



WISE INVESTMENT

INVESTING IN RELATIONSHIPS



We have barely come out of two years of Covid and are now faced with the terrible situation in Ukraine.

I want to assure you that we continue to keep a close eye on developments. Please do give us a call if there is anything you would like to discuss with regards to your own circumstances and your portfolio.



Alexandra Rae
Chief Executive Officer

MARKET UPDATE

As I write this at the beginning of March for our Spring newsletter, there are three key factors dominating the daily fluctuations of investment markets. One is geopolitical whilst the other two are economic. As ever though, there are elements linking all three. Political tensions are elevated as Russia has chosen to invade Ukraine and bear the economic, reputational and physical costs of such an action. Although our portfolios do not have any dedicated exposure towards Russia and are unlikely to do so under the current circumstances, global commercial relationships are highly complex. Therefore, we would expect most investors to have indirect exposure of some sort towards Russia. However, this is diminishing rapidly as companies from banks to carmakers to oil giants respond to illegal military aggression by severing ties with the Russian economy.

One side effect from this invasion is a rise in the oil price. Two years ago, you would be paid to take delivery of oil as storage capacity all but vanished. Now, the price is over \$100 a barrel. This turnaround is due to both a resumption in economic activity with demand outstripping supply and the political tension outlined above. Russia is a major supplier of energy. Globally, it is the 3rd largest oil producer exporting much more than it uses domestically. Supply disruption or sanctions against purchasing oil from Russia (which also applies to other energy sources, such as natural gas) will have a significant ongoing impact on energy prices.

Energy prices have both a direct and indirect effect on the cost of goods and services and therefore feeds into inflation. From filling our cars to heating our homes through to arranging transport of something purchased over the internet, energy costs have both a primary and secondary price effect on our day to day lives. One of the outcomes of higher prices is that we have less to spend elsewhere (all else being equal) and therefore as consumers of products and services we become more discerning about what we must have and what we are willing to forego. In turn this becomes a challenge for corporate revenues. The less necessary a company's goods or services, the greater the danger their revenues are in.

Of course, consumers may demand more compensation from their sources of income to maintain their spending power. There is evidence that this is taking place and not just in niche areas where there is short supply of labour, but generally across the workforce. All well and good you may think. However, a cycle of wage rises chasing higher priced goods and services can lead to spiralling inflation. Central banks who control short term interest rates are likely to respond by increasing base rates to stop inflation getting out of control which also slows the economy and can depress asset prices (although events in Ukraine may delay central bank action). Despite equity and bond markets trading off their recent all-time highs, asset prices remain above our estimate of reasonable value. In addition, with the shadow of higher interest rates looming we remain cautious, maintaining a diverse portfolio and continuing to seek situations where we believe valuation is in our favour.



Robert Blinkhorn
Head of Investment Management



SPRING NEWSLETTER

Have you read the latest in Tony's exclusive series on inflation? Part three "THE DEATH OF MONEY" is out now, but we have included a synopsis to tempt you below.

Inflation Three focuses on hyperinflation in Germany between the two World Wars.

'Life was madness, nightmare, desperation, chaos' - Erna von Pustau, contemporary diarist

Germany in 1923 resembled a scene from a painting by Hieronymus Bosch. The government believed that the only way to prevent total economic collapse was to print money - by the time the madness ended it had 1800 printing presses running day and night. Even this wasn't enough - cities and companies were also printing their own money, which literally 'wasn't worth the paper it was printed on'. On one occasion thieves stole boxes of money from a parked lorry - they ran off with the boxes but tipped the worthless money out and left it on the pavement. People would go into a cafe for a cup of coffee costing five thousand marks, only to find as they left that the price was now eight thousand.



The price of an egg in November 1923 was equivalent to what five hundred thousand million (500,000,000,000) eggs would have cost five years earlier, at the end of the war, though there were never that many eggs in the whole of Germany. The government's tax revenues by this stage covered just 1% of its spending. There was no money to pay the army, civil servants or police. Ministry of Finance officials were being paid partly in potatoes. Industrialists and speculators made vast fortunes, while the bodies of those who had starved to death lay uncollected in the streets.

To read Tony's full article please visit:
<https://wiseinvestment.co.uk/news/inflation-blog-part-3-the-death-of-money>

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March 2022

TAX EFFICIENT INVESTMENT ALLOWANCES

With the new tax year approaching, have you thought about making the most of your tax efficient investment allowances?

ISA: Any income you earn or capital gains you make within an ISA wrapper are not currently subject to UK tax. You also don't have to declare any income or capital gains on your tax return. Every UK resident over the age of 18 gets a new ISA allowance each tax year. **The ISA allowance for this tax year is £20,000 per person.**

Junior ISA: Similar to a standard ISA, the main objective of a Junior ISA is to provide as much as possible for a child when they turn 18. Each child gets a new Junior ISA allowance every tax year. The Junior ISA must be opened by a parent or guardian, but anyone can invest once it is open. Funds cannot be withdrawn until the child is 18 years of age. **The Junior ISA allowance for the current tax year is £9,000 per child.**

Personal Pension Contributions: These automatically qualify for 20% tax relief at source. If you're a higher rate taxpayer, you can claim additional tax relief on your contributions.

The standard annual allowance is £40,000 or 100% of the value of your earnings, whichever is lower. Any contributions over the limit will be subject to tax.

Company Pension Contributions: These are paid gross by an employer and are normally treated as an allowable business expense. Consequently, they reduce the company's taxable profit, and so normally also reduce the company's Corporation Tax bill. **The standard annual allowance is £40,000 or 100% of the value of your earnings, whichever is lower. Any contributions over the limit will be subject to tax.**

If you would like to discuss your options, please get in touch.

Jo Radcliffe
Head of Paraplanning



CLIENT PORTAL AND MEET THE TEAM UPDATE

CLIENT PORTAL 'MY WISE INVESTMENT'.

We've had some really lovely feedback from our clients on our Client Portal 'My Wise Investment'.

Our Client Portal allows you access to your finances at any time, through mobile, smart devices & laptops. Upload and save your financial documents and receive notifications when there is something new for you to check.

Our clients feel safe in knowing that their data is secure and all the information they need is in one place.

Using 'My Wise Investment' you will be able to:-

- View your investment portfolio
- Review your pension details
- Store important documents
- Send and receive secure messages
- Sending documents securely
- Set your own reminders about renewals and payments
- Track the value of your property

If you are a client of ours and would like to sign up to 'My Wise Investment', please get in touch with your adviser or give us a call on **01608 695100**

MEET THE TEAM - OUR FINANCIAL PLANNERS

As we have done with other teams in previous newsletters, we wanted to let you behind the curtain of our Financial Planning team. The team is headed up by Deborah, who has over 35 years industry experience. Our Financial Planners pride themselves on building long-term client relationships, the sort that often span multiple generations. Two of our senior Financial Planners, Angus and James, are also company directors. We then have Jamal, Karen, Joe and David making up the rest of the Financial Planning team. Being an independent company, our Financial Planners can advise on a range of solutions to meet your needs and objectives. Primarily, our Financial Planners offer advice in the areas of:

- Pension & Retirement Planning
- Life Insurance & Family Protection
- Inheritance Tax & Estate Planning
- Tax Planning
- Lifetime Financial Planning



Deborah



Angus



James



Jamal



Joe



David

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COMMUNITY UPDATE



CHARITY WHEEL OF FORTUNE

Huge congratulations to our January 'Charity Wheel of Fortune' winner, the 'Let's Play Project' who have received a donation of £250!

Our social media followers nominated the Let's Play Project alongside others for our Charity Wheel of Fortune.

The 'Let's Play Project' is an amazing charity who provide play and leisure opportunities for young people aged 5-25 with additional needs. It is their mission to give young people the freedom and confidence to be themselves. They strive to create a positive, happy and inclusive environment where everyone is valued, and their achievements are celebrated. Let's Play Project is also a repeat winner of our Charity Wheel of Fortune, and we are delighted that they have won again!!

We received some lovely feedback informing us that the money is going towards their continued provision of the after-school club. For more details please visit <https://letsplaybanbury.org/>



TWIN TOWN 2020+2 THE FINAL COUNTDOWN

With less than two months to go we are looking forward to being able to raise money for this amazing charity

Twin Town 2022: 100+ cars, 1 amazing weekend. The Twin Town Challenge is a fun, team-based car challenge. Buy a £500 banger, add your own band theme (Kiss) and drive it from Oxfordshire to northern France, competing in challenges along the way. All to raise money for technology charity SpecialEffect.

<https://www.specialeffect.org.uk/>

SpecialEffect is an amazing charity that puts fun and inclusion back into the lives of people with physical disabilities by helping them to play video games and communicate using technology. The money raised by the Twin Town Challenge helps SpecialEffect put fun, freedom and inclusivity back into people's lives.



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Wise Investment is authorised and regulated by the Financial Conduct Authority (firm reference number 230553). Your capital is at risk as values can go down as well as up.

The Great Barn
Chalford Park Barns
Oxford Road
Chipping Norton
Oxfordshire
OX7 5QR

Open 9am - 5pm Monday to Friday

T 01608 695100

E wise@wiseinvestment.co.uk

W wiseinvestment.co.uk