

Press Release – 10 June 2020

**New Research Commissioned by SCM Direct on their 11<sup>th</sup> Anniversary, Finds That Contrary to Industry Perception, the Reality is That the Covid-19 Pandemic Has Not Significantly Changed Investor Mindsets.**

**Based on the Findings, the Investment and Private Pension Sector Still Suffers from Lack of Awareness, Consumer Confidence and Trust.**

SCM Direct, launched by Alan and Gina Miller in June 2009 as a direct response to the institutional failings that contributed to the Global Financial Crisis, commissioned research to gauge if Covid 19 has affected investment decisions and thinking.

SCM Direct, the disruptive investment manager that operates on the cornerstones of transparency, responsible corporate behaviour and putting customers first, finds that few lessons have been learnt in the decade since the last financial crisis. The UK investment industry continues to fail in respect of building product awareness and trust, leading to a lack of consumer engagement in looking after their financial health.

**Research conducted by Savanta ComRes between 5 – 7 June found:**

Product Ownership - only 15% own an Investment ISA and only 8% a SIPP:

Workplace pension	42%
Cash ISA	35%
Personal pension	24%
<b>Investment ISA (Stocks and Shares ISA)</b>	<b>15%</b>
<b>Self-Invested Personal Pension (SIPP)</b>	<b>8%</b>
Help to buy ISA	8%
Lifetime ISA	7%
Innovative finance ISA	4%
None of these	23%

- Men are more likely than women to have an Investment ISA (20% Vs 11%)
- Men are more likely than women to have a SIPP (11% Vs 6%).

Of those who do not have a Stocks and Shares ISA or SIPP, the reasons were:

Lack of investable funds	36%
Not confident in making such financial decisions	19%
Do not trust the products	14%
I have never heard of these products	8%
Other	8%
Don't know	15%

- Of those that do NOT have an Investment ISA or SIPP, young adults aged 18-34 are more likely than those aged 55+ to say they are not confident in making such financial decisions (25% Vs 14%), or have never heard of them (15% Vs 2%).

Thinking about how your attitudes to finance and investment may have changed since the coronavirus pandemic, would you say you are more or less likely to be interested in each of the following now, than you were before the pandemic, or has the pandemic made no difference?

	Sum: More interested	Sum: Less interested	Much more interested	Slightly more interested	No difference	Slightly less interested	Much less interested	Don't know
<b>Ethical / ESG investing</b>	18%	14%	6%	12%	52%	5%	9%	17%
<b>Online investment platforms</b>	19%	16%	7%	12%	52%	6%	10%	13%

- Men are more interested than women in both ESG investing (20% Vs 15%) and online investment platforms (22% Vs 16%) following the pandemic.
- Young adults aged 18-34 are significantly more interested than older adults aged 55+ in both ESG investing (28% Vs 8%) and online investment platforms (31% Vs 7%) following the pandemic.

**Gina Miller said** *“Whilst these findings are not surprising, it is extremely disappointing that the UK pension and investment industry has not managed to increase product awareness or confidence and trust amongst UK consumers since the last financial crisis. Added together, 33% of UK adults lack confidence to make investment decisions and lack trust in the products. There is also a stubborn female investor gap that the industry must work harder to address.*

*“We believe that with 100% transparency of fees and holdings, a concerted industry effort to educate and build product awareness, and communicating in a more jargon-free manner that clearly illustrates the value and benefit of pensions and investments, the industry can contribute to the social good.”*

*“As another serious economic downturn looms, as well as potentially negative interest rates, there needs to be an industry commitment to work together to improve both its image and communications so people understand that their financial health depends on them taking active measures to save and invest at a time when demands on the public purse and financial insecurity are likely to increase.”*

**Alan Miller said** *“In terms of Ethical / ESG investing, our findings suggest these trends were already growing prior to the pandemic. The pandemic has not in itself, significantly changed investor mindsets for Ethical / ESG products. The recent flurry of industry news stories suggesting otherwise, appears to be another example of the industry talking to itself as it attempts to justify charging higher fees for ESG/Ethical investments.*

*In terms of low-cost DIY online investment platforms, we believe SCM Direct was the first actively passive ETF digital fund manager in the UK and we are pleased that more innovators have entered the market, but this research suggests there is a need for all of us to collaborate and communicate our benefits to the public and increase market share away from higher cost traditional providers.”*

## Performance

Since launch in June 2009 to the end of May 2020, both the SCM Absolute Return and SCM Long-Term Return Portfolios have significantly outperformed their peers – after all fees and charges.

- SCM Absolute Return Portfolio returned 90.0% vs 73.2% for the ARC Balanced Asset Private Client Index
- SCM Long-Term Return Portfolio returned 118.0% vs 98.2% for the ARC Steady Growth Private Client Index.

**END**

## Editor's Notes:

### Research

Savanta ComRes interviewed 2,069 UK adults aged 18+ online between 5 and 7 June 2020. Data was weighted to be representative of the population by demographic qualities including age, gender, region, and social grade. Savanta ComRes is a member of the British Polling Council and abides by its rules.

### SCM Direct

SCM Direct is a DIY digital wealth manager offering investors access to 5 core ETF model Portfolios, 3 blended ETF model portfolios, in 3 currencies - £, € and US\$; as well as 3 ways to invest – GIA, ISA/JISA and SIPP.

	12m to 31.05.20	12m to 31.05.19	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	12m to 31.05.12	12m to 31.05.11	12m to 31.05.10
<b>SCM Absolute Return</b>	-2.6	-0.7	+4.1	+22.2	-3.6	+8.3	+1.3	+19.2	-5.4	+11.2	+16.6
<b>SCM Long- Term Return</b>	-3.2	-1.9	+5.8	+25.1	-3.0	+10.6	+2.0	+22.5	-5.4	+12.9	+21.2

**Please note that past performance is not a guide to future returns. The value of investments and the income from them can go down as well as up, so investors may not recover the amount of their original investment.**

Established in 2009 by Alan and Gina Miller, SCM is an innovative investment company that respects investors, puts their best interests at the heart of all it does, and strips away layers of costs and inefficiencies; whilst providing 100% transparency on costs and holdings.

The Millers have over 58 years' experience in the retail financial services industry and believe that the best test of their corporate responsibility and commitment to clients is that they invest significant sums of their individual and joint money across all the SCM model portfolio strategies, on exactly the same terms and fees as 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 indexation, and research costs. They have also either contributed or influenced text in 3 EU Directives – MiFID II, PRIIPs and the Share Holder Directive. The Millers are advocates of UK investment and pension industry reform, so that consumers are treated fairly, and are steadfast in calling out the FCA's failures to effectively regulate the industry or protect investors.

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