WEDNESDAY 26 March 2014

True and Fair Campaign Report '*Legalised Looting*' Calls for OFT Investigation of Retail Investment Industry

- **New report finds UK investors are being cheated on a like-for-like basis compared to US investors by paying 58% more on their investments**
- **1/3 of investors are unaware of the fees they are being charged by fund managers**
- **Post RDR, unbundling of fees has resulted in overall charges increasing by 28%**
- **Campaign claims annuity shakeup is only a partial fix without total cost transparency**

UK investors are paying 58% more for investments on a like-for-like basis, than those in the US, according to the True and Fair Campaign. The findings[1], published in a new report entitled '*Legalised Looting'* to mark the second anniversary of the True and Fair Campaign (www.trueandfaircampaign.com), also reveals that US investors benefit from economies of scale that are passed on to them, receiving a discount of 33% on charges when investing in the largest funds, compared to just 6% in the UK. Furthermore, a lack of competition and cartel-like pricing costs UK investors £1.14 billion more per annum compared to US investors.

The report provides a quantum of evidence that reads as a damning dossier of anti-consumerism which provides clear and compelling evidence that the UK investment industry is operating against the public interest, and as such warrants a full OFT investigation.

After the Chancellor's radical shake up of the annuities and ISA markets, millions of UK investors will be weighing up the options of new savings and wider investment choices for their hard earned money. Whilst this increased choice is a positive step for savers, these new measures completely ignore the endemic crisis of fee transparency that is crippling the returns of pension and investment products, according to the True and Fair Campaign.

Gina Miller who spearheads the True and Fair Campaign and is a founder of SCM Private said, *"After reading this report, savers should be up in arms and demand to know why successive governments and regulators have allowed these scurrilous practices to continue. For over 10 years US investors have had a much fairer deal, and benefitted from an investment industry with higher standards and ethics.*

The US regulator and politicians have ensured their investors benefit from much greater transparency, a more competitive industry, less conflicts of interest and considerably lower charges. The question is why have the UK regulator and politicians been dragging their feet for so long?

"The Budget illustrates that the Government has finally woken up to the scandalous treatment of pensioners in respect of annuities. However the annuity pensions' shakeup is only a partial fix. If pensioners choose an investment fund rather than an annuity, they can still be ripped off as they will not know the true total cost. Instead they will be jumping out of the frying pan into the fire.

"Without fundamental change across all pension and investment products in terms of total cost and fee transparency, millions of people will end up simply being fleeced by another part of the investment industry, and possibly the insurance industry who are bound to develop new products with incomprehensible charging structures."

"Instead of just lancing the boil, there needs to be practical but fundamental changes in terms of transparency of cost and holdings to ensure the anti-consumerism operating across the pensions and investment industries is surgically removed."

Highlights from the report, '*Legalised Looting*' include:

- In UK retail funds alone, double charging and 'cartel-like' pricing together costs savers £2.6 billion pa
- UK investors are paying 58% more than US investors
- Post RDR – unbundling of fees has resulted in overall charges increasing by 28%
- Layers of charges likely to erode over ½ overall returns after inflation
- 29% of UK investors don't know their charges
- Only 45% of investors know their overall returns, compared to 60% in the US
- 73% of UK investors are demanding to see just ONE cost number and more than a quarter would save more if UK industry provided this
- Worryingly, 26% of UK consumers do not intend to invest anything in 2014

Gina Miller continues, "*The UK investment industry operates an Alice in Wonderland existence where nothing is as it seems. Even senior investment insiders admit they cannot understand what the costs are. In a stock market likely to continue producing single digit returns, there is no place for complacency, lengthy consultations and passing the buck. The Government needs to intervene and encourage a full OFT investigation*."

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Notes to editors:

1. Based on an independent online survey conducted by Research Plus Ltd on behalf of SCM Private for the True and Fair Campaign. A total of 2,046 UK adults aged 18 and over, were surveyed between 31st January – 5th February 2014.

The True and Fair Campaign – www.trueandfaircampaign.com

The True and Fair Campaign was initiated by SCM Private in 2012 to raise awareness of the lack of transparency within the UK investment management industry. It has been calling on UK and European politicians, regulators and fund providers to introduce a Code of Ethics which would invoke new 100% transparency measures on all transaction costs and management fees via One number, a Total Cost of Investing; and full disclosure on where funds are invested published online, at least quarterly.

The True and Fair Calculator – www.trueandfaircalculator.com

This free online calculator was launch in May 2013 and lists over 7,500 UK unit trusts, investment trusts and ETFs. Users are able to see the full effect of all costs on their investment returns, in pounds and pence and as a percentage; as well as a risk and performance measure. It is a completely stand-alone not-for-profit business, with all development and running costs paid for by the Millers.

SCM Private – www.scmprivate.com

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 it does; especially stripping away layers of costs and inefficiencies; and providing 100% transparency to all clients. Since launch they have publishes ALL costs and fees in ONE number, a Total Cost of Investing and provided clients will full transparency on all holdings online. SCM Private embodies all the True and Fair Campaign is calling for.

Alan Miller and Gina Miller, have over 45 years' experience in the retail financial services industry. Their combined knowledge and expertise as practitioners has resulted in their ability to launch the True and Fair Campaign.