



## Target Market Information

Publication Date: 30 April 2023

### What is the Crossing Point MPS?

Crossing Point's Model Portfolio Service (MPS) is a Portfolio Management Service which is only available for retail clients through their FCA authorised financial advisers (IFA) where the account and portfolio are held within a Platform.

### What type of investor is this service suitable for?

The direct contractual relationships are between Crossing Point and the FCA authorised financial adviser, AND with the Platform. The FCA authorised financial adviser is treated as a Professional Client for the purpose of the Platform relationship. The service only invests in assets that are suitable for Retail Clients.

You, as the Retail Client, are not a direct client of Crossing Point Investment Management Limited. Your contractual relationship is with your FCA authorised financial adviser.

### Who is the Target Market for our services?

- Retail Clients of an FCA authorised independent financial adviser investing via a Platform.
- Your financial adviser is responsible for assessing the suitability of the Crossing Point MPS.
- It is their role to ensure that you have fully understood the risk / reward profile and features of the service Crossing Point's MPS will provide.
- The financial adviser will assess the risk you are willing to take and the time horizon for your investment in order to make a recommendation. They are also responsible for the suitability assessment in recommending an investment to you.

### As a Retail Client you will:

- Have larger sums of money to invest which is surplus capital to your everyday needs.
- You will be happy to accept some degree of investment risk.
- Have the capacity to absorb some losses.
- You will understand investment risk and reward, and the need for initial and ongoing advice and service from your financial adviser.
- You will be seeking capital growth or income as an investment objective.
- You will **NOT** be seeking a capital guarantee return on your investment.

### How can Crossing Point MPS meet the needs and objectives of a Retail Client?

#### Guardian MPS

- The Guardian MPS offers a range of risk-rated portfolios with an increase in the percentage of equity assets held as risk tolerance increases.
- Positively aimed at those seeking capital growth.
- Whilst the Guardian portfolios do not have an income producing mandate, at times some of the funds held within the portfolios may make dividend distributions and therefore could provide some income.
- Intended for those with a medium to long-term investment horizon but are also suitable as a **lifetime strategy** for those looking to both accumulate and decumulate wealth i.e., sustained retirement income via drawdown.
- The Guardian range of portfolios offer no capital guarantees and have no maturity date.



### **Guardian Portfolio as a Decumulation Strategy:**

Large drawdowns during periods of market turmoil can have a lasting impact on income seeking investors.

Crossing Point Guardian portfolios seek to minimize sequence of returns risk, volatility, and maximum drawdowns by smoothing long-term returns through trend-following, tactical trading, and a well-diversified asset allocation.

### **Green Path MPS**

- The Green Path MPS offers a range of risk-rated portfolios with an increase in the percentage of equity assets held as risk tolerance increases.
- Positively aimed at those seeking an investment whilst contributing positively to global environmental and social challenges.
- Intended for those with a medium to long-term investment horizon seeking an accumulation of wealth.
- Unsuitable for those seeking a decumulation strategy, i.e., sustained retirement income via drawdown.
- The Green Path range of portfolios offer no capital guarantees and have no maturity date.

### **Heritage MPS**

- The Heritage MPS offers a range of risk-rated portfolios with an increase in the percentage of equity assets held as risk tolerance increases.
- Positively aimed at those seeking a growth strategy in Investment Trusts which are by nature a relatively high-risk strategy.
- Intended for those with a medium to long-term investment horizon seeking to accumulate wealth.
- Unsuitable for those seeking a decumulation strategy, i.e., sustained retirement income via drawdown.
- The Heritage portfolios offer no capital guarantees and have no maturity date.

### **Fusion MPS**

- The Fusion MPS offers a range of risk-rated portfolios with an increase in the percentage of equity assets held as risk tolerance increases.
- Positively aimed at those seeking a growth strategy utilizing a mixture of both active and passive funds. This portfolio could also utilize funds within our ESG range to bring further diversification.
- Intended as a medium to long-term investment horizon for those seeking to accumulate wealth through an investment or pension strategy within a diversified range of assets but are also suitable as a **lifetime strategy** for those looking to both accumulate and decumulate wealth i.e., sustained retirement income via drawdown.
- The Fusion portfolios offer no capital guarantees and have no maturity date.



## Blending

Your adviser may recommend that you “blend different investment solutions” to provide diversification and complement your needs and objectives either to combine different types of strategies so they work together in an uncorrelated way or for a bucket approach based on different investment requirements over time e.g., both an income requirement and growth expectation.

Diversification involves spreading your investments across different types of assets. As long as those assets are not perfectly positively correlated i.e. do not move exactly in line with each other over time, it can help to reduce your overall risk. Diversification can potentially reduce the number of ups and downs in the performance of a portfolio. However, it cannot guarantee against a loss.

For instance, diversifying your portfolio by holding underlying funds with different risk levels, such as a 60/40 equity and fixed income portfolio, is a popular solution to achieve a balance of risk through funds which have low correlations.

Correlation, in the finance and investment industries is a statistic that measures the degree to which two securities move in relation to each other and is used in portfolio management.

Equity and bond correlations have however, over time, changed and at times become less effective at diversifying a portfolio. A trend-following portfolio will dis-invest in assets as their prices fall and re-invest as prices recover offering what is an “uncorrelated” investment strategy to other types of investments strategies when there is market turmoil.

Trend-following portfolios are not guaranteed to outperform continuously in all economic conditions but have been found to outperform over whole investment cycles and offer clear diversification when asset prices trend downwards.

### **Why Crossing Point Investment Management MPS may not be suitable:**

Our solutions are designed as a long-term investment and won't be for everyone. You should consider the following before proceeding with a recommendation to invest.

- Crossing Point MPS would only be suitable for clients who understand the need for initial and ongoing advice. In return you will receive a unique trend-following strategy and potentially better performance.
- Crossing Point MPS are only available via an FCA authorised IFA and via a platform which adds an additional layer of costs. Not everyone will need or want this level of advice and choice. For a client with more basic needs, a simpler and cheaper solution may be better.
- If you do not have experience of investing and do not understand investment risk and reward you should not accept a recommendation to invest.
- If you have a short-term investment horizon and will be fully reliant upon the funds invested to maintain your lifestyle.
- Our Guardian and Fusion portfolios as a decumulation strategy are based upon our trading style rather than as an “income producing” portfolio and therefore will not guarantee a fixed level of sustainable income if you are reliant upon the funds to meet your living costs.