

Timing is everything: Launching a DFM business weeks before the Covid-19 crisis and what we have achieved

One year ago, at the end of January, we finalised our investment round and at the beginning of February started taking client investments. Little did we know what the year was going to bring and we hope that you and yours have been able to stay safe and well through this time.

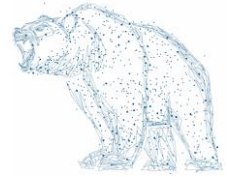
We have been hard at work growing the company throughout this unprecedented year that has brought upheaval and changes in the way in which everyone does business. This details the milestones we have achieved and the work we have done on the company during this time.

Our top achievements this year have been:

- Approx. £37 million funds under management.
- 20 IFA companies have signed terms of business and this is growing.
- 9 Major Platforms are now live.
- www.crossingpoint.co.uk website has been refreshed.
- Excellent Portfolio Performance (please see below).
- We were awarded: Best Discretionary Investment Management Solutions – Wales from the SME Finance Awards 2020 and Award for Excellence in Multi-Asset Portfolio Management 2020 for the SME Welsh Enterprise Awards.
- We have won several back book migration deals with a number of IFA companies which should result in large inflows in the future.
- We have established excellent relationships with several investment house platform providers.
- We have had further shareholder investment from one of the biggest IFA companies in South Wales.
- Guardian trend-following portfolios have proved themselves in the Covid-19 Crisis.

We have managed through these uncharted waters for both us and the industry. We seamlessly and quickly moved to remote working as our phones and systems were already cloud based and Carl Hagger, our business development manager, continued to spread the Crossing Point news. Our goal was to reach £40 million by the end January and we were extremely close to that target even in the current circumstances.

The portfolios' performances have performed exceptionally well. The sharp fall in market values in February and March enabled our Guardian portfolios to exit markets early. We also adapted our trend-following approach to move to shorter durations after the market fall and to review trends upon trends to re-enter the markets in a timely fashion while still remaining cautious with the money entrusted to us. This has enabled our one-year results and performance ratios such as volatility and maximum drawdowns in particular to shine. These ratios are especially important for investors who are taking income from their investment and are therefore concerned about minimising sequence of returns risk.



One Year On Company Update, Feb 2021, cont.

Our Heritage portfolios have performed particularly well as markets have recovered. We are one of the few DFMs offering investment trust portfolios. As a result of a developing relationship with the AIC, we have also already been quoted in one of their publications about barriers to investment trusts which can be found here: <https://www.theaic.co.uk/aic/news/press-releases/fundamental-structural-barriers-distort-model-portfolio-investment>.

Sustainable ESG (environmental, social, and governance) funds have seen record levels of investment this year as the world stopped, assessed our current situation, and became focused on climate and social change. Our Green Path funds have provided excellent returns while also investing in funds which have been screened for these issues. Our Green Path Balanced portfolio was analysed by an external fund provider at the end of October and found to have an ESG quality score rating of 7.04, much higher than the 6.44 for the 60 world/40 Agg benchmark from MSCI ESG research. We also had higher environmental and governance scores than the benchmark with a much higher percentage of funds considered ESG leaders.

We continue to improve on our IFA support through our webpage, blog posts, help documents and sales aids which can be found at <https://www.crossingpoint.co.uk/resource-library/>. We also regularly create new documents which we hope have been useful, such as ISA retirement guides for our portfolios and a blended Guardian/Heritage retirement guide which we are currently working on and should be available soon.

We have started monthly seminars with fund providers. The first seminar in January was a market outlook by Hugh Gimber, VP and Global Market Strategist from JP Morgan and a trend-following update from myself. We are looking forward to the next seminar with Sean Hawkins from Ascentric and our ESG expert and Crossing Point Director, Professor Mike Buckle on Feb 17th. If you would like to know more, please get in touch.

If you have any questions or suggestions, please let us know. We will be glad to help and would love to hear from you. We hope that all is well with you and yours and we are looking forward to an exciting year ahead.

Kind regards,

T. J. Evans

Tomiko Evans
Chief Investment Officer, Director

Monthly performance summary 2 February 2021

Ratio summary 2 February 2021

Guardian	6 months	1 year	2 years	3 years	4 years	5 years
Adventurous 85	11.30	11.06	23.33	20.45	33.27	64.73
IA Mixed 40-85 Benchmark	9.57	5.14	17.09	14.31	24.96	45.89
Difference in performance	1.73	5.92	6.24	6.14	8.31	18.84
Strategic 70	9.09	8.71	20.21	18.38	28.59	54.69
IA Mixed 40-85 Benchmark	9.57	5.14	17.09	14.31	24.96	45.89
Difference in performance	-0.48	3.57	3.12	4.07	3.63	8.80
Balanced 55	7.07	6.81	17.43	16.58	24.47	45.48
IA Mixed 20-60 Benchmark	6.98	3.07	11.96	9.72	17.02	31.84
Difference in performance	0.09	3.74	5.47	6.86	7.45	13.64
Cautious 40	5.00	4.60	14.10	14.02	19.76	36.35
IA Mixed 20-60 Benchmark	6.98	3.07	11.96	9.72	17.02	31.84
Difference in performance	-1.98	1.53	2.14	4.30	2.74	4.51
Defensive 25	2.89	2.70	11.41	12.30	15.88	28.36
IA Mixed 0-35 Benchmark	3.91	2.76	10.22	9.22	13.89	24.33
Difference in performance	-1.02	-0.06	1.19	3.08	1.99	4.03
Green Path						
	6 months	1 year	2 years	3 years	4 years	5 years
Strategic 70	12.46	6.64				
IA Mixed 40-85 Benchmark	9.57	5.14	17.09	14.31	24.96	45.89
Difference in performance	2.89	1.50				
Balanced 55	10.18	5.88				
IA Mixed 20-60 Benchmark	6.98	3.07	11.96	9.72	17.02	31.84
Difference in performance	3.20	2.81				
Cautious 40	7.96	4.44				
IA Mixed 20-60 Benchmark	6.98	3.07	11.96	9.72	17.02	31.84
Difference in performance	0.98	1.37				
Heritage						
	6 months	1 year	2 years	3 years	4 years	5 years
Adventurous 85	23.40	12.20	32.86	33.47	68.15	112.41
IA Mixed 40-85 Benchmark	9.57	5.14	17.09	14.31	24.96	45.89
Difference in performance	13.83	7.06	15.77	19.16	43.19	66.52
Strategic 70	18.14	10.02	28.22	29.19	56.88	92.74
IA Mixed 40-85 Benchmark	9.57	5.14	17.09	14.31	24.96	45.89
Difference in performance	8.57	4.88	11.13	14.88	31.92	46.85
Balanced 55	13.87	9.12	25.22	26.83	49.47	77.55
IA Mixed 20-60 Benchmark	6.98	3.07	11.96	9.72	17.02	31.84
Difference in performance	6.89	6.05	13.26	17.11	32.45	45.71
Cautious 40	9.88	6.59	20.76	22.39	39.44	59.56
IA Mixed 20-60 Benchmark	6.98	3.07	11.96	9.72	17.02	31.84
Difference in performance	2.90	3.52	8.80	12.67	22.42	27.72

Ratios 3 Year						
Volatility	Alpha	Beta	Sharpe	Max DD	Sortino	Info Ratio
9.13	2.64	0.72	0.28	-10.00	0.30	0.29
11.59			0.09	-15.41	0.08	
7.67	2.57	0.61	0.26	-8.51	0.28	0.16
11.59			0.09	-15.41	0.08	
6.27	2.95	0.61	0.23	-7.26	0.25	0.38
9.14			0.00	-12.89	-0.04	
4.94	2.66	0.46	0.14	-5.79	0.14	0.19
9.14			0.00	-12.89	-0.04	
4.03	2.08	0.54	0.05	-4.49	0.05	0.21
6.09			0.00	-8.59	-0.08	
Ratios 1 Year						
Volatility	Alpha	Beta	Sharpe	Max DD	Sortino	Info Ratio
17.26	0.79	0.98	0.15	-15.91	0.13	0.28
17.37			0.10	-15.18	0.10	
15.07	2.10	1.04	0.12	-13.78	0.09	1.10
14.42			0.00	-12.87	-0.02	
12.67	1.21	0.87	0.05	-11.56	0.04	0.37
14.42			0.00	-12.87	-0.02	
Ratios 3 Year						
Volatility	Alpha	Beta	Sharpe	Max DD	Sortino	Info Ratio
17.20	3.49	1.42	0.35	-24.85	0.27	0.67
11.59			0.09	-15.41	0.08	
14.34	3.16	1.19	0.34	-20.42	0.26	0.80
11.59			0.09	-15.41	0.08	
11.56	4.15	1.19	0.37	-15.78	0.30	1.08
9.14			0.00	-12.89	-0.04	
8.85	3.70	0.92	0.35	-11.84	0.29	1.14
9.14			0.00	-12.89	-0.04	

Source FE Analytics 02.02.21



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 and excludes transactional, platform, IFA and Crossing Point fees, all of which will reduce the performance and eventual returns over the long term.

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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 underlying fund charges but gross of Crossing Point's investment management charge. Deduction of this charge will have the result of reducing the illustrated performance. A platform charge is 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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