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TACTICAL INVESTORS

Performance Update and Review, April 2021
Heritage Portfolios

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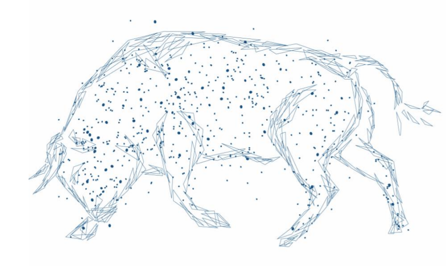

Heritage Portfolio Review and Update, April 2021

Hello,

We hope that you are well and are enjoying the arrival of spring. Along with the appearance of daffodils, tulips, and sunshine, there is a feeling of hope and a renewal as the R-number and the number of new coronavirus cases continues to fall and the percentage of the population which has been vaccinated continues to rise. In the UK, this has led to the reopening of shops, schools, and workplaces as well as a welcome relaxation of restrictions.

Although there continued to be heightened volatility over the past 3 months due to concerns around government bond yields, in the past few weeks the VIX volatility measure has dropped back to levels not seen since before the pandemic. The success of the vaccine rollout and high efficacy rates of the vaccines in the UK and the US have allowed markets to foresee an end of the pandemic and a relative return to normality. Central banks have pledged to keep interest rates lower for longer until they are confident that the changes in inflation are not transitory. This combination of continued economic support from governments and central banks as well as pent up consumer demand, rising employment rates, continuing low interest rates, and the re-opening of economies should support economic growth. More in **Market Review and Outlook** below.

With this in mind, we increased our equity allocation by 5% for our Balanced and Cautious portfolios to bring them closer to their IA mixed benchmarks while maintaining our Dynamic Planner risk ratings. We also reviewed our fund selection for performance, gearing, discount/premium and cost and increased the number of funds which we invest in per market to allow for further diversification. Our fixed income allocations have also been modified to reduce our long-dated and government bond exposure due to concerns around inflation while increasing our short-dated and inflation-linked bonds. Further details in **Heritage Asset Allocation and Trade Changes.**

Our Heritage portfolios' short-term returns were impacted by concerns over inflation and 10-year bond yields this quarter, but toward the end of March and in the beginning of April these returns had already started to recover. There are further risks due to the coronavirus and potential variants. But with vaccine rollouts gaining momentum, we expect equity markets will continue to recover this year boosted by increased fiscal stimulus packages and accommodating monetary policies. Returns up to the end of the first quarter can be found in **Heritage Portfolio Performance** and further statistics in **Portfolio Volatility Measures**.

Heritage portfolios are long-term investments and as such we believe that they will continue to offer superior long-term returns. We wish you and yours all the best.

Kind regards,

T. J. Evans	*Mike Buckle*
Tomiko Evans	Prof. Mike Buckle
Chief Investment Officer, Director	Portfolio Manager, Director

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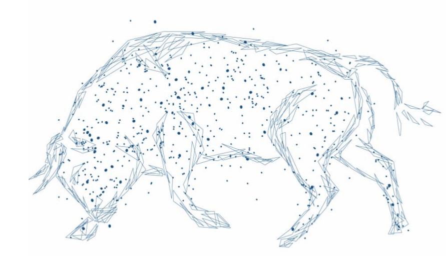


Heritage Portfolios

Heritage portfolios are a low-cost actively managed portfolio service designed for long-term capital growth through the use of investment trusts.

Investment trusts highlight lower fees, increased diversification and typically significantly better investment returns over the longer term.

Key Objectives:

- Superior long-term performance and returns
- Greater diversification and range of holdings.
- Global equity strategies
- Flexible investment management
- Lower management costs than open-ended investment companies.

Heritage Balanced Portfolio Performance Since Crossing Point Launch vs. the IA mixed investment 20-60% and the FTSE 100

Past performance is not a guarantee of future performance. The value of investments and any income from them can fall and you may get back less than you invested. The performance demonstrated takes into account fund charges within the portfolio only. Transactional, platform, incidental, IFA and Crossing Point charges are excluded, all of which will reduce the performance and eventual returns over the long term.

Market Review and Outlook, April 2021

The beginning of 2021 continued to be volatile for both equity and fixed income markets with market sentiment driven by rising government bond yields.

Yields for 10-year Treasuries increased rapidly to over 1.7% causing a drop in both equity and bond prices. These increases were expected to occur gradually throughout the year, but instead occurred over the course of a few weeks. They were in part due to the concerns around inflation because of the large size of the US relief package combined with the reopening of the economy and in part a return to pre-pandemic yield levels. We believe that most of the increases in Treasury yields have now occurred.

The acceleration of the vaccine rollout, the reduction of restrictions across the US and UK, the reopening of markets, continued quantitative easing and furlough programmes, pent up consumer demand, and new large government stimulus packages created concerns around inflation, an overheated economy and the potential for interest rate hikes.

In response to these concerns, central banks have said that they will keep interest rate lower for longer and are happy to let the economy run 'hot' while economies are still recovering . Overall, expectations are that the economic recovery will be stronger than inflationary worries.

The coronavirus and the state of the economy are intrinsically linked. There are still risks in the form of delayed vaccine rollouts, as seen in Europe with a third coronavirus wave and newly introduced lockdowns, and of new variants which are resistant to current vaccines. Conversely, successful vaccine rollouts have shown to bring down the R-number, coronavirus cases and hospitalisations, and the end of restrictions. Economies that are experiencing a surge in cases will be slower to return to normal, but as the vaccine is distributed and larger percentages of populations are inoculated, recovery should eventually follow.

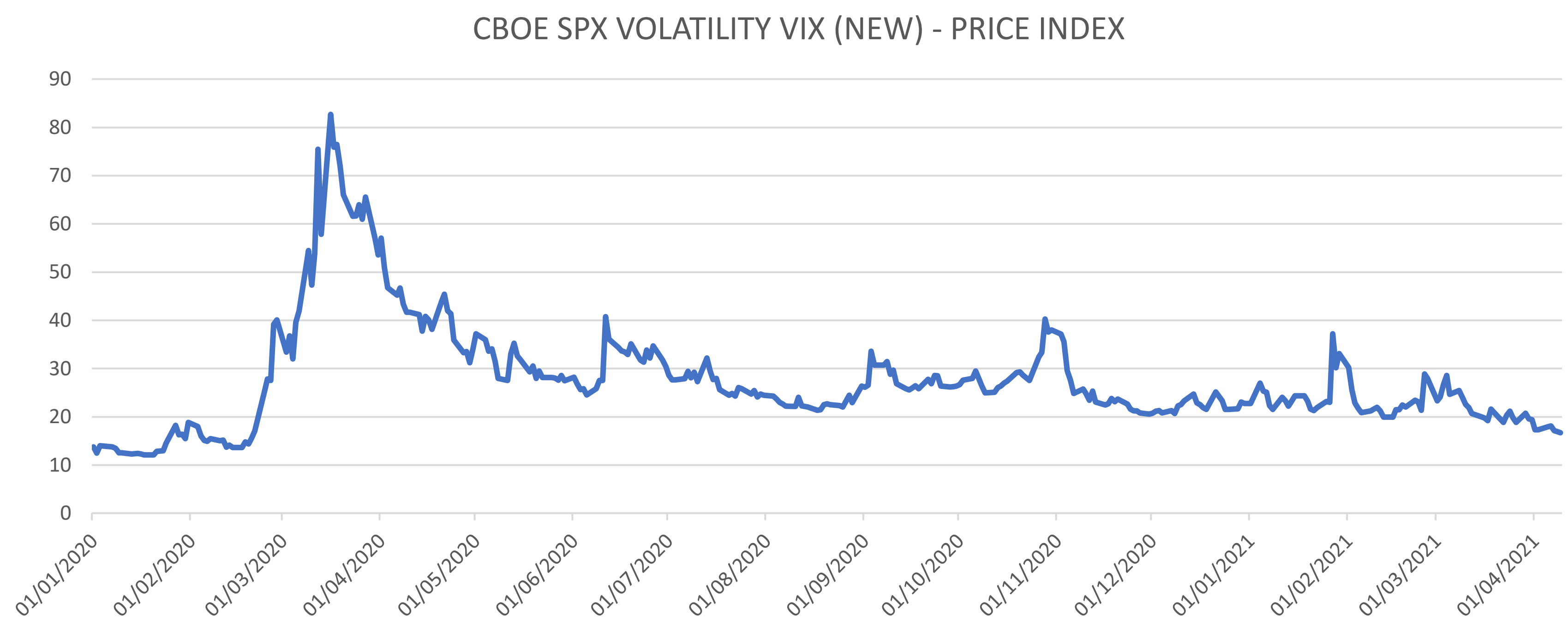
In the UK, the NHS is progressing through its Herculean efforts with the coronavirus vaccine rollout. More than half of UK adults have already received their first dose of the vaccine and we are on track to offer the vaccine to all adults by the end of July. With furlough schemes and quantitative easing continuing, and as restrictions ease, schools and shops reopen, pent-up demand should boost consumer spending and investor sentiment.

The IMF has lifted their global growth forecast for 2021 from 5.5% to 6% as the vaccine rollout accelerates throughout the world and advanced economies continue to spend aggressively with the US and China driving the recovery. The IMF projects expected growth of 6.4% for the US after a 3.5% contraction last year and 8.4% for China up from 8.1% earlier this year.

The US relief package in December provided a quick boost to the economy with a surge in credit card spending apparent by January. The new $1.9 trillion Biden Covid-19 relief package was again sent directly to families and is expected to be spent quickly, help small businesses, and deliver a strong boost within the US economy.

With a renewed statement of support from the Fed to not raise interest rates until 2023 when they are confident in the recovery of the labour market, volatility in the past few weeks has returned for the first time to pre-pandemic levels in the US as shown in the following graph.

Market Review and Outlook, April 2021 cont.



The VIX is a measure of volatility by the Chicago Board Options Exchange which represents the expectations of a 30-day forward projection of volatility on the S&P 500. For a few days in Feb and at the end of March, the VIX dropped below 20 for the first time since the end of February 2020.

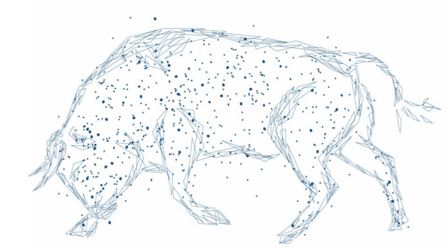
The Fed has also modified their inflation target from a level of 2% to an average of 2%. There may be a temporary increase in prices due to supply issues, but to act the Fed would have to be convinced that any price increases are transitionary instead of temporary.

The latest employment numbers in the US have been much higher than expected, including statistics for women and minorities. These are some of the much broader employment measures the Fed is utilising to ensure a recovered economy. They are willing to run the economy 'hotter' than normal as inflation was historically low before the pandemic even with high employment numbers. The Fed have stated that in the short term they are more concerned about supporting the labour market than inflation.

The US Treasury has stated that Biden's tax proposals would generate around $2.5 trillion over 15 years to help pay for the 8 years of infrastructure spending. Republicans have proposed an alternative infrastructure plan which is not as broad in its scope. Both proposals are still works in progress. If this money is spent wisely on quality, effective sustainable infrastructure, and other government projects, this could generate a higher long-term growth rate for the US economy.

Overall, the high amount of consumer saving, huge deficit spending, expanded vaccine distribution, continued quantitative easing and the new Biden administration's $2.3 trillion infrastructure plan alongside low inflation and interest rates could lead to a surge in economic growth which could last until 2023 and filter through to other trading partners.

Our asset allocation has continued to overweight global, US and UK markets due to large stimulus packages and successful vaccine rollouts. Our next highest allocations are to the emerging markets and the Pacific as we expect these areas to benefit from increased trade and the continued rise of both China and the US. We expect equity markets to be poised for growth over the next year as economies reopen and government stimulus continues.



Heritage Portfolio Asset Allocation and Trade Changes, April 2021

In March, we increased our equity allocations by 5% for the Heritage Balanced and Cautious portfolios to bring them closer to the equity allocations within their benchmarks and in anticipation of a recovery as the lockdown restrictions ease. We have increased our allocation to the UK, international, US, Japan, and emerging markets. We have also removed the clean energy fund as it has been particularly impacted by the changes in 10-year bond yields and as we expect other equity markets to recover. We have kept the property and technology investment trusts for diversification. We have reduced our government bond exposure in favour of inflation-linked, short-dated index linked, and investment grade bonds. Even with the increase in equity our Dynamic Planner ratings for the Heritage portfolios continue to be 6 for Heritage Adventurous and Strategic, 5 for Balanced, and 4 for Cautious.

We have reviewed our funds for performance, gearing, discount/premium, and costs and have decided to increase the diversification of the portfolios by splitting the allocation where possible between two funds for each market. We have added a second fund to emerging markets, Europe, and the UK as well as a UK growth and mid cap fund to our UK allocation. The addition of new funds can increase transaction costs, but as we do not trade regularly, this should have minimal impact compared to the added benefits of diversification.

We removed two funds due to their high gearing ratios. Gearing allows the investment trust to borrow capital against the trust's assets. This can increase returns in a rising market but does increase risk and losses in a falling market. Our current gearing limit is 20%. This is in line with several of our established investment trusts which have published gearing ratio ranges up to 20%. All our funds also fall between the -15% discount and 10% premium limits which we have established.

As markets recover this year, we expect our investment trusts to continue to provide superior long-term returns.

Heritage Portfolio Asset Allocation

Portfolio	International	US	UK	Europe	Pacific	Japan	Emerging Markets	Property	Technology	Total
Heritage Adventurous	25	17	14	4	9	4	7	2	3	85
Heritage Strategic	23	12	12	3	7	3	5	2	3	70
Heritage Balanced	21	10	10	2.50	6	2.50	4	2	2	60
Heritage Cautious	16	6	7	2	5	2	3	2	2	45

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Heritage Portfolio Performance to March 31, 2021

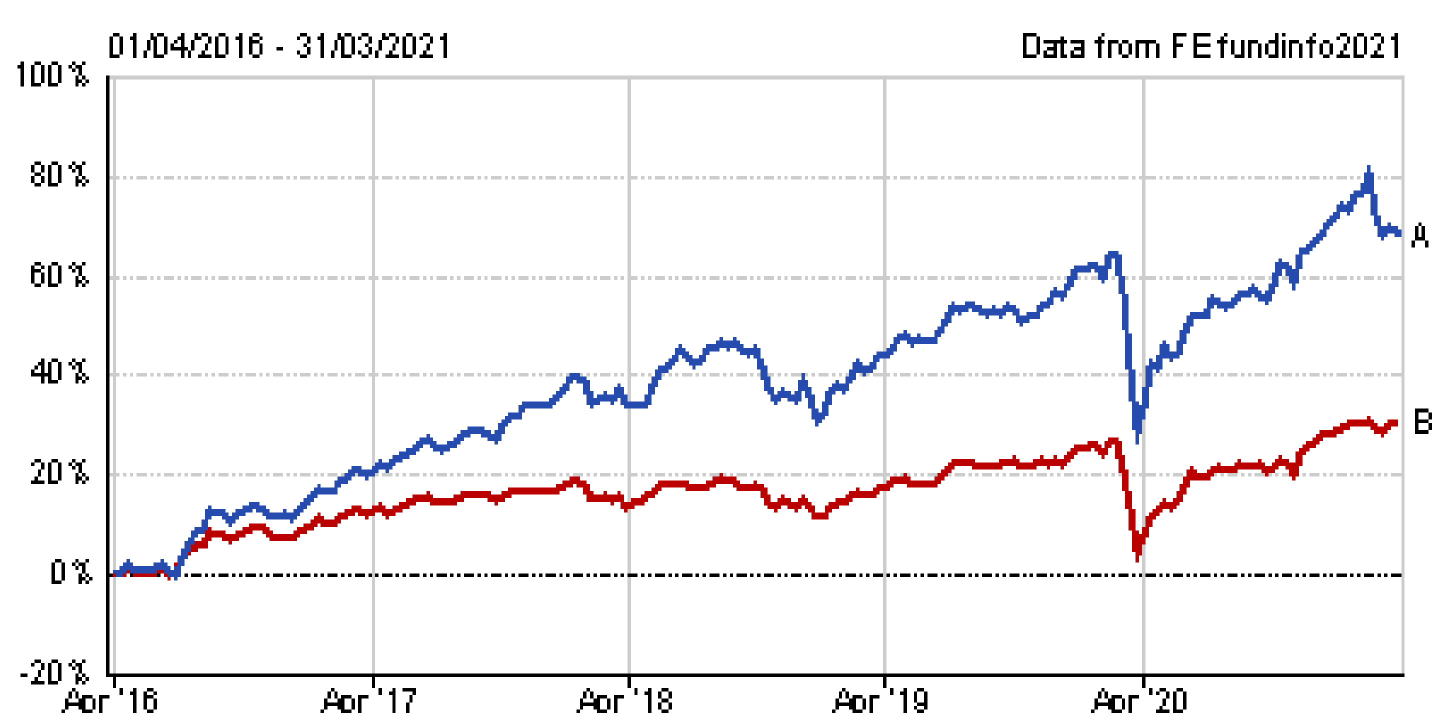
	Cumulative Performance (%)							
Heritage	**1 month**	**3 months**	**6 months**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**
Adventurous 85	-0.43	-3.03	12.19	45.29	22.03	33.20	53.84	98.30
Strategic 70	-0.34	-3.01	9.22	34.94	18.58	28.50	45.13	80.97
Mixed 40-85	1.58	1.20	9.66	27.43	16.32	21.32	23.07	44.55
Balanced 60	-0.16	-2.87	6.86	27.11	16.72	25.64	39.57	68.15
Cautious 45	-0.30	-2.87	4.27	18.80	13.16	20.49	31.04	51.90
Mixed 20-60	1.25	0.63	7.44	20.31	11.19	14.37	15.32	30.45

Source: FE Analytics, 31 March 2021.

The Heritage portfolio performance has been impacted over this quarter by concerns around inflation and 10-year bond yields, but had begun to pick up by the end of March. There are still risks due to the coronavirus which could cause further disruption. Heritage portfolios are long-term investments and as such should provide superior returns over longer time periods.

Heritage Portfolio 5-Year Graph to March 31, 2021

01/04/2016-31/03/2021



A - Heritage Balanced 25/03/2021 TR in GB (68.15%)
B - IA Mixed Investment 20-60% Shares TR in GB (30.45%)

FE fundinfo

Source: FE Analytics

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

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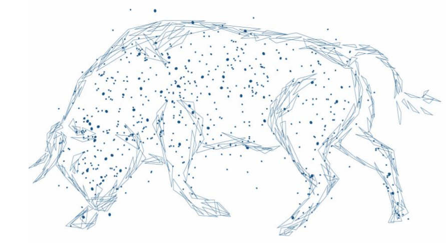

Portfolio Volatility to March 31, 2021

Volatility Measures 3 Year							
Heritage	**Volatility**	**Alpha**	**Beta**	**Sharpe**	**Max DD**	**Sortino**	**Info Ratio**
Adventurous 85	17.23	2.37	1.42	0.34	-24.85	0.26	0.54
Strategic 70	14.39	2.16	1.19	0.32	-20.42	0.25	0.58
Mixed 40-85	11.53	n/a	n/a	0.14	-15.41	0.13	n/a
Balanced 60	11.62	3.31	1.20	0.34	-15.78	0.28	0.85
Cautious 45	8.94	2.95	0.92	0.31	-11.84	0.26	0.79
Mixed 20-60	9.09	n/a	n/a	0.00	-12.89	0.00	n/a

Source: FE Analytics, 31 March 2021.

Due to gearing and discounts/premiums associated with investment trusts, Heritage portfolios can be more volatile that their Investment Association mixed benchmarks, but this can also led to higher returns. This risk can be partially addressed through a diverse asset allocation and selecting the appropriate risk/equity level.

Portfolio risk, April 2021

Heritage Portfolios				01 April 2021
Portfolio	Cautious	Balanced	Strategic	Adventurous
Dynamic Planner Calculated Risk Level	Risk Profile 4	Risk Profile 5	Risk Profile 6	Risk Profile 6
Defaqto Broad Volatility Bands	6.46%-10.04%	10.04%-13.62%	11.83%-14.51%	15.41%-19%
Defaqto Risk rating	4	6	7	9
Portfolio FE Risk score	48	63	79	96
Benchmark FE Risk Score	41	41	54	54

Platform Availability

As well as the following platforms, we are also in the process of onboarding with Hubwise.

Portfolio	Aegon	Ascentric	Aviva	Fidelity	Novia	Nucleus	Old Mutual	Standard Life	Transact
Heritage Adventurous	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Heritage Strategic	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Heritage Balanced	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Heritage Cautious	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Heritage Portfolio Costs

Note, the impact of transaction costs may mean illustrations from platforms show different total costs.

Portfolio	Costs		
	DFM Charge	Fund Cost	Total
Heritage Adventurous	0.30%	0.78%	1.08%
Heritage Strategic	0.30%	0.68%	0.98%
Heritage Balanced	0.30%	0.61%	0.91%
Heritage Cautious	0.30%	0.52%	0.82%

* DFM Charges 0.25% plus VAT=0.30%   Fund Costs at 01.4.2021

Excludes platform charges, incidental charges and transaction charges.

Costs of blending our Guardian with our Heritage Portfolios

The combination of different investment strategies can offer further diversification above and beyond that associated with asset allocation. Our Guardian and Heritage portfolios are designed with different investments and utilise different strategies. Our Guardian trend-following portfolios aim to offer downside protection using unit trusts while our Heritage portfolios invest in investment trusts and aim to offer an increase in returns. The cost of the 50/50 blended portfolios are in the table below.

	Costs		
Portfolio	DFM Charge	Fund Cost	Total
Guardian Balanced	0.30%	0.17%	0.47%
Heritage Balanced	0.30%	0.61%	0.91%
50% Blend			0.69%

Fund costs at 01.4.21

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IMPORTANT INFORMATION

The Crossing Point Portfolio Management Service is only available to investors who use the ongoing services of a financial adviser. For information purposes only, please contact a personal financial adviser for further information.

Independent financial advisers take no responsibility for the underlying investment strategy, the investment process and the choice of funds will be based purely on Crossing Point Discretionary Fund Managers' experience within the market. By the nature of tactical trading, holdings will be regularly bought and sold, but the investment manager will not seek your permission to do this. Investment decisions will be the responsibility of the Discretionary Fund Manager.

Guardian portfolios show actual performance data from September 2019 onwards. Before September 2019, the performance of the underlying funds is shown by applying the decisions made based on the rules-based trend-following signals that would have been applied over the period. The performance data is substantially the same as what would have been achieved if the portfolios had been 'live'.

Heritage portfolios show actual performance data from December 2019 onwards. Before December 2019, the performance of the underlying funds is shown. The performance data is substantially the same as what would have been achieved if the portfolios had been 'live'.

Performance Calculation: Performance is shown inclusive of ongoing fund charges but gross of transaction and incidental fund charges as well as Crossing Point's investment management charge. Deductions for these charges will have the result of reducing the illustrated performance. Platform and IFA charges are applicable. Please refer to your investment adviser for details. Performance is quoted on an annualised basis and calculated through FE Analytics direct and provided for illustrative purposes only and should not be viewed as the performance of a specific client account.

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