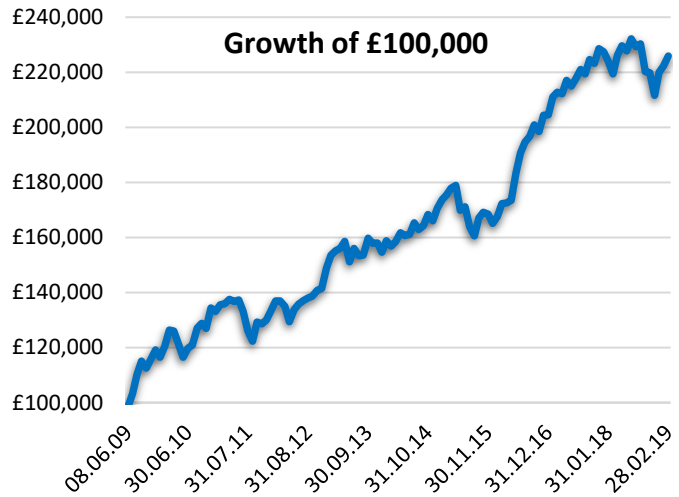
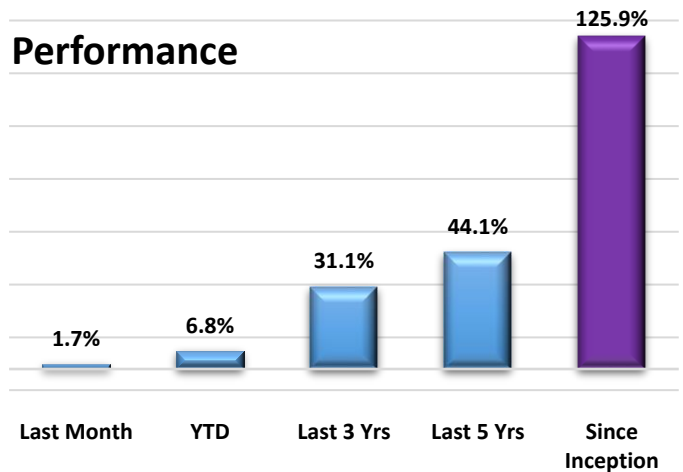
Equities Component

No. Holdings	Dividend Yield	Price to Book Ratio	P/E Ratio *	LTG EPS**
5,170	3.8%	1.4x	11.9x	10.6%

*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 31.03.12	12m to 31.03.13	12m to 31.03.14	12m to 31.03.15	12m to 31.03.16	12m to 31.03.17	12m to 31.03.18	12m to 31.03.19
0.8%	13.3%	1.0%	11.9%	-1.8%	23.4%	3.1%	3.0%

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>0.25%</i>
<i>Est. Dealing Costs (transaction costs of buying & selling ETFs of 0.11% pa + underlying transaction costs within ETFs of 0.06% pa)</i>	<i>0.17%</i>
<i>Custody & Administration fee</i>	<i>0.12%</i>
TOTAL COST OF INVESTING	1.02%

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

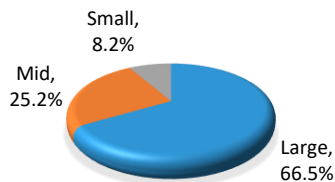
Best Long-Term Returns • Wealth & Money Management
UK Game Changers of the Year (FM) - Alan & Gina Miller
Most Innovative Fund Management Firm UK • Wealth & Money Management

WINNERS 2014

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

Underlying Holdings (Source: Bloomberg)

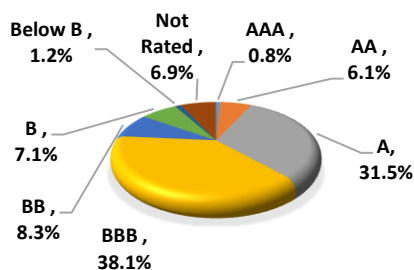
EQUITIES BY SIZE



Equities by Region

United Kingdom	39.0%
North America	19.5%
Europe dev	12.7%
Japan	11.0%
Asia dev	7.4%
Asia emrg	5.0%
Europe emrg	3.3%
Latin America	1.3%
Africa / Middle East	0.9%
Australasia	0.1%

FIXED INCOME BY CREDIT RATING



Last 3 years annualised volatility

UK Corp Bonds (iBoxx Large Cap TRI Index)	6.6%
UK Gilts (Bloomberg UK Govt All>1 Yr)	7.2%
SCM Long-Term Return	7.4%
UK Equities (MSCI UK)	10.1%
Europe Excluding UK (MSCI Eur. Ex UK)	10.5%
US Equities (MSCI USA)	11.0%
UK Index-Linked Gilts (Barclays UK Infl. Linked)	11.5%
Em Markets (MSCI EM)	13.2%
Asia Pacific Excl. Japan (MSCI Asia Ex Jap)	13.3%
Japan (MSCI Japan)	14.3%

Asset Allocation Changes and Market Commentary

During March we made several changes to the Long-Term Return Portfolio. We switched 30% of the existing MSCI Japan ETF (primarily large cap) into a MSCI Japan small cap ETF and switched 30% of the existing MSCI Emerging Markets ETF (primarily large cap) into an Emerging Market small cap, high dividend ETF.

Whilst the performance of Japanese small cap and large cap shares have been remarkably similar over the last 5 years, over the last 12 months small cap (blue line) have underperformed large cap (red line), creating an opportunity to buy shares with a slightly higher P/E rating, but a substantially higher expected earnings growth rate:



	Best Price to Earnings	Best LTG EPS
<i>iShares MSCI Japan Small Cap</i>	15.2x	9.2% pa
<i>iShares MSCI Core Japan</i>	13.8x	5.2% pa

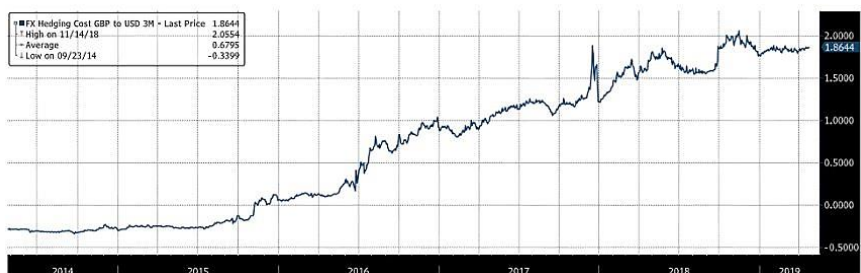
Source: Bloomberg LP

The WisdomTree EM Small Cap Divd ETF compliments the existing ETF, giving exposure to higher yielding shares standing on a lower P/E multiple and lower Price to Book ratio, albeit with a slightly lower earnings growth rate:

	Best Div Yield	Best Price to Book	Best Price to Earnings	Best LTG EPS
<i>WisdomTree EM Small Cap Div</i>	5.0% pa	1.1x	11.5x	10.8% pa
<i>iShares MSCI Core EM</i>	3.1% pa	1.5x	13.8x	11.5% pa

Source: Bloomberg LP

We also made the decision to sell the GBP hedged, US\$ Floating Rate Bond ETF and switch into the other existing bond holdings pro-rata. Whilst this ETF does offer an attractive underlying yield of c. 3%, this is offset by the current high cost of hedging the US\$ against Sterling. As the chart below shows the costs of hedging the US\$ against GBP has risen considerably over recent years, no doubt partly reflecting the changes in the interest rate differential between the UK and US:



Alan Miller - Chief Investment Officer, 23rd April 2019

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.