

Press Release: 12.00 noon – 14 November 2017

**With the implementation date for MiFID II just 7 weeks away, the architects of cost transparency required by Article 24 in MiFID II, Alan and Gina Miller, today launch their fully compliant digital wealth manager – lower fees, a new low-cost SIPP and compare SCM Direct’s outperformance track record to its peers**

SCM Direct today announces their upgraded *Mark II* digital wealth offering, giving clients access to:

- lower Total Cost of Investment Fees of 0.98% pa
- lower minimum investment entry level of £10,000 for GIA and ISA accounts and £100,000 for institutional and non-UK clients
- new monthly contributions from £50
- fully MiFID II compliant platform powered by Hubwise
- significant outperformance of traditional wealth managers and significant difference in returns between the ‘average’ SCM Portfolio over the average Robo-Adviser Portfolio
- a new low-cost SIPP starting from £18 pa, with a maximum of £60 pa included VAT

From 3 January 2018, under Article 24 MiFID II, drafted by Alan and Gina Miller, all platforms, stock brokers, advisers, wealth managers, discretionary and non-discretionary portfolio managers and banks’ wealth management services will have to show ALL costs – via **both ex-ante and ex-post disclosure illustrations. Regulated firms will have to show ALL costs aggregated and expressed in £ & p and as a percentage; over the life of an investment and under different return scenarios.**

The fact is that affected firms without compliant robust systems in place by 3 January 2018 would be breaking the law, but SCM Direct has worked with their new platform provider Hubwise, to build an application process and client portal that complies with MiFID II requirements by providing:

- Illustrations across different returns and time periods
- Quarterly valuations and an annual statement of costs
- Best execution in accordance with new MiFID II rules
- Notification requirement - 10% drop in the value of a client’s portfolio within 24 hours of the drop occurring.

**Fees:** SCM is reducing its charges, making SCM one of the lowest cost digital wealth managers.

**New Lower Fees - Annual Charge for a £10,000 Managed Portfolio**

<b>SCM Direct</b>	<b>0.60% pa incl. VAT</b>
Moneyfarm	0.70% pa incl. VAT
Wealthify	0.70% pa incl. VAT
<b>Nutmeg</b> <small>(Fully Managed Portfolios)</small>	0.75% pa incl. VAT
Scalable Capital	0.75% pa incl. VAT

Excludes underlying ETF charges and transaction costs

**Lower Entry Level:** SCM’s investment entry level is lowering from £15,000 to £10,000 - and introducing monthly contributions from £50. The entry level for corporate clients is lowering from £150,000 to £100,000 and for clients investing in the SCM Euro or US \$ portfolios, the entry levels will also lower from €150,000 to €100,000 and from \$150,000 to \$100,000.

**New SIPP:** A new low-cost SIPP will also be available through SCM Direct, starting from £18 pa, with a maximum annual charge of £60 including VAT.

**New smart onboarding process:** incorporating a Smartsearch App, so overseas clients can scan and upload their AML documentation, rather than having to post originals.

**New Client Portal:** Following the FCA Smarter Communications research, referred to in the Final Asset Management Study, SCM has worked with Hubwise to build a new easy to access and understand client portal ‘dashboard’, which also hosts all client related documentation.

**Performance:** Since Inception SCM’s Bond Reserve GBP Portfolio has gained 40.9%, its Absolute Return GBP Portfolio 94.9% and its Long-Term Return GBP Portfolio 124.6%. The portfolios have outperformed the Arc Private Client Index by an average of 1.8% per annum, and have gained the 4.9% per annum more than the average Robo-adviser portfolio.

#### SCM Direct Vs Arc Private Client Index

	Since Inception to end Oct. 2017*
SCM GBP Bond Reserve	+ 5.5% pa
ARC Private Client Index - Sterling Cautious	+ 3.6% pa
SCM GBP Absolute Return	+ 8.3% pa
ARC Private Client Index - Sterling Balanced Asset	+ 6.5% pa
SCM GBP Long Term Return	+ 10.1% pa
ARC Private Client Index - Sterling Steady Growth	+ 8.2% pa

#### SCM Direct Average GBP Portfolio Vs Various ‘Robo Advisers’ Average Portfolios

Robo Adviser	SCM Difference	Period & Portfolios Analysed*
Wealthify	+ 9.6% pa	12 Months from 12 Feb 2016 to 11 Feb 2017 Inclusive (Average of Wealthify Adventurous, Ambitious, Confident, Tentative, Cautious)
Netwealth	+ 5.1% pa	12 months to end May 2017 (Average of Netwealth Risk Level 1, 2, 3, 4, 5, 6, 7)
Moneyfarm	+ 4.5% pa	1 January 2016 to 9 November 2017 Inclusive (Average of under £50,000 and over £50,000 performance of the Moneyfarm 1, 2, 3, 4, 5, 6 portfolios)
Scalable Capital	+ 4.1% pa	1 July 2016 to end October 2017 average performance of Scalable VaR 5 and VaR 10 portfolios, and from 1 June 2016 to end October 2017 for Average of Scalable VaR 15, 20 and 25 Portfolios)
Nutmeg	+ 1.2% pa	5 Years to end September 2017 (Average of Nutmeg Portfolio 1, 2, 3, 4, 5, 6, 7, 8, 9, 10)

Gina Miller, of SCM Direct, said ‘MiFID II ushers in a new dawn of consumer protection and transparency. This regulation is no surprise, yet firms have been bleating and foot dragging about the expense and complexity of doing the right thing and letting people know how much they are truly paying. If a boutique firm like ours can today launch a fully compliant service, there are no excuses.’

*'The atmosphere in the industry feels like pre-RDR all over again but this time they won't get away with just sending staff on crash courses'*

**-END-**

\*The SCM Absolute Return and Long-Term Return portfolios commenced on the 8th June 2009. The SCM Direct average performance calculated as the average performance of SCM Bond Reserve (GBP), SCM Absolute Return (GBP), SCM Long-Term Return (GBP) Portfolios over the same period as the performance of the average Robo Adviser portfolio to which it is being compared.

**For more information please contact the SCM Direct press office:**

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### **Notes to Editors**

#### **MIFid II Article 24 General principles and information to clients**

*(d) all costs and associated charges related to both investment or ancillary services which must include the cost of advice, where relevant, the cost of the financial instrument recommended or marketed to the client and how the client may pay for it, also encompassing any third-party payments.*

*The information about all costs and charges, including costs and charges in connection with the investment service and the financial instrument, (which are not caused by the occurrence of underlying market risk), shall be aggregated to allow the client to understand the overall cost, as well as the cumulative effect on return of the investment, and where the client so requests, an itemised breakdown. Where applicable, such information shall be provided to the client on a regular basis, at least annually, during the life of the investment.*

<http://register.consilium.europa.eu/doc/srv?l=EN&t=PDF&gc=true&sc=false&f=ST%206406%202014%20ADD%201>

#### **SCM Direct**

SCM Direct is a DIY digital wealth manager offering investors access to 3 core ETF model portfolios, and 3 blended ETF model portfolios, in 3 currencies - £, € and US\$; as well as 3 ways to invest – GIA, ISA and SIPP.

Established in 2009 by Alan and Gina Miller, the aim was to launch an honest investment company that would respect investors as well as put their best interests at the heart of all it does, stripping away layers of costs and inefficiencies; and providing 100% transparency on costs and holdings. The Millers have over 48 years' experience in the retail financial services industry and believe that the best test of their sincerity is that they invest significant sums of their own money in every model portfolio, on exactly the same terms and fees as their clients.

Through their True and Fair Campaign launched in February 2012, Alan and Gina have raised awareness of anti-consumer practices including lack of fee transparency, conflicts of interest, closet indexing and research costs. They have also either contributed or influenced text in 3 EU Directives – MiFID II, PRIPs and the Share Holder Directive.



### **Hubwise Securities Limited**

Hubwise is an innovative investment platform for discretionary wealth managers and financial advisers, offering white label services, a wider choice of investments and product wrappers, combined with the highest levels of process automation and asset safeguarding.

The platform is based on modern web technology developed in-house by a group of highly experienced financial services industry professionals, who collectively could see a gap in the platform market. They pride themselves on being able to see things differently to the rest of the marketplace, and strive for a transparent, intuitive and comprehensive investment platform.