



Guardian Portfolios Performance Update and Review July 2020

This review covers the period from the 1 February 2020 when Crossing Point started trading until the 1 July 2020. Our Guardian portfolios have performed well in the recent volatile markets.

Guardian Portfolios

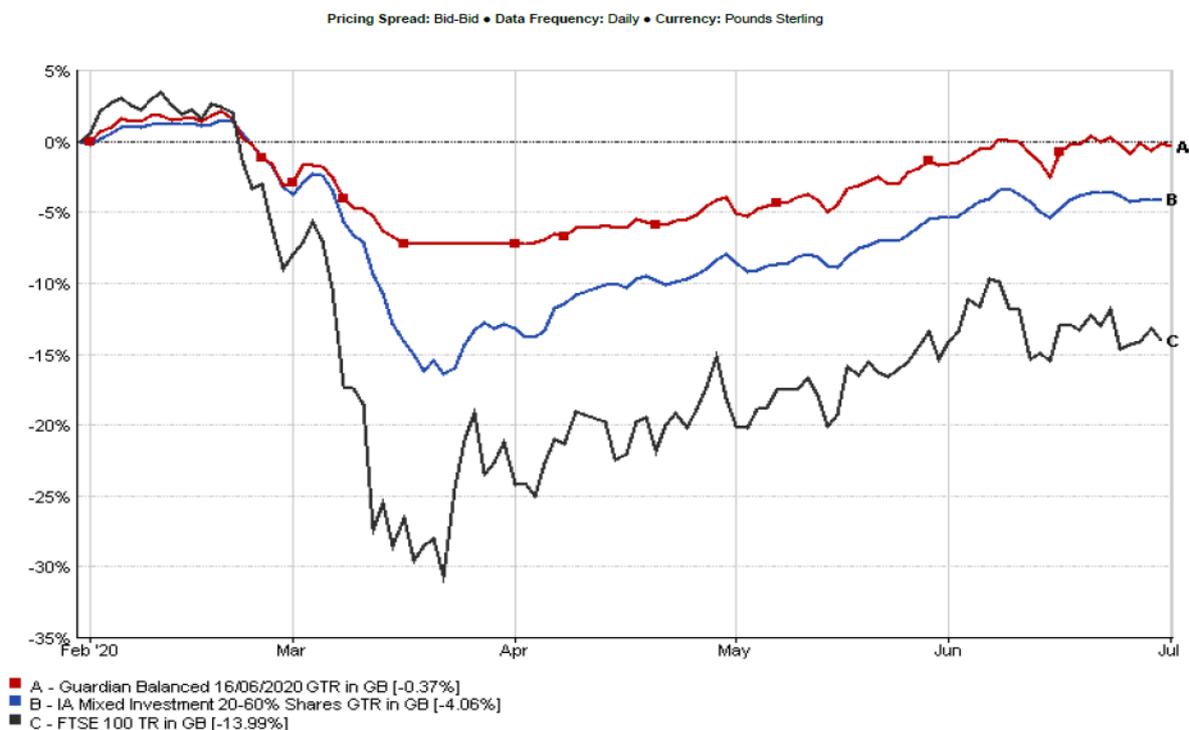
A low-cost tactically traded portfolio service designed to grow and protect investment and pension assets by smoothing long-term returns.

Key Objectives

- Focuses on growth and capital preservation
- Reduces Volatility
- Smooths long-term returns supporting more accurate cash flow modelling
- Limits the sequence of returns risk
- Reduces maximum drawdown
- Protects assets in times of market stress

Guardian Balanced Portfolio Performance from 1 February 2020 when Crossing Point started trading to 1 July 2020 vs. the IA sector average (20-60%) and the FTSE 100.

1/02/2020-01/07/2020



Market review and outlook

The past six months have brought changes to the way we live, work, socialise, and communicate which at the beginning of the year would have been inconceivable. We have also sadly lost too many too soon. On top of this, there has been a global reckoning around social inequality and racism.

Against this backdrop of the continuing Covid-19 pandemic, and much economic and social upheaval around the world, global stock markets have recovered much of their losses since the low in mid-March. This is in part due to the reopening of economies as the virus has receded, first in the Pacific and Asia, and then throughout Europe. This is also due to the huge amounts of government and central bank stimulus which have buoyed markets as money has been pumped into developed economies through furlough schemes, business support, business loans, and directly to individuals.

The current Covid-19 hotspots are now in the US, Brazil and Russia. In these countries, the economies have either started to re-open or continue to remain open. The American stock market has appeared to be disconnected to the large unemployment numbers, although these have recovered more recently, and the large and increasing number of coronavirus cases. Continued support from both the Federal Reserve and the government have helped to shore up the economy and, in many states, most businesses remain open.

In the UK, Andy Haldane, Chief Economist at the Bank of England, has suggested that the UK may have a 'V-shaped' recovery as the lockdown is being lifted and there has been stronger than expected consumer spending. There are also still many risks for the UK economy due to potential future coronavirus outbreaks, the risk of a no-deal Brexit and the possibility of a surge in unemployment as half of the working population are either furloughed (9.3 million) or self-employed and claiming income support (2.5 million).

The eurozone overall has been able to lift lockdown measures earlier than in the UK, but the European Commission has announced a larger than expected contraction of around 8.7% this year. The estimates vary by country with Germany having a better than expected 6.3% contraction and France, Italy and Spain expected to contract over 10%. The EC estimates are based on the assumptions that social distancing measures and support from both governments and the ECB will continue.

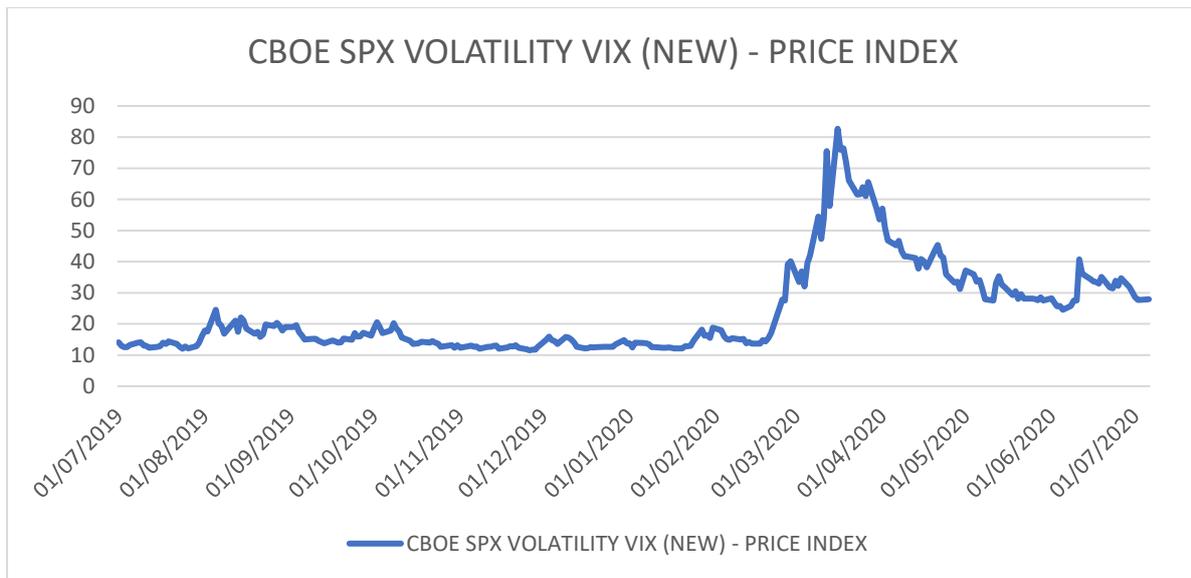
The emerging market economies are incredibly varied. Some countries such as Brazil, India and Russia are dealing with increased coronavirus infections and struggling economically. Other countries in the Pacific and specifically China have reduced infections and are back in business. All will struggle with some reduced world demand, but China has driven a rapid recovery economically and continues to be heavily integrated into world supply chains. China is the only big economy forecast to grow this year and is expected to record the strongest rebound next year, according to IMF projections published in late June. This is reflected in recent stock market performance where stocks have jumped 15% in value in the last week.

We expect the strong returns from China to continue to drive emerging market returns.

Gold has performed incredibly well this year. The gold mining fund included in Guardian acts as a proxy for the gold market and does well during periods of uncertainty and when equity markets dip. It is also volatile and drops when the markets recover.

The property fund moves similarly but not completely in-line with the other equity markets and therefore both gold and property are included in the Guardian portfolios to add further diversification.

Volatility, although higher than it has been in the past few years, has reduced to levels last seen in February as displayed in the graph below. While there is still uncertainty, volatility will continue to remain higher than normal, but the reduction in volatility reflects the relative stabilisation of markets. Outbreaks of the virus and the potential for further lockdowns will add to volatility and potentially decrease market values while continuing scientific advances in treatment, testing and hopefully vaccines will have the opposite effect.



Portfolio Performance to 1st July 2020

When we launched on Feb 1st, we had no idea how quickly our Guardian trend-following strategy would be tested. We moved our planned monthly investment committee meeting and trading day forward to react to changes in the markets quickly. Throughout Feb – April, we continued to trade with more frequency than planned, but we wanted to ensure that we did all that we could to protect the money entrusted to the Guardian portfolios.

| Cumulative Performance | | | | | | | | |
|------------------------|---------|----------|----------|--------|---------|---------|---------|---------|
| Guardian | 1 month | 3 months | 6 months | 1 year | 2 years | 3 years | 4 years | 5 years |
| Adventurous 85 | 2.41 | 11.23 | -0.73 | 4.46 | 10.78 | 14.45 | 37.3 | 49.41 |
| Strategic 70 | 1.90 | 9.33 | -0.59 | 4.01 | 10.14 | 13.22 | 31.76 | 43.16 |
| Mixed 40-85 | 1.67 | 14.04 | -4.75 | -0.11 | 3.51 | 8.53 | 26.05 | 28.44 |
| Balanced 55 | 1.60 | 7.62 | -0.32 | 3.66 | 9.59 | 12.09 | 26.56 | 37.22 |
| Cautious 40 | 1.15 | 5.53 | -0.28 | 3.00 | 8.49 | 10.36 | 21.28 | 31.27 |
| Mixed 20-60 | 1.42 | 10.59 | -4.36 | -0.62 | 2.25 | 4.74 | 17.17 | 19.35 |
| Defensive 25 | 0.78 | 3.96 | 0.21 | 2.74 | 8.18 | 9.49 | 16.73 | 26.11 |
| Mixed 0-35 | 1.20 | 7.83 | -1.28 | 1.28 | 4.52 | 5.92 | 13.86 | 17.67 |

Source: FE Analytics. 01.07.20

As the objective of the Guardian portfolios is to minimise risk, we exited markets quickly at the end of February and in the beginning of March, and cautiously re-entered the markets. All the Guardian returns over 6 months which included the large drop in March, outperformed their benchmarks by more than 4% for Cautious, Balanced, Strategic and Adventurous portfolios and 1.5% for the Defensive portfolio.

The 3-month Guardian returns underperformed their benchmarks as we protected the assets entrusted with us instead of re-investing too quickly. We are now 100% back into all equity markets, and as such our 1-month returns for the Adventurous, Strategic, and Balanced portfolios have outperformed their benchmarks.

Portfolio Volatility to 1st July 2020

The Crossing Point Guardian portfolios were able to reduce volatility and maximum drawdown compared to their benchmarks. The 3-year volatility for the Guardian portfolios ranged from 8.15% for the Adventurous portfolio to 4% for the Defensive portfolio compared to the IA Mixed Investment benchmark volatilities of 10.77% to 5.79%. Although the 3-year volatility does include simulated data before Feb 1, most of the volatility experienced has occurred since we went live.

The Guardian portfolios also had much smaller 3-year maximum drawdowns with the Guardian portfolio maximum drawdowns ranging from -10.10% for the Adventurous portfolio to -4.55% for the Defensive portfolio compared to the IA Mixed Investment 40-85 equity benchmark maximum drawdown of -15.41% to -8.59% for the IA Mixed Investment 0-35 benchmark.

The reduction in volatility and maximum drawdown during this time has lasting implications for the long-run returns of these investments as well as a reduction in sequence of returns risk.

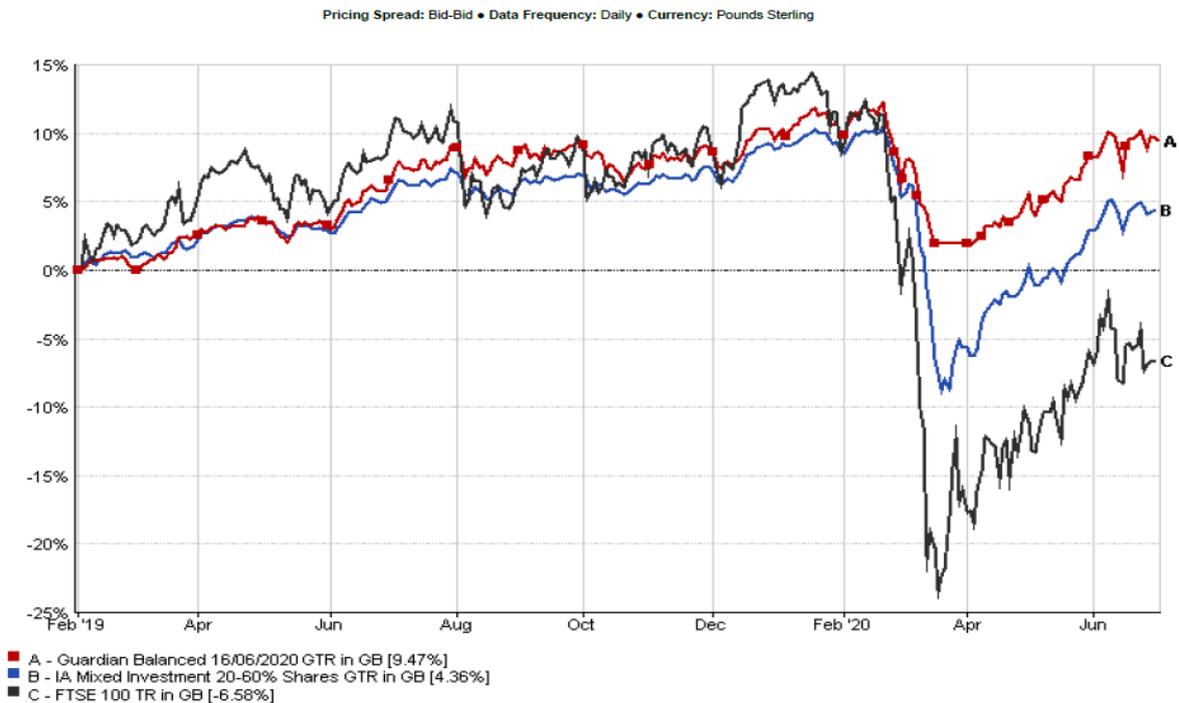
| Volatility Measures 3 Year | | | | | | | |
|----------------------------|------------|-------|------|--------|--------|---------|------------|
| | Volatility | Alpha | Beta | Sharpe | Max DD | Sortino | Info Ratio |
| Adventurous 85 | 8.15 | 2.6 | 0.68 | 0.14 | -10.10 | 0.13 | 0.35 |
| Strategic 70 | 6.92 | 2.49 | 0.58 | 0.10 | -8.53 | 0.10 | 0.25 |
| Mixed 40-85 | 10.77 | | | 0 | -15.41 | -0.06 | |
| Balanced 55 | 5.78 | 2.88 | 0.59 | 0.07 | -7.23 | 0.06 | 0.48 |
| Cautious 40 | 4.69 | 2.57 | 0.45 | 0 | -5.75 | -0.03 | 0.31 |
| Mixed 20-60 | 8.49 | | | 0 | -12.89 | -0.19 | |
| Defensive 25 | 4.00 | 1.98 | 0.55 | 0 | -4.55 | -0.10 | 0.30 |
| Mixed 0-35 | 5.79 | | | 0 | -8.59 | -0.21 | |

Source: FE Analytics. 01.07.20

Historical Graphs

Below is the performance of our Guardian Balanced Portfolio vs the IA sector average (20-60%) and the FTSE 100 over different time periods. Performance before Crossing Point launched on 1 February 2020 is simulated.

01/02/2019-01/07/2020



01/02/2019 - 01/07/2020 Data from FE fundinfo2020

01/02/2015-01/07/2020



30/01/2015 - 01/07/2020 Data from FE fundinfo2020

Source: FE Analytics.

Copies of the portfolio factsheets can be found at: www.crossingpoint.co.uk.

Platform availability

| Portfolio | Aegon | Ascentric | Fidelity | Novia | Nucleus | Transact | Old Mutual | Standard Life |
|----------------------|-------|-----------|----------|-------|---------|----------|------------|---------------|
| Guardian Adventurous | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Guardian Strategic | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Guardian Balanced | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Guardian Cautious | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Guardian Defensive | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

Summary asset allocation

The table below shows a summary of the asset equity class splits of the Guardian portfolios at 1 July 2020:

| Portfolio | International | US | UK | Europe | Pacific | Japan | Emerging Markets | Gold | Property | Total |
|----------------------|---------------|----|-------|--------|---------|-------|------------------|------|----------|-------|
| Guardian Adventurous | 12 | 27 | 14 | 7 | 6.5 | 6 | 10 | 1.25 | 1.25 | 85 |
| Guardian Strategic | 9 | 25 | 11.75 | 5 | 5 | 5 | 7 | 1.13 | 1.13 | 70 |
| Guardian Balanced | 6.5 | 20 | 9 | 4.5 | 5 | 3 | 5 | 1 | 1 | 55 |
| Guardian Cautious | 6 | 12 | 8.5 | 3.25 | 3.5 | 2 | 3 | 0.88 | 0.88 | 40 |
| Guardian Defensive | 3.5 | 7 | 5.5 | 3 | 2 | 1 | 1.5 | 0.75 | 0.75 | 25 |

Portfolio costs

Note the impact of transaction costs may mean illustrations from platforms show different (higher or lower) total costs.

| Model | DFM Charge | Fund Cost | Total |
|------------------------------------|------------|-----------|-------|
| Guardian Adventurous | 0.30% | 0.13% | 0.43% |
| Guardian Strategic | 0.30% | 0.13% | 0.43% |
| Guardian Balanced | 0.30% | 0.13% | 0.43% |
| Guardian Cautious | 0.30% | 0.13% | 0.43% |
| Guardian Defensive | 0.30% | 0.13% | 0.43% |
| * DFM Charges 0.25% plus VAT=0.30% | | | |

Excludes platform charges and transaction charges.

Fund costs at 01.07.20

Costs of Blending Guardian Balanced and Heritage Balanced Portfolios

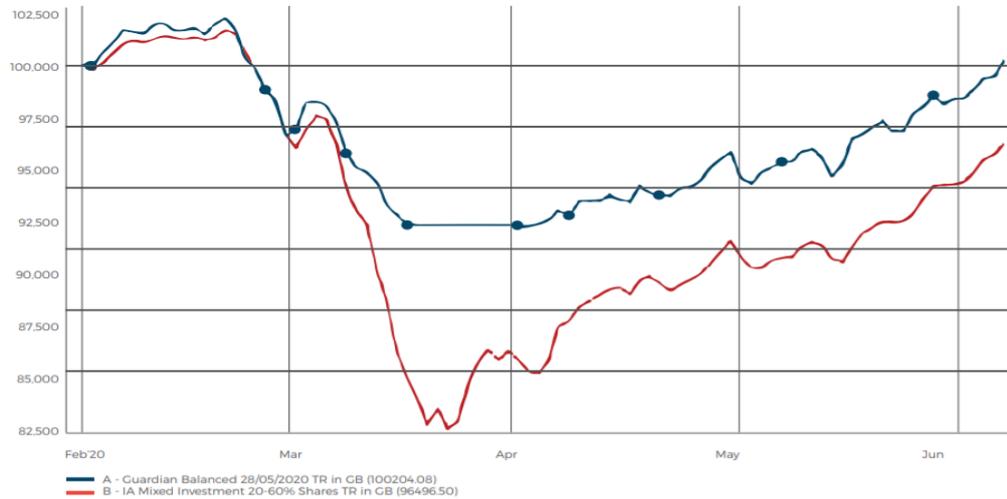
| Model | | | |
|-------------------|------------|-----------|-------|
| Costs | DFM Charge | Fund Cost | Total |
| Guardian Balanced | 0.30% | 0.13% | 0.43% |
| Heritage Balanced | 0.30% | 0.55% | 0.85% |
| 50% Blend | | | 0.64% |

Crossing Point detailed portfolio volatility statistics

| Guardian Portfolio | | | | | | 01 July 2020 |
|---------------------------------------|----------------|---------------------|----------------|------------------------|----------------|--------------|
| Portfolio | Defensive | Cautious | Balanced | Strategic | Adventurous | |
| Dynamic Planner Calculated Risk Level | Risk Profile 3 | Risk Profile 4 | Risk Profile 5 | Risk Profile 6 | Risk Profile 6 | |
| Morningstar Risk title | Cautious | Moderately Cautious | Moderate | Moderately Adventurous | Adventurous | |
| ARC Risk Range | Cautious | Balanced | Growth | Growth | Equity risk | |
| IA Mixed Asset Benchmark | 0-35% Equity | 20-60% Equity | 20-60% Equity | 40-85% Equity | 40-85% Equity | |
| Equity Content Range | 0-25% | 0-40% | 0-55% | 0-70% | 0-85% | |
| Default Equity Content | 25% | 40% | 55% | 70% | 85% | |
| Volatility Measure | Defensive | Cautious | Balanced | Strategic | Adventurous | |
| Morningstar Broad Volatility Bands | 4%-8% | 6%-10% | 8%-12% | 10%-15% | 12%-18% | |
| Morningstar Tighter Volatility Bands | 4%-6.5% | 6.5%-8.5% | 8.5%-10.5% | 10.5%-13% | 13%-18% | |
| Defaqto Broad Volatility Bands | 2.2%- 6.46% | 4.47%-10.04% | 8.25%- 13.62% | 11.83%- 17.20% | 15.41%- 20.79% | |
| Portfolio Volatility | 4 | 4.69 | 5.78 | 6.92 | 8.15 | |
| Benchmark Volatility | 5.79 | 8.49 | 8.49 | 10.77 | 10.77 | |
| Portfolio MDD | -4.55 | -5.75 | -7.23 | -8.53 | -10.10 | |
| Benchmark MDD | -8.59 | -12.89 | -12.89 | -15.41 | -15.41 | |
| Portfolio Sharpe Ratio | 0 | 0 | 0.07 | 0.10 | 0.14 | |
| Benchmark Sharpe Ratio | 0 | 0 | 0 | 0 | 0 | |
| Beta to Benchmark | 0.55 | 0.45 | 0.59 | 0.58 | 0.68 | |
| Portfolio FE Risk score | 19 | 24 | 31 | 38 | 45 | |
| Benchmark FE Risk Score | 33 | 46 | 46 | 58 | 58 | |

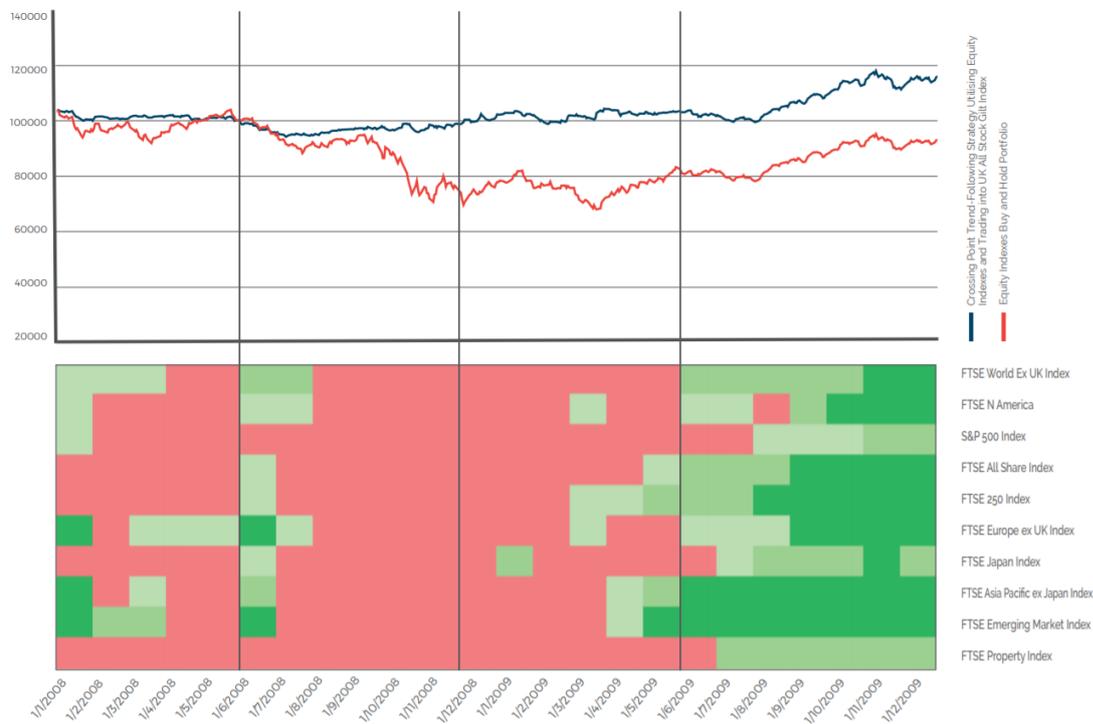
Examples of Trend following during a Market Crisis

Crossing Point Guardian Trend-following LIVE during the Coronavirus Crisis



The Crossing Point Guardian trend-following trading strategy minimises risk through an international asset allocation and a mix of trend-following moving average crossovers for further volatility management. The above graph and chart illustrate the Crossing Point Guardian trade decisions during the coronavirus crisis. The graph at the top of the page shows the performance of £100,000 invested into the Crossing Point Guardian Balanced portfolio from 31st January to 8th June 2020 using our trend-following trading strategy compared with the IA Mixed benchmark without any tactical trading. An investment in Guardian Balanced would have ended the period with £3,707.58 (3.84%) more than an investment in the benchmark. The chart on the bottom of the page reflects the trade decisions by international equity market and coincides with the months shown in the above graph. Each equity fund investment decision was decided individually and informed using trend-following signals. An equity investment of 0% is shown in red. Shades of green represent varying levels of equity investment with dark green indicating a 100% investment.

Crossing Point trend-following strategy trading into the UK All Stock Gilt



Index vs. buy and hold portfolio – Jan 2008 – Jan 2010

The Crossing Point trend-following trading strategy contains a mix of crossovers for further diversification. This is an illustration of how the Crossing Point strategy would have performed during the 2 years around the 2008 financial crisis. These two years were chosen as an example of how trend-following works when equity markets drop. The graph shows the simulated performance of £100,000 invested in the current equity asset allocation from the Crossing Point Adventurous portfolio using our trend-following strategy and trading into the UK All Stock Gilt Index when not invested in equities compared to an investment into the same portfolio of equity indexes with the same asset allocation without any tactical trading. The chart on the bottom of the page coincides with the two years shown in the above graph. Every month the equity trade decisions are decided by individual market movement. If trend-following signals showed that the market was dropping and the market investment should have been 0%, then this is shown in red. Shades of green represent the level of equity investment with dark green indicating a 100% investment.

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