HOW SQUARE MILE CREATE YOUR PORTFOLIO

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Whatever your plans, Arrow Financial Services and Square Mile will take the time to understand where you are trying to get to and the journey that you are happy to take to get there.

This plays an important part in the construction of your investment portfolio. For example, if you are a cautious investor, the ups and downs of a journey that an adventurous portfolio could take you on might be somewhat uncomfortable.

In building portfolios, there are three key things they consider:

- Which markets to invest in
- What type of assets should be included
- Which funds to buy

Today's investors can access any global investment market, from developed economies such as the US, the UK and Germany to the emerging markets of Brazil, Russia, India and China. Each of them provides different opportunities and risk, including for many the additional risk of having to exchange sterling for a potential host of different currencies.

Choosing what type of assets to include is equally important. Do you want to invest in gilts (government borrowing), corporate bonds (company borrowing), equities (shares in companies), commercial property, cash or any other asset type?

It is Square Mile's job to understand these markets and their relative opportunities - and indeed the risks - and select assets that are suitable for different types of investor.

Below is a list of the steps Square Mile go through to create your portfolio:

Steps Square Mile go through to create your portfolio

1 Decide on the right mix:
First off, they analyse the overall ratio of shares, bonds, property, cash and other investments that is best to help meet your chosen outcome

2 Get the right ingredients:
They then research which funds in the marketplace should be used to fill in the share, bond, property and other sections of your portfolio

3 Blend it together:
Then they work out exactly which proportion should be invested in each individual fund and how to combine them to get the right outcome for you

4 Continually check:
They keep checking everything is just as it should be and recommend changes to the portfolio as and when they are needed

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THE RANGE OF PORTFOLIOS

Square Mile's focus in undertaking any fund research is to determine whether a fund's stated objective is appropriate for you, and then to consider whether the Fund Manager can consistently deliver that stated objective over the long term.

They want to give you peace of mind that the funds selected as part of your portfolio provide the best opportunities to meet your financial goals. They assist us in building investment solutions that meet these needs and to provide an on-going service that is truly valued by you.

Their research is focused on three specific outcomes:

- Capital Accumulation
- Income
- Capital Preservation

Square Mile assign the suitability of each outcome depending on your financial goal.

RISK

Outcome	Suitability
Capital Accumulation	For investors who are building up their savings.
Income	For investors who are seeking income from their investments
Capital Preservation	For investors seeing to preserve their capital in real or absolute returns

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For more information on Square Mile
please visit squaremileresearch.com

WHAT YOU NEED TO KNOW ABOUT SQUARE MILE

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1 Square Mile research investment funds

The research team's focus is to identify funds capable of meeting their investment objectives.

They identify funds to build investments portfolios with your financial goals in mind, with funds that they believe offer the best value for money. Risk cannot be eliminated from portfolios - that's part and parcel of investing but they seek to manage this within an investor's risk profile.

2 They don't just rely on numbers and how funds have performed in the past

Once Square Mile have identified potential funds for portfolio inclusion they monitor them constantly through a combination of desk reviews and quarterly meetings with fund managers to ensure that they continue to meet their objectives.

While the performance of a fund is of interest, they are more concerned with what a fund is trying to achieve in the future and how the fund manager will seek to deliver this.

3 Most of their time is spent in front of fund managers asking them questions and figuring out how they will perform in the future

Square Mile are fortunate to have insight into the thinking of the very best fund managers in the industry through long standing and trusted relationships with fund management groups.

Square Mile don't believe you can get a deep understanding by simply looking at numbers but by regularly meeting with fund managers they can form firm opinions on how they think and work.

There are over 3,000 funds available in the UK and only 10% of these pass through the Square Mile rigorous research and selection process.

In 2017 their investment research team met with over 126 different investment management groups*

They conducted over 900 meetings with fund managers

From these meetings, they identified close to 300 funds that meet their stated outcome out of over 3,000 funds available to UK investors.

*126 meetings, which involve meeting with the fund managers or investment teams to form opinion on how they think and work.

THE SQUARE MILE RESEARCH PROCESS

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The below flow chart demonstrates the research process Square Mile go through to research, select and monitor the right funds.

Establish desired client outcome

1 Idea Generation

Fund ideas come from a range of sources, including Square Mile's experience and market knowledge, extensive contacts in the industry, their analysts who have an in-depth knowledge of the sectors they cover and attendance at events. Quantitative assessment of funds is also an important component.

2 Analyst Research

There are many components of a good fund that Square Mile look at, including the fund manager(s), philosophy, process, portfolio construction, risk management, cost and value for money

3 Qualitative Assessment

Face-to-face meetings with fund managers to validate their findings

4 Analyst Meetings

Following the research the lead analysts present four possible outcomes:

i) Agree a rating
ii) Go back with further questions
iii) Wait
iv) Decline a rating

5 Monitoring

Square Mile undertake to review the rated funds quarterly – checking the process remains unchanged and assess performance

6 Reassessment Against Original Outcome

Funds may be reassessed following changes such as fund manager change, persistent underperformance that cannot be explained and liquidity concerns

HOW SQUARE MILE WORK WITH ARROW FINANCIAL SERVICES TO HELP YOU

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At all times Arrow Financial Services are responsible for managing the relationship we have with you and also the relationship with Square Mile.

Below is an outline of how Square Mile help us provide the right investment choices.

What Square Mile do	What Square Mile don't do
Square Mile keep Arrow Financial Services fully informed of all that happens within your portfolios.	Square Mile do not offer financial advice – this is the role of Arrow Financial Services
Square Mile report formally to Arrow Financial Services quarterly on their thoughts and actions in relation to your portfolio to make sure your financial plan remains relevant to meeting your long-term objectives.	Square Mile do not hold personal information about you and will not contact you directly. They only have access to your portfolio to the extent that they can process relevant changes.
As Square Mile do not hold your assets and Arrow Financial Services manage the relationship with you, costs are kept to a minimum. Arrow Financial Services will happily provide you with a breakdown of these costs.	Square Mile do not hold your assets. The platform provider, who have been recommended to you by Arrow Financial Services hold these. You therefore continue to have the security of knowing that your assets are in safe hands.

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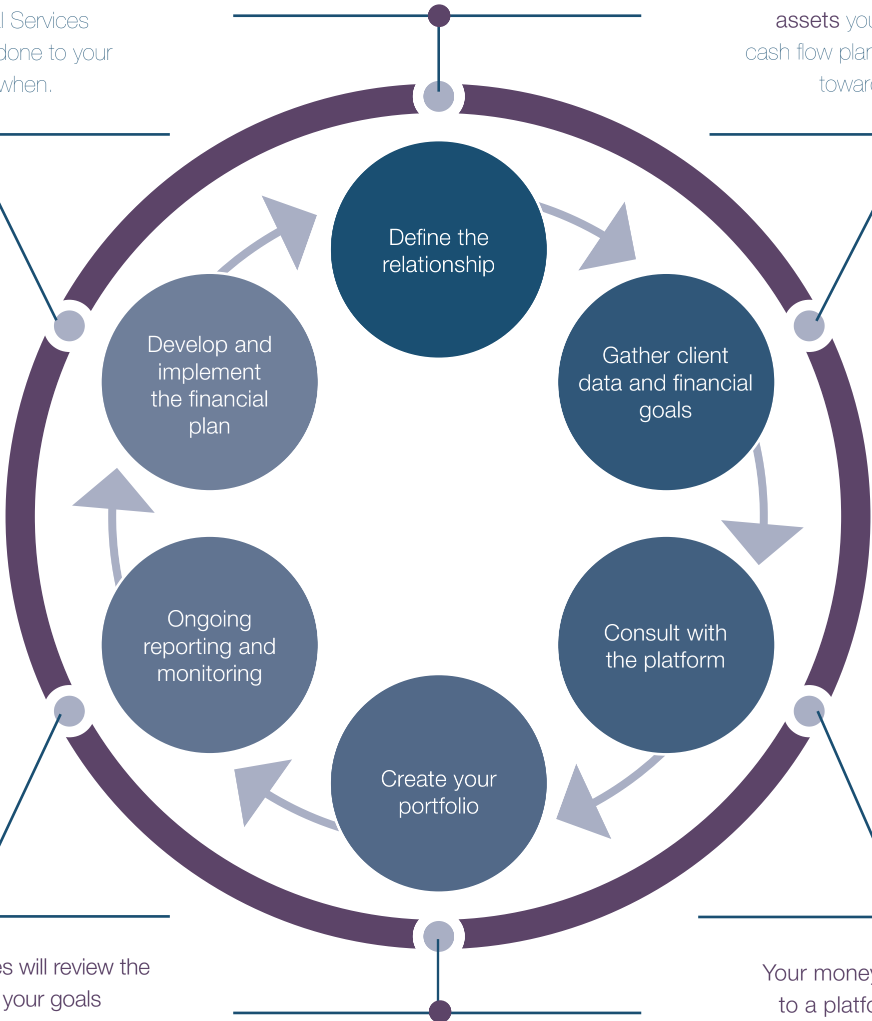
THE CLIENT JOURNEY

Once Arrow Financial Services understand what you want to achieve we will create a financial plan for you and a personalised report detailing your recommendations and next steps.

As part of this process Square Mile will provide up to date information to Arrow Financial Services on what they have done to your portfolio and when.

Arrow Financial Services will work closely with you to understand what you are trying to achieve, by when, and your attitude to risk. This enables us to build a financial plan that provides you with the best opportunity to meet your goals in the most tax efficient way.

Arrow Financial Services will gather information about what money and assets you have and provide cash flow planning to help you work towards your goals.



Arrow Financial Services will review the progress towards your goals and adapt your financial plan as your needs change.

Arrow Financial Services have chosen Square Mile to run your investments on a platform.
Square Mile will direct your investments into the most suitable portfolio(s) and Arrow Financial Services will continue to provide ongoing due diligence of both Square Mile and the portfolios.

Square Mile are responsible for:

1. Researching and selecting the investments that make up your portfolio

2. Making the day-to-day decisions about the investments in your portfolio

Your money is then placed on to a platform (a facility that allows individuals to administer their investments). This platform provides a secure place for your assets, shows all the reporting requirements and provides access to different investment options depending on your requirements and tax situation.