COMPREHENSIVE REPORT INTO TRANSPARENCY DETAILS MORE ALARMING NEWS FOR CONSUMERS IN THE UK SAVINGS AND INVESTMENTS INDUSTRY

- **UK Financial mis-selling scandals could have been substantially reduced through greater standards of transparency of fees and investments, says report**
- **The prevalence of opaque practices and mis-selling has particularly affected elderly investors who are often the main victims of these scandals**
- **Report reveals just 19% of savers and investors know what they are being charged by investment managers**
- **89% of savers and investors would like fund managers to disclose full breakdown of fees**
- **83% want to know where their money is being invested**
- **Findings come as Lord Freud says UK pensions are no longer gold standard due to poor investment returns and falling annuity rates – making it more important than ever that pension and fund managers deliver a good deal for savers**[1]

London, Tuesday 14 February 2012: SCM Private (SCM), the investment manager, today launches a report revealing the extent to which UK pension funds, savings and investments are being ripped off by high management charges and a lack of transparency on hidden costs. SCM is calling for investment managers, banks and the fund management industry to stop arguing and come together in the interests of consumers to deliver a better deal for pensioners and savers.

The detailed report highlights the negative effects caused by low levels of transparency in the UK on investors, savers and pensioners and follows comments from Pensions Minister Lord Freud that gold-standard pensions are a thing of the past, due to poor investment returns and falling annuity rates, making delivering better returns and reducing costs to savers and investors more important than ever.

[1] Lord Freud: "British pensions no longer gold standard", Telegraph, 13 February 2012

The report entitled "**Promoting Transparency and Trust in the UK Investment Management Industry**" is available on the campaign website at: http://www.trueandfaircampaign.com/free-research-paper/

The report has found that:

- The UK lags far behind US and Europe on transparency of holdings and fees
- The UK has the 4th highest total charges (for fund products) out of 19 countries [2]
- Lack of transparency in investments has been prevalent in many of the UK's financial scandals; mis-selling of over £1 billion of AIG bonds and the £400m+ losses from Cru investment products.
- 80% of investment funds who have changed their fees have increased their fees between 2001 and 2011 [3]
- More than two thirds (68%) of money invested in active funds within the UK largest retail fund sector have the same identical Annual Management Fee [4]
- Nearly two thirds of people (63%) would invest more if there was greater transparency and clear product labelling
- As a result of mis-labelling of the £21 billion Absolute Return Sector, there is the possibility of another financial scandal looming on the horizon

Commenting on the report, Gina Miller, co-founder of SCM Private said: "The majority of commentators, even the Investment Management Association, have conceded there are serious issues around transparency of fees and transparency of holdings. Consumers have a right in the modern internet age to be able to see all their holdings on-line and regularly rather than occasionally and via the post. These standards have been in existence in the US since 2004. The UK investment industry needs to regain consumers' trust by raising standards and providing easy to understand, fully disclosed fees; as well as regular and fully disclosed investments. Rather than pretend the problem does not exist, it would be preferable for the industry to get round the table and discuss solutions. The current UK system simply does not work."

The launch of the report comes two weeks after SCM Private unveiled its True and Fair Campaign which is calling for a new code of conduct and fee labelling system providing 100% transparency on

[2] Mutual Fund Fees Around the World by Ajay Khorana, Henri Servaes and Peter Tufano, May 2007
[3] Time May Change Me – Mutual Funds' Management Fee Changes by Lipper, October 2011
[4] SCM Private Analysis of 233 active funds within the IMA All Companies Sector with total assets under management of £63.4 Billion utilising latest Morningstar data available as at 23rd January 2012.

fees and investments. In the short time since launch, the campaign is being discussed widely and is gaining significant momentum.

Gina Miller adds: "It is early days but we are very pleased with the healthy debate our campaign has already achieved. In the UK we have seen many examples of the mis-selling of financial products. Thousands of ordinary and often elderly investors have been duped into putting their money into entirely inappropriate products. They have lost their life savings and been hung out to dry by the 'professional experts' consulted to look out for them. We urge the industry as a whole to adopt a more transparent and accountable approach and to remember whose hard earned money they are looking after. "

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Editor's Notes

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% 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 gradual 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 author this report and 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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