



Mishcon de Reya

Our Ref: JET/MF/47884.1/sm

Your Ref: HC-2015-003085

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FOR THE ATTENTION OF STEVEN BRILLIANT
Clerk to The Hon. Mr Justice Marcus Smith

5 December 2017

HMCTS
The High Court
POD 20, 4th Floor,
Rolls Building
Fetter Lane
London EC4A 1NL

BY EMAIL (STEVEN.BRILLIANT@HMCTS.GSI.GOV.UK)

Dear Sir

Signia Wealth v Vector Trustees Limited & Ors
Claim no. HC-2015-003085

We refer to your letter dated 20 November 2017.

We enclose for filing a table entitled "*Metric Regarding the Performance of Signia Wealth Limited*". The contents of the table have been agreed between the experts although there remain three areas of difference between the experts as regards the presentation of the data.

Addressing each in turn:

1. Hedge Funds

It is the Defendant Parties' position that Signia Wealth did not have a standalone hedge fund business in 2013 and that its Hedge Fund Mandate began on 1 July 2014. Accordingly, Dr Shi does not report a Hedge Fund AUM for 2013.

In contrast, Mr Sharp reports £21m Hedge Fund AUM for 2013, and reduces the Discretionary AUM for the year by the same amount (i.e. £454m instead of £475m reported by Dr Shi).

2. Cash & Custody AUM

On the basis that (i) 'Cash AUM' is fee-generating; and (ii) Custody AUM is not fee-generating, Dr Shi reports Cash AUM and Custody AUM separately in Sections A(iv) and A(v) respectively.

In contrast, Mr Sharp combines these two figures.

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3. Revenues associated with Cash AUM

The experts agree on the detailed breakdown revenues from John Caudwell AUM, Caudwell-related AUM, and third-party AUM reported at Section A(iv).

Dr Shi presents the total revenues of Cash AUM as the combined total of the revenues from these three categories.

In contrast, Mr Sharp takes the Cash AUM total revenues from the Signia Wealth's Management Accounts, which figures differ slightly. Specifically, the differences are £77,171 for 2012, £71,920 for 2013, and £55,391 for 2014. Dr Shi includes these differences are included in Section E ("Reconciliation of Data Sources").

Should you have any questions, or require any further information, please do not hesitate to let us know.

We have copied Rosenblatt into this letter.

Yours faithfully



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cc: Rosenblatt

Dr Min Shi – METRICS REGARDING THE PERFORMANCE OF SIGNIA WEALTH LIMITED

		End 2010****	End 2011	End 2012	End 2013	End 2014*
A	ASSETS UNDER SIGNIA'S MANAGEMENT ("AUM") AND REVENUE DERIVED THEREFROM					
(i)	Discretionary					
1	John Caudwell AUM (£)	£376m	£471m	£463m	£475m	£476m
2	Revenue from John Caudwell AUM (£)	#N/A	£1,586,354	£1,109,900	£1,135,246	£1,193,839
3	Caudwell-related AUM (£)	£71m	£91m	£91m	£99m	£105m
4	Revenue from Caudwell-related AUM (£)	#N/A	£313,646	£229,868	£237,928	£254,025
5	Third-party AUM (£)	£96m	£220m	£214m	£215m	£253m
6	Revenue from third-party AUM & wine fund (£)**	#N/A	£1,365,237	£1,622,745	£1,408,461	£1,462,313
7	Total AUM (£)	£544m	£782m	£768m	£789m	£835m
8	Performance fees for all discretionary AUM		-	-	£173,834	-
9	Total revenue from AUM (£)	#N/A	£3,265,237	£2,962,512	£2,955,469	£2,910,177
(ii)	Hedge fund (Standalone Portfolio)					
1	John Caudwell AUM (£)	-	-	-	-	£298m
2	Revenue from John Caudwell AUM (£)	#N/A	-	-	-	£174,768
3	Caudwell-related AUM (£)	-	-	-	-	£44m
4	Revenue from Caudwell-related AUM (£)	#N/A	-	-	-	£27,030
5	Third-party AUM (£)	-	-	-	-	£13m
6	Revenue from third-party AUM (£)	#N/A	-	-	-	£22,648
7	Total AUM (£)	-	-	-	-	£355m
8	Total revenue from AUM (£)	#N/A	-	-	-	£224,446
(iii)	Advisory					
1	John Caudwell AUM (£)	-	-	-	-	-
2	Revenue from John Caudwell AUM (£)	#N/A	-	-	-	-
3	Caudwell-related AUM (£)	-	-	-	-	-
4	Revenue from Caudwell-related AUM (£)	#N/A	-	-	-	-
5	Third-party AUM (£)	£98m	£114m	£105m	£95m	£96m
6	Revenue from third-party AUM (£)**	#N/A	-	£272,717	£269,260	£190,766
7	Total AUM (£)	£98m	£114m	£105m	£95m	£96m
8	Total revenue from AUM (£)	#N/A	-	£272,717	£269,260	£190,766
(iv)	Cash					
1	John Caudwell AUM (£)	£62m	£75m	£43m	£11m	£15m
2	Revenue from John Caudwell AUM (£)	#N/A	£12,911	£29,159	£12,731	£3,511
3	Caudwell-related AUM (£)	£22m	£37m	£22m	£14m	£9m
4	Revenue from Caudwell-related AUM (£)	#N/A	£12,084	£18,573	£9,873	£2,563
5	Third-party AUM (£)	£134m	£333m	£291m	£162m	£145m
6	Revenue from third-party AUM (£)	#N/A	£139,859	£181,370	£204,709	£87,091
7	Total AUM (£)	£218m	£444m	£357m	£187m	£168m
8	Total revenue from AUM (£)	#N/A	£164,854	£229,102	£227,313	£93,166

Dr Shi notes that Mr Sharp reports £454m here and £21m under HF AUM.

Dr Shi presents Cash and Custody separately, as Cash AUM generated fees, but Custody AUM didn't.

Dr Shi notes that Mr Sharp includes his adjustments for 2012 (£77,171), 2013 (£71,920), and 2014 (£55,391) in these amounts

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		End 2010****	End 2011	End 2012	End 2013	End 2014*
(v)	Custody					
1	John Caudwell AUM (£)	-	-	-	-	-
2	Revenue from John Caudwell AUM (£)	#N/A	-	-	-	-
3	Caudwell-related AUM (£)	-	-	-	-	-
4	Revenue from Caudwell-related AUM (£)	#N/A	-	-	-	-
5	Third-party AUM (£)	-	£4m	£20m	£17m	£16m
6	Revenue from third-party AUM (£)	#N/A	-	-	-	-
7	Total AUM (£)	-	£4m	£20m	£17m	£16m
8	Total revenue from AUM (£)	#N/A	-	-	-	-
(vi)	Other income					
1	Retrocessions income (commissions / custody fees)***	#N/A	£835,281	£566,570	£467,523	£429,047
2	Interest margin	#N/A	£74,635	-	-	-
3	Shared facilities	#N/A	-	£104,999	£237,949	£223,333
4	Other income	#N/A	£40,550	£52,429	£96,670	£1,750
5	Revaluations / loss on trade	#N/A	£-48,358	-	£-1,450	£-13,090
6	Consultancy fees	#N/A	£16,395	-	-	£38,675
7	Total other income	#N/A	£918,503	£723,998	£800,692	£679,715
B	REVENUE DERIVED FROM SIGNIA'S BROKERAGE SERVICE FOR LOANS, PRIVATE EQUITY INVESTMENTS AND REAL ESTATE INVESTMENTS					
1	John Caudwell	-	£510,000	£1,685,000	£2,666,223	£259,217
2	Caudwell-related	-	-	-	£15,000	-
3	Third-party	£123,000	£292,369	£511,568	£476,267	£444,956
4	Third party - management fee from loans	-	£47,608	£51,028	£48,138	£40,523
5	Total brokerage revenue	£123,000	£849,977	£2,247,596	£3,205,628	£744,696
6	Grand total revenue in sections A and B	£3,895,450	£5,198,571	£6,435,925	£7,458,361	£4,842,965
C	SIGNIA'S COSTS (FROM MANAGEMENT ACCOUNTS)					
1	Employee costs	#N/A	£3,853,600	£4,720,424	£5,307,790	£5,377,472
2	Cost of sales & Administration costs*****	#N/A	£1,197,402	£1,571,105	£1,945,390	£2,492,564
3	Depreciation	£16,376	£45,514	£52,096	£55,912	£56,724
4	Interest costs	£47,222	£54,524	£59,555	£57,354	£66,843
5	Total costs	£3,963,306	£5,151,040	£6,403,180	£7,366,447	£7,993,601
D	REVENUE MINUS COSTS					
1	B(6) - C(5)	£-67,856	£47,531	£32,745	£91,915	£-3,150,636
2	EBITDA: D(1) + Interest + Depreciation	£-4,258	£147,569	£144,396	£205,181	£-3,027,070
3	EBITDA based on Management Accounts	#N/A	£147,569	£210,284	£277,587	£-2,981,049
E	RECONCILIATION OF DATA SOURCES					
1	Difference between D(2) (which is based on Sections A, B, and C), and D(3) (which is based on management account)	#N/A	£-0	£-65,888	£-72,405	£-46,021

Dr Shi notes that these amounts differ from those of Mr Sharp due to the differences set out above

*AUM data for 2014 refers to November 2014 AUM.

** Advisory fees for 2011 are included in the discretionary management fees for third-parties for 2011

***Custody fees are rebates to Signia from custodians of Signia's AUM, they are unrelated to 'Custody Only' assets.

**** 2010 total revenues, total costs, interest costs and depreciation data is from Signia's 2010 Financial Statement.

*****Cost of Sales and administrative expenses have been amalgamated as experts did not reach agreement on the expense category allocations

Dr Shi

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ROBERT SHARP METRICS REGARDING THE PERFORMANCE OF SIGNIA WEALTH LIMITED

	End 2010****	End 2011	End 2012	End 2013	End 2014*
A ASSETS UNDER SIGNIA'S MANAGEMENT ("AUM") AND REVENUE DERIVED THEREFROM					
(i) Discretionary (including hedge fund allocations within discretionary portfolios)					
1 John Caudwell AUM (£)	£376m	£471m	£463m	£454m	£476m
2 Revenue from John Caudwell AUM (£)	#N/A	£1,586,354	£1,109,900	£1,135,246	£1,193,839
3 Caudwell-related AUM (£)	£71m	£91m	£91m	£99m	£105m
4 Revenue from Caudwell-related AUM (£)	#N/A	£313,646	£228,868	£237,928	£254,025
5 Third-party AUM (£)	£98m	£200m	£214m	£215m	£253m
6 Revenue from third-party AUM and wine fund (E)**	#N/A	£1,385,237	£1,622,745	£1,409,491	£1,462,313
7 Total AUM (£)	£544m	£782m	£768m	£789m	£835m
8 Performance fees for all discretionary AUM	-	-	-	£179,834	-
9 Total revenue from AUM (£) (estimated for 2010)	#N/A	£3,265,237	£2,962,513	£2,955,499	£2,910,177
(ii) Hedge fund (Standalone Portfolio)					
1 John Caudwell AUM (£)	-	-	-	£21m	£298m
2 Revenue from John Caudwell AUM (£)	#N/A	-	-	-	£174,788
3 Caudwell-related AUM (£)	-	-	-	-	£44m
4 Revenue from Caudwell-related AUM (£)	#N/A	-	-	-	£27,030
5 Third-party AUM (£)	-	-	-	-	£13m
6 Revenue from third-party AUM (£)	#N/A	-	-	-	£22,648
7 Total AUM (£)	-	-	-	-	£355m
8 Total revenue from AUM (£)	#N/A	-	-	-	£224,446
(iii) Advisory					
1 John Caudwell AUM (£)	-	-	-	-	-
2 Revenue from John Caudwell AUM (£)	#N/A	-	-	-	-
3 Caudwell-related AUM (£)	-	-	-	-	-
4 Revenue from Caudwell-related AUM (£)	#N/A	-	-	-	-
5 Third-party AUM (£)	£98m	£114m	£105m	£95m	£98m
6 Revenue from third-party AUM (E)**	-	-	£272,717	£269,290	£190,766
7 Total AUM (£)	£98m	£114m	£105m	£95m	£98m
8 Total revenue from AUM (£)	-	-	£272,717	£269,290	£190,766
(iv) Cash and custody					
1 John Caudwell AUM (£)	£62m	£75m	£43m	£11m	£15m
2 Revenue from John Caudwell AUM (£)	#N/A	£12,911	£29,159	£12,731	£3,511
3 Caudwell-related AUM (£)	£22m	£37m	£22m	£14m	£9m
4 Revenue from Caudwell-related AUM (£)	#N/A	£12,084	£18,573	£9,873	£2,563
5 Third-party AUM (£)	£134m	£337m	£311m	£179m	£161m
6 Revenue from third-party AUM (E)**	#N/A	£139,859	£252,541	£276,620	£142,482
7 Total AUM (£)	£218m	£448m	£377m	£204m	£184m
8 Total revenue from AUM (£)	#N/A	£164,854	£300,273	£299,233	£149,557
(v) Other income					
1 Commission/Custody fees	#N/A	£835,281	£566,570	£467,523	£429,047
2 Interest margin	#N/A	£74,635	-	-	-
3 Shared facilities	#N/A	-	£104,999	£237,949	£223,333
4 Other income	#N/A	£40,550	£52,428	£86,670	£1,750
5 Revaluations / loss on trade	#N/A	£49,358	-	£1,450	£13,000
6 Consultancy fees	#N/A	£18,395	-	-	£38,675
7 Total retrocessions and other income (commissions / custody fees)***	#N/A	£918,503	£723,998	£800,692	£679,715
B REVENUE DERIVED FROM SIGNIA'S BROKERAGE SERVICE FOR LOANS, PRIVATE EQUITY INVESTMENTS AND REAL ESTATE INVESTMENTS					
1 John Caudwell	-	£510,000	£1,685,000	£2,666,223	£259,217
2 Caudwell-related	-	-	-	£15,000	-
3 Third-party	£123,000	£292,389	£511,588	£476,267	£444,956
4 Third party - management fee loan	-	£47,608	£51,028	£48,138	£40,523
5 Total	£123,000	£849,977	£2,247,596	£3,205,628	£744,696
6 Total Revenues, 2011-2014 Total of Rows A(i)(9) + A(ii)(8) + A(iii)(8) + A(iv)(8) + A(v)(7) + B5	£3,895,450	£5,198,571	£6,507,096	£7,530,282	£4,898,356
C SIGNIA'S COSTS (FROM MANAGEMENT ACCOUNTS)					
1 Employee costs	#N/A	£3,853,600	£4,720,424	£5,307,790	£5,377,472
2 Administration costs and Cost of Sales****	#N/A	£1,197,402	£1,571,105	£1,945,391	£2,492,564
3 Depreciation	£16,376	£45,514	£52,096	£55,912	£56,723
4 Interest costs	£47,222	£54,524	£59,555	£57,354	£66,842
5 Total costs	£3,963,306	£5,151,040	£6,403,180	£7,366,447	£7,993,601
D REVENUE MINUS COSTS					
1 Total of Rows A(i)(9) + A(ii)(8) + A(iii)(8) + A(iv)(8) + A(v)(7) + B5 - C5. Also B6-C5	£87,856	£47,531	£103,916	£163,835	£3,095,245
2 EBITDA based on Management Accounts	£4,258	£147,569	£215,567	£277,101	£2,971,680
3 D(2) + difference in management fees E(1)	#N/A	£147,569	£210,283	£277,585	£2,981,050
E RECONCILIATION OF DATA SOURCES					
1 Difference in Management Fee revenues between A+B and the management accounts	#N/A	£0	£5,284	£485	£9,370

*AUM data for 2014 refers to November 2014 AUM.

**Signia cash fee data has been adjusted to reconcile with the management accounts as there were material differences. There is no breakdown between Discretionary Investment Management and Advisory revenues for 2011.

***Custody fees are related to Signia from custodians of Signia's AUM, they are unrelated to "Custody Only" assets.

****2010 data derived from audited financial statements. Despite requests no management accounting data or revenue breakdown was made available so the breakdown is incomplete

*****Cost of Sales and administrative expenses have been amalgamated as experts did not reach agreement on the expense category allocations

Andrew Shiu

Russell