FINANCIAL ADVISERS BACK CALL FOR TRANSPARENCY OF INVESTMENT FEES AHEAD OF ROUNDTABLE DEBATE BY INDUSTRY LEADERS

- **Industry heavyweights to discuss issue of transparency of investment fees at a True and Fair Roundtable on 15 March 2012**
- **Financial services industry urged to reach a consensus on transparency of fees to prevent future mis-selling scandals and rebuild trust with consumers**
- **A *True and Fair Code* and a *Labeling System* would reinvigorate the savings and investment industry by increasing trust and transparency, says SCM Private**
- **An opportunity for the UK to be 'leaders rather than laggards' on the issue of transparency**

London, 8 March 2012: UK financial advisers are unequivocal in their support for a campaign calling on greater transparency of investments fees, according to new research from SCM Private ('SCM'), the investment manager. SCM, which launched the True and Fair Campaign www.trueandfaircampaign.com on 31 January 2011, reveals that 78% of independent financial advisers (IFAs) surveyed believe that fund managers should be required to disclose the full breakdown of all fees incurred when investing a client's money[1].

The findings support other recent research by SCM among savers and investors showing that 89% would like fund managers to disclose a full breakdown of investment fees[2]. SCM has calculated that one of the largest hidden elements – dealing costs – amounts to £2.7 billion per annum in UK retail funds alone. Using the same assumptions, these costs would be £18.5 billion per annum in the whole UK savings and investment industry.

SCM warns that unless fund managers take notice of the groundswell of support for greater transparency of investment fees, consumers will continue to vote with their feet. SCM believes the growth in direct investments is partly fuelled by the mistrust of the current system, and partly by the sense of empowerment afforded by the Internet.

SCM's research reveals that three fifths (60%) of IFAs believe their clients would be more inclined to invest in ISAs, pensions or investment/mutual funds if they could see fully where their money was invested. Likewise, almost two thirds (64%) of IFAs report that their clients feel the amount they pay in management fees and transaction costs for their investment and pension products is important; with 23% saying this is 'very important'. In contrast, just a third 33% of investors are either 'mostly' or 'fully aware' of the fees and charges that they are incurring on their investment and savings products[2].

Gina Miller, founding partner, SCM Private said, "The overwhelming majority of financial advisers recognise the need for 100% transparency of investment fees and it's time the industry fought the status quo in order to provide customers with product information in a 'consistent, fair and understandable format'. The industry should show that it has evolved and changed to meet consumer demands regarding transparency of fees and investments, which in turn would transform the UK to be the leaders rather than the laggards in transparency.

"It's clear from recent conversations that many fund managers are scared to reveal the full costs and frightened of how this would affect their profit margins. But the same margin pressure is inevitable if they do nothing as investors will increasingly decide on the DIY option. Many fund managers fail to recognise that it is in their medium to long term interest to behave ethically and honestly, thereby encouraging consumers to save more."

About the True and Fair Campaign

The True and Fair Code is designed to establish best practice in the savings and investment industry, to restore consumers' trust and to urge the industry to treat clients with respect by:

- Generating a new gold standard of best practice
- Enable consumers to compare products and providers on a like-for-like basis without hidden costs or fees
- Make companies accountable by forcing full disclosure of all holdings within any investment fund, online, on at least a quarterly basis
- Help consumers make better informed investment decisions
- Create a truly competitive investment management sector
- Limit the possibility of future mis-selling or financial scandals through greater transparency
- Detail a model to deliver fundamental change in the investment management industry

Company XYZ commits to providing clients with a full breakdown of all fees incurred during the investment of their money, including management fees and all underlying costs or charges.

Company XYZ commits to providing clients with a full online breakdown of all holdings held directly as well as indirectly (e.g. individual assets held as collateral against securities lent out), together with a full percentage breakdown, no more than three months out of date – wherever possible as at last night's close.

In terms of the Roundtable on 15 March, the event will be chaired by the newsreader **Simon McCoy** and the participants will include:

- Harriett Baldwin – MP (20 year career in finance prior to becoming an MP in May 2010)
- Jasper Berens - Managing Director, Head of UK Sales, JPMorgan Asset Management
- Roddy Kohn –principal of Kohn Cougar, IFA
- Alan Miller, founder, SCM Private
- Gina Miller, founder, SCM Private
- Ed Moisson – Head of Research, Lipper
- Richard Saunders – Chief Executive, Investment Management Association
- Charles Scanlan – Former Head of Pensions at the law firm Simmons & Simmons
- Joanne Segars – Chief Executive, National Association of Pension Funds
- Gareth Shaw – Deputy Editor, *Which? Money*
- Peter Sleep – Senior Portfolio Manager, 7IM

The agenda:

1: The crisis in confidence affecting the investment, savings and pension industries – what does this mean for the future of the industries?
2: Transparency in the investment management industry – why does this matter?
3: What practical steps can be taken to best help consumers?

ENDS

Editor's Notes

1. SCM Private commissioned ICM Research to survey 2029 people between 16-18 December 2011
2. SCM Private commissioned Why Research to survey 100 IFAs from across the UK between 28 February and 1 March 2012

About SCM Private

SCM Private was established in 2009 as an investment company that aims to challenge the existing norms of the industry by putting clients' best interests at the heart of all they do; especially stripping away layers of costs and inefficiencies; and providing 100% transparency to all clients.

For the last two and half years SCM has been fighting to raise awareness about the lack of transparency within the investment management industry. SCM has met with much resistance along the way, but there is a growing tide of support from a wide group of stakeholders, including others from within the investment industry itself.

The founders, Alan Miller and Gina Miller, have over 40 years' experience in the retail financial services industry and therefore have expert knowledge about the sector. Together they are in a position to launch the True and Fair campaign because:

a) They know the industry inside out
b) They are determined to radically improve things and are committed to changing the status quo
c) They are completely independent and free to fight for what they believe is right

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